

## INVESTMENT STRATEGY OUTLOOK - June 30, 2024

Global stock markets were mixed in the second quarter, with U.S. Large Cap growth stocks continuing to march to their own beat, U.S. Small Cap stocks declining, and International stocks treading water. Economic growth in the U.S. has been resilient, while Europe and Japan have been softer. Inflation is stable, labor markets are easing (but still tight), and global trade is starting to rebound. Geopolitical risks remain high. Speculation is widespread with growth continuing to outperform value year-to-date across the board. Fortunately, one thing is always true about stock markets: trends don't last forever, and inflection points typically happen when investors least expect them.

Our second quarter performance commentary is outlined below:

### **FMI Small Cap Equity**

In the second quarter, the FMI Small Cap Strategy declined by approximately 3.8% (gross) / 4.0% (net), compared with a 3.28% and 3.64% drop for the Russell 2000 Index ("Russell 2000") and Russell 2000 Value Index ("Russell 2000 Value"), respectively. Relative to the Russell 2000, FMI's top-performing sectors included Electronic Technology, Retail Trade, and Technology Services while Producer Manufacturing, Distribution Services, and Commercial Services each underperformed. Strong individual contributors included BJ's Wholesale Club Holdings Inc., Skechers U.S.A. Inc. - Cl A, and Fabrinet Inc. as Fortune Brands Innovations Inc., Simpson Manufacturing Co. Inc., and Henry Schein Inc. lagged the market. Small Cap stocks continue to fall behind their Large Cap counterparts thus far this year.

### **FMI Large Cap Equity**

In the second quarter, the FMI Large Cap Strategy lost approximately 0.2% (gross) / 0.3% (net), compared with a 4.28% gain and a 2.20% decline for the S&P 500 Index (S&P 500) and iShares Russell 1000 Value ETF<sup>1</sup>, respectively. Growth outperformed value by over 10% in the period, driven in large part by just a select few Mega Cap technology stocks. Relative to the S&P 500, sector performance was driven by Health Technology, Consumer Services, and Consumer Non-Durables, while the strategy gave up ground in Electronic Technology, Retail Trade, and Distribution Services. Individual holdings Alphabet Inc. - Cl A, Booking Holdings Inc., and Micron Technology Inc. outpaced the market, as CarMax Inc., Masco Corp., and Dollar Tree Inc. detracted.

### **FMI All Cap Equity**

In the second quarter, the FMI All Cap Strategy dropped approximately 0.4% (gross) / 0.6% (net), compared with an

increase of 3.12% for the iShares Russell 3000 ETF<sup>1</sup>. Relative to the iShares Russell 3000 ETF, sectors that benefited performance included Consumer Non-Durables, Health Technology, and Consumer Services while Electronic Technology, Distribution Services, and Commercial Services were a draw from performance. BJ's Wholesale Club Holdings Inc., Koninklijke Philips N.V. ADR, and Skechers U.S.A. Inc. - Cl A were a boost to performance, while Robert Half Inc., CarMax Inc., and Masco Corp. trailed the market.

### **FMI International Equity**

In the second quarter, the FMI International Strategies fell approximately 1.4% (gross) / 1.6% (net) on a currency hedged basis and 2.2% (gross) / 2.4% (net) currency unhedged, compared with the iShares Currency Hedged MSCI EAFE ETF<sup>1</sup>, the iShares MSCI EAFE ETF<sup>1</sup>, and the iShares MSCI EAFE Value ETF<sup>1</sup> gain of 1.94%, loss of 0.19%, and gain of 0.32%, respectively. Relative to the iShares MSCI EAFE ETF, the International Strategies' Consumer Services, Consumer Non-Durables, and Health Technology sector exposures were a tailwind for performance, while Retail Trade, Distribution Services, and Transportation weighed on the results. Koninklijke Philips N.V., Unilever PLC, and DBS Group Holdings Ltd. performed well in the quarter, while B&M European Value Retail S.A., Ferguson PLC, and Ryanair Holdings PLC ADR failed to keep pace. USD strength was additive for the currency hedged portfolio.

