

smig® – Small/Mid Cap Income Growth | FOURTH QUARTER 2024

STRATEGY OBJECTIVES

- High current and growing income:** 2.3% yield¹; +12.6% growth in trailing-twelve-month (TTM) income as of 4Q2024²
- Downside protection:** Daily downside capture of 75.4% across all Russell 2500 down days during the quarter³
- Capital appreciation:** Since inception Sharpe ratio of 0.64 gross / 0.42 net vs the Russell 2500's Sharpe ratio of 0.45⁴

4Q2024 RESULTS RELATIVE TO STRATEGY OBJECTIVES

Income Growth

- The smig® strategy grew TTM income by +12.6%, compared to Russell 2500 income growth of +12.2%.²
- During the quarter, 11 strategy holdings announced dividend hikes with an average TTM increase of +15.1%, signaling continued financial health of the portfolio.

Downside Protection

- The strategy delivered daily downside capture of 75.4% quarter-to-date and 63.2% for 2024 across all Russell 2500 down days.³

Capital Appreciation

- The strategy returned +0.07% gross / -0.68% net versus the Russell 2500's +0.62% total return during the quarter.
- The strategy kept pace with its investible universe of Russell 2500 companies with a dividend yield of 2.0% or greater, which returned -0.10% during the period.
- The small and mid-market capitalization range saw a continuation of 4Q2023 and early 2024 themes with defensive companies underperforming growth as investors embraced a risk-on stance, driven by rejuvenated growth expectations and optimism about the diffusion of artificial intelligence throughout the economy.
- Amidst the current environment, we believe a focus on sustainable dividends and stable fundamentals within the small and mid-market capitalization range remains ripe for investment opportunity.

4Q2024 Dividend Increases		
Company	TTM% Increase	Current Yield
Agree Realty (ADC)	2.4%	4.3%
American Financial (AFG)	12.7%	2.3%
Atmos Energy (ATO)	8.1%	2.5%
Avient Corporation (AVNT)	4.9%	2.6%
Hartford Financial (HIG)	10.6%	1.9%
Hubbell (HUBB)	8.2%	1.3%
Lancaster Colony (LANC)	5.6%	2.2%
Penske (PAG)	50.6%	3.1%
RPM International (RPM)	10.9%	1.7%
Snap-On (SNA)	15.1%	2.5%
Victory Capital (VCTR)	37.5%	2.7%

4Q2024 Trades Executed	
Initiations	Eliminations
DT Midstream (DTM)	CSG Systems (CSGS)
	Nexstar Media (NXST)
	Sonoco (SON)
	World Kinect (WKC)
Increases	Reductions
Avery Dennison (AVY)	Amdocs (DOX)
DT Midstream (DTM)	Booz Allen Hamilton (BAH)
Gildan Activewear (GIL)	Conagra (CAG)
Inter Parfums (IPAR)	Home Bancshares (HOMB)
Perrigo (PRGO)	Plains Group (PAGP)
U.S. Physical Therapy (USPH)	

Source: Bahl & Gaynor and FactSet, 2025.

Portfolio Review

The smig® portfolio returned +0.07% gross / -0.68% net versus the Russell 2500's +0.62% during 4Q2024. Stock selection in Health Care, along with an underweight position in the sector, and in Energy and Financials contributed positively to strategy performance. However, an underweight position in Information Technology and stock selection within Industrials and Consumer Staples detracted from results.

The largest positive drivers of current quarter performance:

- An active underweight position in Health Care aided results as the sector was the worst performing during the quarter. Additionally, ownership of outpatient physical therapy services provider U.S. Physical Therapy (USPH) aided results. The company posted a +5.3% return for the quarter, well outpacing the sector's -6.3% loss.
- Stock selection within Energy, specifically the ownership of Targa Resources' (TRGP) fee-based, relatively stable earnings stream, proved beneficial, as the company posted a +21.1% return for the quarter.
- Within Financials, ownership of asset manager Victory Capital Holdings (VCTR), investment bank Evercore (EVR), and insurance company American Financial Group (AFG), contributed positively to strategy performance.

The largest negative drivers of current quarter performance:

- Stock selection coupled with an underweight position within Information Technology detracted from results as the market took a further risk-on stance following the November presidential election, while momentum also continued behind the artificial intelligence trade. The sector posted a leading +7.1% return for the quarter.
- Within Industrials, exposure to electrical components company and government contractor Booz Allen Hamilton (BAH) detracted from strategy performance. Despite a strong earnings report, the company struggled during the quarter, posting a -20.7% loss, due to headwinds following the election. These were primarily driven by the DOGE committee's initiatives, which could pose a risk to BAH's government contracts. However, ownership of machining company Snap-On (SNA) and data processing provider Broadridge Financial (BR), both solid performers for the quarter, helped mitigate the impact.
- Ownership of center-store, packaged foods companies Conagra Brands (CAG) and Lancaster Colony (LANC) within Consumer Staples contributed negatively to performance as both companies continue to face headwinds in their respective end markets amid a softer consumer spending environment.