### **Narrowing and Harrowing**

In the U.S., the Large Cap universe continues to be dominated by just a handful of anointed stocks. Today's concentration of the S&P 500 is unprecedented. The top 10 stocks make up 37% of the iShares S&P 500 ETF. For comparison, at the peak of the 2000 tech bubble, the top 10 accounted for about 25% of the index. Performance of the S&P 500 this year has been similarly lopsided. Of the 15.29% year-to-date return for the S&P 500, an astounding

June 30, 2024	Percentage of iShares S&P 500 ETF
Top 10 of iShares S&P 500 ETF	37%
"Magnificent 7"	32%
Top 5 iShares S&P 500 ETF	27%
Top 3 iShares S&P 500 ETF	20%

\*Alphabet A and C share classes grouped together.

Source: FactSet

<sup>1</sup>Source: Bloomberg – returns do not reflect management fees, transaction costs or expenses. Performance is based on market price returns. Beginning 8/10/20, market price returns are calculated using closing price. Prior to 8/10/20, market price returns were calculated using midpoint bid/ask spread at 4:00 PM ET.

30% has come from Nvidia alone, with 58% from Nvidia, Microsoft, Meta Platforms, Amazon, and Alphabet. The S&P 500 Equal-Weighted Index trails the S&P 500 (market-capitalization-weighted) by 10.21% this year, after losing by 12.42% last year, further illustrating the lack of breadth in the market. Historically, extremely narrow markets have been a harbinger of tougher stock markets to come. This time may be no different.

We marvel at the unwavering euphoria encompassing Nvidia's stock. In under 30 trading days ending June 18, 2024, Nvidia added \$1.1 trillion to its market cap. In the 6 months prior, it added over \$2.0 trillion, larger than the *entire market cap of Amazon!* Nvidia briefly became the world's most highly valued company, worth as much as \$3.3 trillion, exceeding the value of the entire UK, German, and Canadian stock markets, respectively. Nvidia is a key beneficiary of the generative artificial intelligence (AI) craze, selling expensive AI chips into data centers, with over a 70% market share. Large cloud computing providers such as Microsoft, Amazon, and Google account for almost half of Nvidia's data center revenue. Over the long-term, Nvidia's rapid growth and high margins will attract increased competition, including from some of their biggest customers, which may weigh on future growth rates and returns. Expectations are high, as Wall Street currently projects Nvidia's sales to increase at nearly 7-fold over the five years from 2022 through 2027, with earnings per share growing 14-fold. At a valuation of 39 times sales and 69 times trailing earnings, the margin for error is narrow.

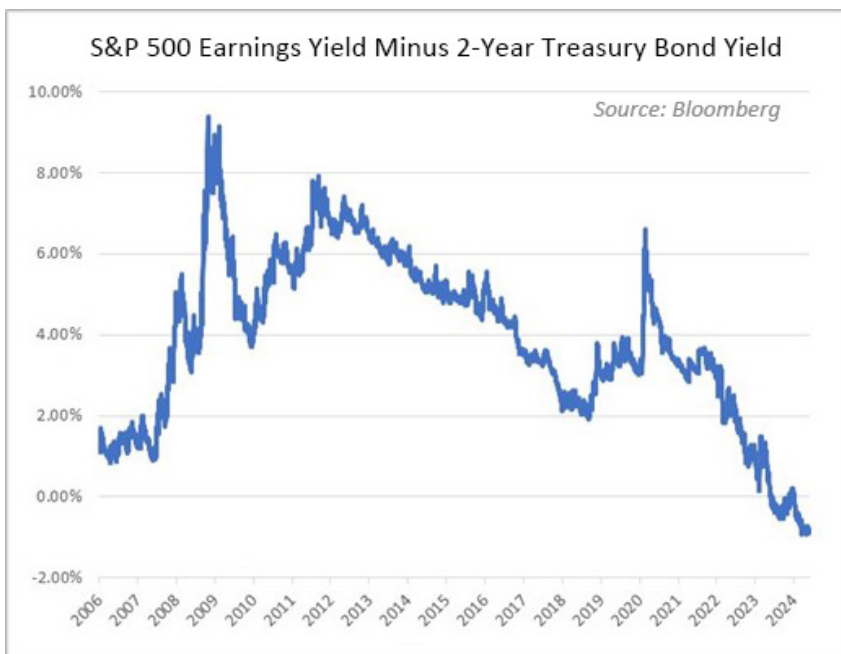
While we certainly acknowledge the vast possibilities of generative AI, and we remain in observation mode, it appears that the hype is at a fever pitch. Sequoia Capital, one of Silicon Valley's biggest start-up investors, warns of an "AI bubble" and "speculative frenzies." On an annual run-rate basis, Sequoia estimates that there is over \$180 billion of data center AI spend as

of the first quarter of 2024, increasing to a whopping \$300 billion by year-end. There is little AI revenue to show for all this spend, with OpenAI thought to have the lion's share of generative AI revenue today, at only \$3.4 billion. Sequoia estimates \$600 billion of revenue would be required annually to payback the projected spending levels. We have yet to see blockbuster products get launched (admittedly, it is still early days), but the buzz reminds us of driverless cars and the metaverse in recent years. Both have come up well short of very lofty expectations. Another thing to consider is that the cost to run generative AI queries is extremely high, as the power requirements are substantial. Eventually, this will get factored into revenue and profit models. If companies do not ultimately see adequate sales, productivity, earnings, and returns on capital from their investments, AI expenditures should slow. Only time can tell.

#### Anecdotes of Exuberance

Unfortunately, the speculative fervor is not confined to Nvidia, AI, and Mega Cap technology. Other top-performing themes in the U.S. include Bitcoin sensitive equities, obesity drugs, and high-beta 12-month winners (i.e., momentum stocks), according to Goldman Sachs. On May 16, penny stocks also captured investor imaginations, as it was reported that 45% of the total market volume traded was in less than \$1 stocks, which compares to a year-to-date average of ~12%. Additionally, meme stocks are back in vogue, with low-quality GameStop (GME) up 97% over the last three months on the heels of an endorsement from social media investment influencer "Roaring Kitty" (no, this is not a joke). GameStop currently has a market cap of \$10.2 billion, yet *lost money* from 2019-23, with projected sales in 2024 *at about half* of where they were in 2017. Clearly business fundamentals are not driving the story.

Complacent, risk-seeking behavior can also be found in the spread between the S&P 500 earnings yield (earnings/price) versus the 2-year Treasury bond yield (risk-free yield). For the first time in over 20 years (since the 2000 tech bubble), the spread has turned negative, suggesting that investors are no longer requiring a sizeable risk premium (i.e., higher earnings yield) for investing in equities vs. risk-free bonds. The current reading of -0.8% is over two standard deviations below the long-term average spread of 3.9%.



Lastly, with growth stocks sucking the air out of the room, it was not surprising to read that "Investors poured a net \$8.7 billion into U.S. tech funds over the seven days through Tuesday [June 18, 2024] per data from EPFR, the largest weekly inflow on record. Growth-oriented mutual funds attracted upwards of \$10 billion over the same stretch, likewise its most bountiful week since at least 2017," according to *Almost Daily Grant's*. When the good times are rolling, investors rarely contemplate whether the music will stop. Aggressive buying near the top is all but guaranteed. These recent fund flows remind us

of three famous Warren Buffet quotes, all of which may prove valuable as the current cycle unfolds:

- “What the wise man does in the beginning, the fool does in the end.”
- “Be fearful when others are greedy, and greedy when others are fearful.”
- “Most people get interested in stocks when everyone else is. The time to get interested is when no one else is. You can’t buy what is popular and do well.”

Greed is running rampant as the herd rushes into today’s popular trades. All roads appear to lead to technology and growth stocks ... until they don’t. Eventually this cycle, too, shall pass.

**Small Cap: Quality Wins**

Our focus on quality has really paid off in recent years. A 15-year period of interest rate suppression induced a massive wave of M&A, significantly shrinking the number of quality Small Cap companies. The Russell 2000 has been left with over 40% of its constituents losing money. As illustrated in the chart to the right, quality companies (high return on capital employed, or ROCE) in the Russell 2000 win over the long-term. While lower-quality stocks have outperformed from time to time (most notably in 1999, 2003, 2009, and 2020), the duration is typically short-lived.

When looking for a combination of quality and liquidity, we estimate that only about 20% of the Russell 2000 both make money and are liquid, so buying quality in the current environment has become more challenging. As a result, FMI and many of our peers that also focus on quality, have been investing in modestly higher market capitalizations. By simply expanding the investable universe to the Russell 2500, for example, it roughly doubles the number of profitable, liquid companies.