Largest Portfolio Contributors

1. **Victory Capital Holdings (VCTR):** VCTR showed strength in 4Q2024 due to the company's industry leading EBITDA margin profile and unique operating platform, in addition to an announced distribution agreement during the year. Given the company's balance sheet capacity and strong cash flow generation, the M&A pipeline remains a catalyst for the company going forward.
2. **Targa Resources (TRGP):** TRGP's comprehensive package of midstream services and high-quality assets in key strategic positions make them well positioned to remain a leading provider of cost-effective, integrated services to the midstream sector. Additionally, TRGP's Gathering & Processing business has undergone a significant transformation in adding fees & fee floors to contracts – G&P volumes are now 90%+ fee based, up from 50% in 2019, bolstering stability in the business. With significantly lower leverage, strong dividend coverage, and a focus on increasing shareholder return (fueled by a significant EBITDA growth outlook), TRGP remains a high conviction holding.
3. **Snap-On (SNA):** SNA deliver strong results for the quarter and remains positioned to benefit from the aging North American vehicle fleet and increasing demand for improvements in auto-repair efficiency. The company's ability to address the growing complexity of today's auto repairs and the proven durability of the business model continue to drive long term organic growth targets, which coupled with strong margins and attractive free cash flow conversion, support continued dividend growth.

Largest Portfolio Detractors

1. **Booz Allen Hamilton (BAH):** While BAH gave a blowout quarter with exceptional trailing-twelve-month bookings and revenue growth, the company has ultimately been caught in the post-presidential election trade, given risks posed by the DOGE committee to civil agency budgets. The company remains the preferred IT and AI provider to the government. While BAH is our preferred defensive exposure in the smig portfolio, we actively and continuously evaluate the sustainability of the position given this backdrop.
2. **Avery Dennison (AVY):** AVY shares faced weakness in 4Q2024 due to reduced optimism and visibility in RFID growth, following reduced full-year guidance in the Intelligent Labels business. We retain long-term confidence despite recent underperformance fueled by scale advantages and operational excellence in the core Labels business, supplemented by a shift to higher-margin solutions in the Intelligent Labels platform.
3. **Avient Corporation (AVNT):** AVNT shares underperformed during the quarter, largely fueled by an economically sensitive product portfolio and a longer-than-anticipated recovery in struggling ex-US regions. The company has optimized their portfolio over the years from a commodity centric model with high earnings variability to a specialty chemical formulator with stronger earnings resiliency, which supports sustainability of shareholder returns.

STRATEGY STYLE CATEGORIZATION

Asset Class	Benchmark	Mandate
Domestic Equity	Russell 2500	Small/Mid Cap Core

Investment Philosophy

Bahl & Gaynor employs a Growth at a Reasonable Price discipline to purchase high-quality companies at sensible valuations. It is our goal to seek competitive performance while preserving capital in declining markets. In addition, our focus on companies that pay a growing dividend has benefited our clients in the form of a reliable income stream.

We are long-term investors and seek to identify companies that are managed conservatively and for growth, have stable and sustainable business models, and reward shareholders with a growing dividend. It is our intention to identify the best companies that meet these criteria and hold them for long periods of time.

Bahl & Gaynor’s investment philosophy exemplifies our firm belief in the power of long-term investing and compounding dividend income.

smig® Small/Mid Cap Income Growth Positioning

Our smig® strategy focuses on owning small and medium-size companies with a market capitalization between \$200 million and the largest company in the Russell 2500 at purchase. Protection of capital in falling markets, providing an above-average and growing income stream, and strong performance all relative to small to medium-size company managers constitute the strategy’s goals.

Bahl & Gaynor’s equity selection process yields an investable universe of companies that are managed conservatively and for long-term growth, have stable and sustainable business models, and reward shareholders of the company with a growing dividend. From this investable universe, the smig® strategy seeks small to medium-size companies with the ability to grow their dividend payments at a high rate in the future.

Over a full market cycle, Bahl & Gaynor’s smig® strategy seeks to outperform its benchmark and small/mid-capitalization core peers all in the context of a lower-than-average portfolio risk profile.