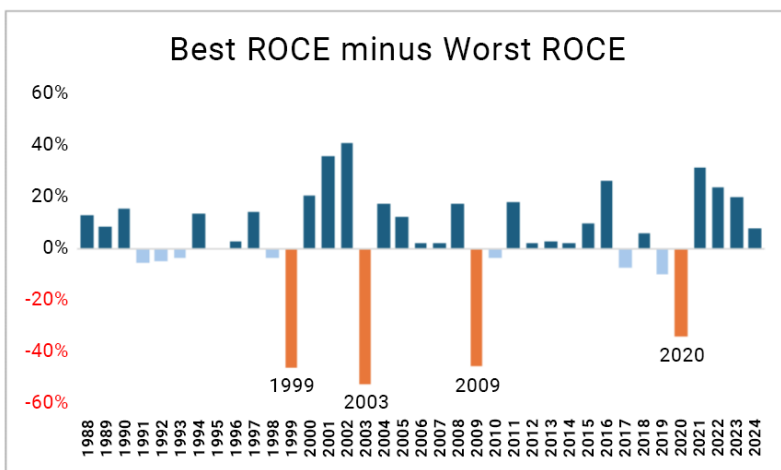
As illustrated on the right, during the current cycle, U.S. Small Cap stocks have underperformed their Large Cap counterparts for the longest stretch (158 months) and largest spread (-219.4%) on record. Some of this gap is warranted, as rising interest rates and wages have negatively impacted Small Cap companies more (a higher percentage of floating rate debt, shorter debt maturities, and more labor-intensive businesses). Additionally, the quality of the Small Cap universe has deteriorated in recent years, as mentioned above. Even with these stark realities, the current valuation spread is still very wide by historical standards. Profitable Small Cap companies now trade near the lowest level to profitable Large Cap companies in over 20 years. If history is any indication, there will be brighter days ahead for Small Cap.

**Japan: Cart Before the Horse**

The Japanese stock market is off to a blistering start this year, with the Nikkei 225 up 19.30%, outpacing even the tech-driven S&P 500. This has been a meaningful

headwind for our International Strategies’ relative performance, given that we have a 16% underweight in Japanese stocks vs. MSCI EAFE. Gains in Japanese equities have been boosted by positive sentiment around improving corporate governance (which we view as modest and incremental in nature), the exit from a deflationary spiral, and profit tailwinds for exporters that are benefiting from a collapse of the Japanese yen (weakest vs. USD since 1986).

We question whether the Japanese market has gotten a bit ahead of itself, as Japan now trades at a healthy premium to Europe. After its recent run, the Nikkei 225 trades at around 20 times next-twelve-months price-to-earnings versus the STOXX 600 at 14 times, despite having a significantly lower return profile. The return on equity (ROE) for the Nikkei 225 stands at 8.3% versus the STOXX 600 at 11.7%, according to Bloomberg. It’s also worth mentioning that over 50% of the Nikkei 225’s revenue is generated in Japan, where they have an aging and shrinking population, extremely low average birth rates (1.2), the developed world’s



Source: Furey Research Partners and FactSet. Market capitalization weighted returns for ROCE “Return on Capital Employed” tertiles within the R2000 reconstituted annually with a 75-day data lag. Final bar represents YTD as of 4/24/2024.

**Leadership Cycles in Large and Small Cap Stocks**

Leader	Dates	Cumulative	Cumulative	Spread,	
		Small Cap Total Return	Large Cap Total Return	Leader Minus Laggard	Length of Cycle
LARGE	Jan26 - Dec31	-75.8%	-14.1%	61.7%	72 mos.
	Apr37-Jun39	-67.8	-31.6	36.2	27
	Jun46 - Dec57	106.0	296.1	190.0	139
	Jan69 - Jun73	-45.7	16.0	61.7	54
	Aug83 - Oct90	15.3	146.3	131.0	87
	Mar94 - Mar99	61.2	206.8	145.5	61
	<b>Apr11 To Date</b>	<b>193.9</b>	<b>413.3</b>	<b>219.4</b>	<b>158</b>
		<b>Average:</b>		<b>120.8%</b>	<b>85 mos.</b>
SMALL	Jan32 - Mar37	700.0%	189.7%	510.3%	63 mos.
	Jul39 - May46	1030.0	162.0	868.0	83
	Jan58 - Dec68	984.6	272.0	712.6	132
	Jul73 - July83	889.9	152.3	737.6	121
	Nov90 - Feb94	136.4	70.0	66.4	40
	Apr99 - Mar11	148.0	27.7	120.3	144
		<b>Average:</b>		<b>502.5%</b>	<b>97 mos.</b>

Small Cap data from Ibbotson for 1926 - 1978; Russell 2000 thereafter.

Large Cap data for S&P 500. Data as of 6/7/2024.

© 2024 The Leuthold Group

largest government debt load, and expectations for slower GDP growth than Europe in the coming years. Japan's GDP declined 2.9% in the first quarter of 2024, amid sluggish consumption. We question the level of enthusiasm for the Japanese equity market and have yet to see many compelling bottom-up fundamental opportunities. We will continue to actively research new candidates in Japan but remain prudent.

---

As described above, the speculative backdrop across today's global markets is extreme, with growth beating value handily. Over short periods of time, stock markets can reward stocks, sectors, and even countries regardless of the underlying fundamentals. When a stock or theme has momentum, people are quick to jump on the bandwagon. As investors capitulate and all but give up on value, it makes us even more excited about the future. Value investing has a 100+ year track record of outperformance and we are confident it will be back on top before long.

Listed below are a few portfolio investments where the long-term prospects are compelling:

**Henry Schein Inc. (HSIC) – Small Cap/All Cap**

Henry Schein is the largest dental distributor in the world, holding a leading market share position in all of its main geographies, and is also a leader in medical distribution. Henry Schein provides value to both product manufacturers and its customers. Manufacturers benefit from cost effective access to a highly fragmented customer base, as well as sales and marketing support for products. Practitioner customers benefit from timely access to a broad range of products, a reduction in the number of vendors they need to deal with directly, inventory management services, and equipment servicing. Henry Schein also sells practice management software that is used by ~40% of dental practices in the U.S., which is a very sticky business. We expect continued strong long-term growth in spending on dental services, which will be driven by an aging population, along with a focus on preventive care and demand for cosmetic dentistry procedures. Schein's stock has been under pressure in the near term because it is still recovering from a cyber-attack that took place late last year, and the macro backdrop continues to be challenged, which has led to muted elective/discretionary sales across the business. The stock is trading well below the market, which we view as attractive given its above-average business quality.

**Quest Diagnostics Inc. (DGX) – Large Cap/All Cap**

Quest Diagnostics is one of the largest independent clinical laboratory testing companies in the U.S. with a 24% market share of independent lab testing, and its scale gives it a cost advantage. The clinical testing industry sees steady volume growth, helped by increasing test volume due to an aging population, higher prevalence of chronic disease, and advancements in medical technology that continue to expand the scope of clinical testing.

The broader lab industry is an \$85 billion market, accounting for only 2% of total healthcare spending, yet influencing over 70% of medical decisions. Today, nearly 60% of diagnostic tests are performed in a hospital or at a hospital outreach laboratory. Importantly, performing the same diagnostic test at an independent lab can cost anywhere between two and five times less than performing the same test in a hospital lab. Quest's average revenue per requisition is under \$50. There is a nationwide focus on increasing preventative healthcare and lowering healthcare costs in general. Independent labs are part of the solution, as there is a huge value to be reaped by pushing more volumes through them. In the past, Quest has seen reimbursement challenges from both government and commercial payors. We believe that reimbursement headwinds have largely abated due to all payors recognizing the large cost-benefit of higher volumes flowing through the independent labs. We expect Quest to generate mid-single-digit topline growth and expand margins, leading to high-single-digit earnings growth. With Quest's dividend and share repurchases, there are prospects for a low-double-digit total annual return, which is attractive given the defensive nature of the business and well-below market valuation.