Client portfolios will generally be diversified with each security typically held for three to five years. Low to moderate portfolio turnover combined with the favorable tax treatment of dividend income can result in a cost and tax-efficient portfolio

<p>Portfolio Management Parameters</p>	<p>1</p> <p>100% of companies held in the portfolio pay a cash dividend</p>	<p>2</p> <p>Portfolio typically managed to maximum 5% capital and 6% income contributions per stock</p>	<p>3</p> <p>Cash is frictional and generally represents 1% to 3% of portfolio value</p>
	<p>4</p> <p>Annual portfolio turnover is low to moderate</p>	<p>5</p> <p>Sell or trim decisions are based upon fundamentals, dividend policy, and deteriorating balance sheet</p>	<p>6</p> <p>The strategy employs no derivatives, exchange-traded funds or mutual funds</p>

Portfolio Details (as of December 31, 2024)

Top 10 Holdings	smig® Weight
Victory Capital (VCTR)	5.6%
Targa Resources (TRGP)	4.8%
Broadridge Financial (BR)	4.4%
Hubbell (HUBB)	4.2%
Snap-on (SNA)	4.2%
Packaging Corporation (PKG)	4.1%
Hartford Financial (HIG)	3.7%
Booz Allen Hamilton (BAH)	3.7%
Evercore (EVR)	3.6%
Watsco (WSO)	3.6%
Total:	41.8%

Sector	smig® Weight	Russell 2500 Weight
Industrials	20.6%	18.7%
Financials	19.5%	18.3%
Materials	10.0%	5.7%
Utilities	8.6%	2.6%
Energy	7.6%	4.7%
Health Care	7.6%	11.8%
Consumer Discretionary	7.0%	12.9%
Information Technology	6.4%	13.6%
Consumer Staples	5.8%	3.3%
Real Estate	5.3%	5.7%
Communication Services	0.0%	2.6%
Cash	1.5%	-

Portfolio Statistics	smig®	Russell 2500
P/E Ratio (TTM)	21.5x	18.3x
P/B Ratio	2.9x	2.2x
Weighted Average Market Cap	\$14.9 B	\$7.8 B
Dividend Yield – Gross of Fees ¹	2.3%	1.4%
Beta since inception (Gross / Net)	0.79 / 0.80	1.00
Sharpe ratio since inception (Gross / Net) ⁴	0.64 / 0.42	0.45
TTM Turnover	16.5%	-

Source: Bahl & Gaynor, FactSet, Zephyr, 2025. Inception date 3/31/2013.

Performance (Annualized)	smig® WRAP (Pure Gross)	smig® WRAP (Net)	Russell 2500
QTD (Cumulative)	0.07%	-0.68%	0.62%
1 Year	18.08%	14.60%	12.00%
3 Years	6.16%	3.03%	2.39%
5 Years	9.38%	6.16%	8.77%
10 Years	10.29%	7.04%	8.85%
Since Inception	11.50%	8.22%	9.89%

Standard Deviation (Annualized)	smig® WRAP (Pure Gross)	smig® WRAP (Net)	Russell 2500
1 Year	15.12%	15.55%	17.77%
3 Years	17.83%	18.13%	21.70%
5 Years	19.50%	19.79%	23.21%
10 Years	16.23%	16.45%	19.34%
Since Inception	15.51%	15.71%	18.42%

Source: Bahl & Gaynor, Zephyr, 2025. Inception date 3/31/2013.

¹Dividend yield includes cash holdings.

²The income growth rate for the Bahl & Gaynor smig® strategy is calculated as of the most recent quarter-end using the trailing twelve months of income earned in a model portfolio, with income reinvestment, compared to the income earned in the twelve-month period one year prior. The income growth rate for the Russell 2500 is calculated using the same methodology.

³Source: Bahl & Gaynor; historical downside capture is the sum of strategy returns on all Russell 2500 down days divided by the sum of index returns on all respective down days. Down days are defined as any trading day the index posts a negative total return. Strategy returns are derived from the internal rate of return (IRR) of a single non-fee paying representative account.

⁴Sharpe Ratio measures the efficiency, or excess return per unit of risk (volatility), of a manager's returns. Inception: 3/31/2013.

Source: FactSet, Bahl & Gaynor, 2025. Statistics and weight data is drawn from the Small/Mid Cap Income Growth model portfolio that is fully discretionary, unconstrained and subject to change. Individual Bahl & Gaynor clients may or may not hold these positions or have similar characteristics. Risk and return data are representative of the Small/Mid Cap Income Growth WRAP composite. Net of fee performance information shown is calculated by subtracting the highest applicable wrap fee (3.00% on an annual basis, or 0.75% quarterly) on a quarterly basis from the gross composite quarterly return and reflects the reinvestment of income and other earnings. The standard fee schedule in effect is 3.00% on total assets. **Past performance does not guarantee future results.** Other methods may produce different results and the results for individual accounts and for different periods may vary depending on market conditions and the composition of the account. Care should be used when comparing these results to those published by other investment advisers, other investment vehicles and unmanaged indices due to possible differences in calculation methods. No alteration of the composite as presented here has occurred because of changes in personnel or other reasons at any time.