**Ryanair Holdings PLC—SP-ADR (RYAAY) – International**

Ryanair is Europe's largest airline by passenger volume (~20% market share). It employs a very simple, yet unique business model. It flies only point-to-point, books flights almost solely through its website/app, heavily utilizes secondary airports, flies a single-variant fleet, and has a widespread geographic distribution (40 countries and 96 bases), which helps mitigate the impact of strikes or unfavorable regulations that occur in a single geography. Ryanair is one of the only international airlines to post high growth and stellar returns through a full cycle, owing mostly to the company's obsessive focus around efficiency and agility. Ryanair has created a deep cost advantage that allows it to price fares at levels that would be unprofitable for the vast majority of peers, leading to continued market share gains. The current industry setup is favorable, as the European in-service short-haul fleet is in short supply. Elevated storage rates are unlikely to revert due to aircraft age and restoration costs. Additionally, there are supply chain challenges and large backlogs that are limiting the pace of delivery of new planes. Ryanair's mid-single-digit capacity growth is locked in through 2034. Recently, its fares have been a bit softer than expected due to a weak consumer in Europe, and capacity hasn't expanded as quickly as expected due to Boeing delivery delays. We view both issues as transitory in nature. Valuation is well below historical averages and is likely to recover over a 3-5 year time horizon.

---

Thank you for your continued support of Fiduciary Management, Inc.



**Fiduciary Management Inc.**  
**Small Cap Equity Composite**  
**12/31/2013 - 12/31/2023**

Year	Total Return Gross of Fees %	Total Return Net of Fees %	*Benchmark Return %	Number of Portfolios	Dispersion %	Three Year Ex-Post Standard Deviation		Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
						Composite	*Benchmark			
2014	7.99	7.06	4.89	178	0.39	9.65%	13.12%	\$ 3,006.5	\$ 21,001.1	14.32%
2015	-5.72	-6.52	-4.41	171	0.34	11.18%	13.98%	\$ 2,597.2	\$ 21,042.9	12.34%
2016	21.65	20.65	21.31	171	0.46	12.02%	15.77%	\$ 2,596.0	\$ 22,626.7	11.47%
2017	15.42	14.49	14.65	171	0.84	11.12%	13.91%	\$ 2,774.0	\$ 25,322.0	10.96%
2018	-8.10	-8.83	-11.01	160	0.74	11.73%	15.79%	\$ 2,220.4	\$ 19,833.6	11.20%
2019	27.14	26.17	25.53	119	1.83	12.44%	15.71%	\$ 2,415.0	\$ 22,609.9	10.68%
2020	4.40	3.60	19.96	104	1.49	21.15%	25.27%	\$ 2,079.2	\$ 16,284.2	12.77%
2021	31.74	30.77	14.82	102	0.60	21.11%	23.35%	\$ 2,294.9	\$ 17,068.4	13.45%
2022	-4.98	-5.70	-20.40	96	0.29	22.76%	26.02%	\$ 2,173.9	\$ 13,021.5	16.69%
2023	26.34	25.41	16.93	92	0.38	18.02%	21.11%	\$ 3,050.0	\$ 14,729.1	20.71%

\*Benchmark: Russell 2000 Index®

Returns reflect the reinvestment of dividends and other earnings.

The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss.

Fiduciary Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Fiduciary Management, Inc. has been independently verified for the periods 12/31/1993 - 12/31/2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Small Cap Equity Composite has had a performance examination for the periods 12/31/1993 - 12/31/2023. The verification and performance examination reports are available upon request.

FMI was founded in 1980 and is an independent investment counseling firm registered with the SEC and the State of Wisconsin. The firm manages over \$14.7 billion in assets of pension and profit sharing trusts, mutual funds, Taft-Hartley funds, insurance company portfolios, endowments and personal trusts. The firm includes both institutional and mutual fund business. Although the firm has participated in wrap programs, it is a separate and distinct business, and is excluded from firm-wide assets.

The FMI Small Cap Equity Composite was created and inceptioned in January 1980. These accounts primarily invest in small to medium capitalization US equities.

The FMI Small Cap Equity Composite reflects time-weighted and asset-weighted returns for all discretionary accounts, with a market value greater than \$500,000 as of month end. A small percentage of composite assets (typically ranging from 0-5%) historically has been invested in unmanaged fixed income securities at the direction of account holders. From December 31, 1993 thru September 30, 2002 all accounts included were managed for at least one quarter, from October 1, 2002 to present all accounts were managed for at least one month. All returns are calculated using United States Dollars and are based on monthly valuations using trade date accounting. All accounts in this composite are fee paying. Gross of fees returns are calculated gross of management fees, gross of custodial fees, gross of withholding taxes and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodial fees and withholding taxes. Dispersion is calculated using the equal weighted standard deviation of all accounts in the composite for the entire period. As of 12/31/2011, the trailing three year annualized ex-post standard deviation for the Composite and Benchmark are required to be stated per GIPS®. FMI uses gross returns to calculate these.