THANKS!

Your continued support and interest are much appreciated.

Everyone at Bahl & Gaynor would like to thank you for the opportunity to serve your investment needs. If you would like to speak in greater detail with a member of the B&G Team, please reach out to us through our Institutional Consulting Group. Additional details on the Institutional Consulting Group can be found on the following page.

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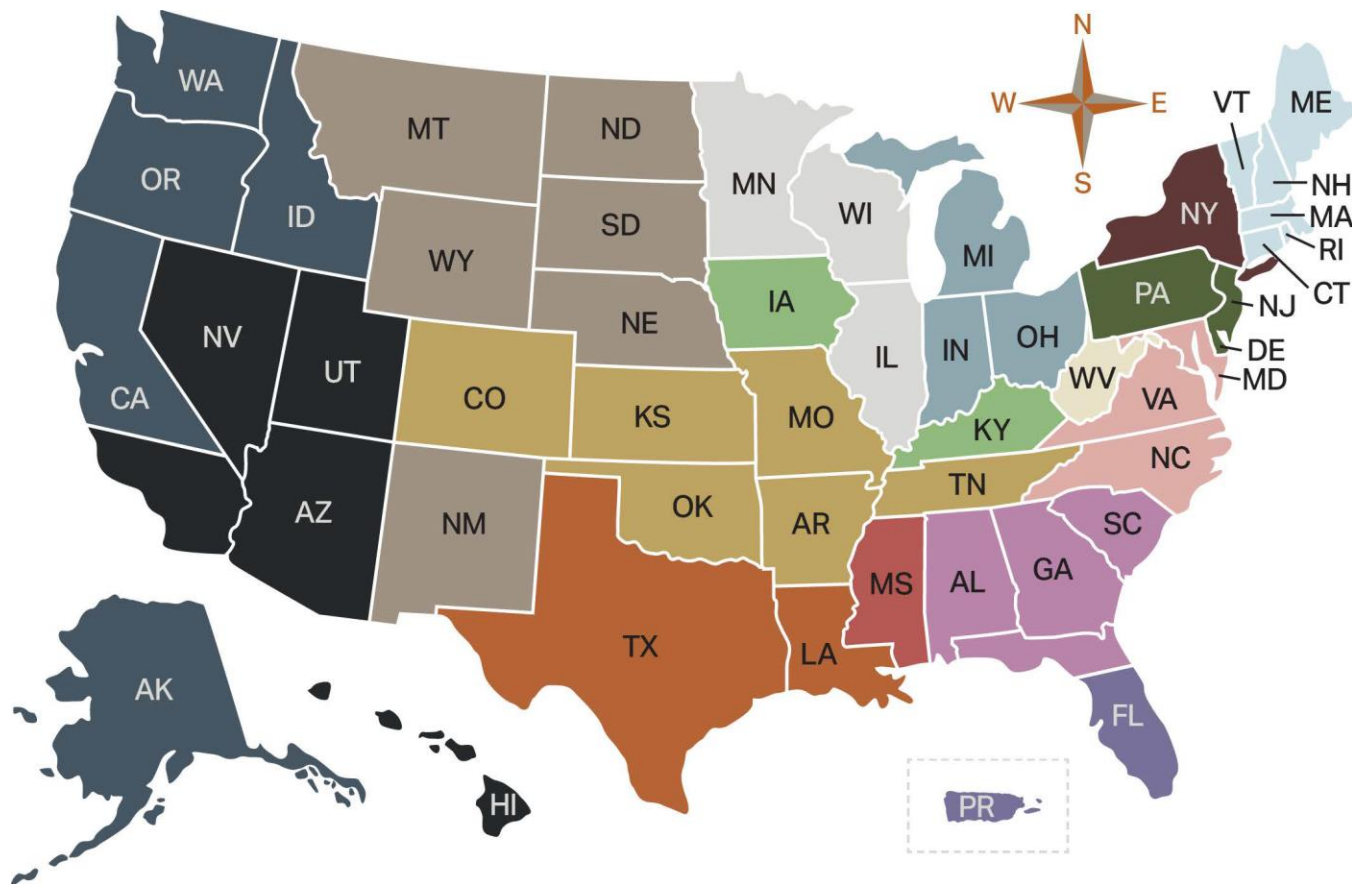
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