Currently, the advisory fee structure for the FMI Small Cap Equity Composite portfolios is as follows:

Up to \$25,000,000	0.85%
\$25,000,001-\$50,000,000	0.80%
\$50,000,001-\$100,000,000	0.70%
\$100,000,001 and above	0.60%

The firm generally requires a minimum of \$3 million in assets to establish a discretionary account. High Net Worth individuals may establish an account with a minimum of \$1,000,000, however, the firm reserves the right to charge a minimum dollar fee for High Net Worth individuals depending on the client servicing involved. The minimum account sizes do not apply to new accounts for which there is a corporate, family, or other substantial relationship to existing accounts. In addition, the firm reserves the right to waive the minimum account size and minimum annual fee under certain circumstances. A complete list and description of all firm composites and FMI distributed mutual funds are available upon request.

The Russell 2000 Index® measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Small Cap Equity composite uses the Russell 2000 Index® as its primary index comparison.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

**Fiduciary Management Inc.**  
**Large Cap Equity Composite**  
**12/31/2013 - 12/31/2023**

Year	Total Return Gross of Fees %	Total Return Net of Fees %	*Benchmark Return %	Number of Portfolios	Dispersion %	Three Year Ex-Post Standard Deviation		Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
						Composite	*Benchmark			
2014	13.52	12.81	13.69	725	0.25	8.54%	8.98%	\$ 16,084.1	\$ 21,001.1	76.59%
2015	-1.54	-2.16	1.38	655	0.27	9.94%	10.48%	\$ 14,304.1	\$ 21,042.9	67.98%
2016	14.85	14.16	11.96	636	0.32	10.48%	10.59%	\$ 12,562.9	\$ 22,626.7	55.52%
2017	19.90	19.24	21.83	628	0.32	9.70%	9.92%	\$ 12,722.2	\$ 25,322.0	50.24%
2018	-3.07	-3.62	-4.38	540	0.29	9.85%	10.80%	\$ 9,901.1	\$ 19,833.6	49.92%
2019	24.58	23.94	31.49	371	0.42	9.95%	11.93%	\$ 10,493.0	\$ 22,609.9	46.41%
2020	11.32	10.70	18.40	266	0.55	17.09%	18.53%	\$ 8,684.6	\$ 16,284.2	53.33%
2021	19.33	18.77	28.71	219	0.32	17.08%	17.17%	\$ 9,177.4	\$ 17,068.4	53.77%
2022	-13.29	-13.71	-18.11	177	0.33	19.94%	20.87%	\$ 6,054.5	\$ 13,021.5	46.50%
2023	21.74	21.19	26.29	158	0.30	16.78%	17.29%	\$ 5,616.5	\$ 14,729.1	38.13%

\*Benchmark: S&P 500 Index®

Returns reflect the reinvestment of dividends and other earnings.

The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss.

Fiduciary Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Fiduciary Management, Inc. has been independently verified for the periods 12/31/1993 - 12/31/2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Large Cap Equity Composite has had a performance examination for the periods 12/31/2000 - 12/31/2023. The verification and performance examination reports are available upon request.

FMI was founded in 1980 and is an independent investment counseling firm registered with the SEC and the State of Wisconsin. The firm manages over \$14.7 billion in assets of pension and profit sharing trusts, mutual funds, Taft-Hartley funds, insurance company portfolios, endowments and personal trusts. The firm includes both institutional and mutual fund business. Although the firm has participated in wrap programs, it is a separate and distinct business, and is excluded from firm-wide assets.

The FMI Large Cap Equity Composite was created and inceptioned on 12/31/2000. These accounts primarily invest in medium to large capitalization US equities.

The FMI Large Cap Equity Composite reflects time-weighted and asset-weighted returns for all discretionary accounts with a market value greater than \$500,000 as of month end beginning January 1, 2012. From December 31, 2000 thru September 30, 2002 all accounts included were managed for at least one quarter, from October 1, 2002 to present all accounts were managed for at least one month. All returns are calculated using United States Dollars and are based on monthly valuations using trade date accounting. All accounts in this composite are fee paying. Gross of fees returns are calculated gross of management fees, gross of custodial fees, gross of withholding taxes and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodial fees and withholding taxes. Dispersion is calculated using the equal weighted standard deviation of all accounts in the composite for the entire period. As of 12/31/2011, the trailing three year annualized ex-post standard deviation for the Composite and Benchmark are required to be stated per GIPS®. FMI uses gross returns to calculate these.

Currently, the advisory fee structure for the FMI Large Cap Equity Composite portfolios is as follows:

Up to \$25,000,000	0.55%
\$25,000,001-\$50,000,000	0.50%
\$50,000,001-\$100,000,000	0.45%
\$100,000,001 and above	0.35%

The firm generally requires a minimum of \$3 million in assets to establish a discretionary account. High Net Worth individuals may establish an account with a minimum of \$1,000,000, however, the firm reserves the right to charge a minimum dollar fee for High Net Worth individuals depending on the client servicing involved. The minimum account sizes do not apply to new accounts for which there is a corporate, family, or other substantial relationship to existing accounts. In addition, the firm reserves the right to waive the minimum account size and minimum annual fee under certain circumstances. A complete list and description of all firm composites and FMI distributed mutual funds are available upon request.

The S&P 500 Index® is widely regarded as the best single gauge of the U.S. equities market. This index includes 500 leading companies in leading industries of the U.S. economy. Although the S&P 500® focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. The Large Cap Equity composite uses the S&P 500 Index® as its primary index comparison.

GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

**Fiduciary Management Inc.**  
**All Cap Equity Composite**  
**12/31/2013 - 12/31/2023**

Year	Total Return Gross of Fees %	Total Return Net of Fees %	*Benchmark Return %	Number of Portfolios	Dispersion %	Three Year Ex-Post Standard Deviation		Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
						Composite	*Benchmark			
2014	12.65	11.91	12.41	41	0.31	8.43%	9.17%	\$ 268.0	\$ 21,001.1	1.28%
2015	-0.14	-0.82	0.33	42	0.45	9.70%	10.55%	\$ 263.7	\$ 21,042.9	1.25%
2016	16.71	15.90	12.63	39	0.37	10.50%	10.97%	\$ 275.9	\$ 22,626.7	1.22%
2017	18.56	17.75	20.97	35	0.35	9.66%	10.17%	\$ 258.8	\$ 25,322.0	1.02%
2018	-5.05	-5.70	-5.42	34	0.38	10.08%	11.15%	\$ 212.8	\$ 19,833.6	1.07%
2019	27.65	26.87	30.66	20	0.83	10.29%	12.09%	\$ 208.5	\$ 22,609.9	0.92%
2020	7.19	6.59	20.55	21	0.49	18.11%	19.24%	\$ 206.6	\$ 16,284.2	1.27%
2021	23.72	23.02	25.53	18	0.36	18.19%	17.79%	\$ 225.9	\$ 17,068.4	1.32%
2022	-10.66	-11.16	-19.28	16	0.48	20.58%	21.39%	\$ 180.4	\$ 13,021.5	1.39%
2023	19.88	19.22	25.83	16	0.30	16.54%	17.46%	\$ 192.0	\$ 14,729.1	1.30%

\*Benchmark: iShares Russell 3000 ETF®

Returns reflect the reinvestment of dividends and other earnings.

The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss.

Fiduciary Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Fiduciary Management, Inc. has been independently verified for the periods 12/31/1993 - 12/31/2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The All Cap Equity Composite has had a performance examination for the periods 12/31/2007 - 12/31/2023. The verification and performance examination reports are available upon request.

FMI was founded in 1980 and is an independent investment counseling firm registered with the SEC and the State of Wisconsin. The firm manages over \$14.7 billion in assets of pension and profit sharing trusts, mutual funds, Taft-Hartley funds, insurance company portfolios, endowments and personal trusts. The firm includes both institutional and mutual fund business. Although the firm has participated in wrap programs, it is a separate and distinct business, and is excluded from firm-wide assets.

The FMI All Cap Equity Composite was created and inceptioned on 12/31/2007. These accounts primarily invest in small, medium and large capitalization US equities.

The FMI All Cap Equity Composite reflects time-weighted and asset-weighted returns for all discretionary accounts. From December 31, 2007 all accounts were managed for at least one month. All returns are calculated using United States Dollars and are based on monthly valuations using trade date accounting. All accounts in this composite are fee paying. Gross of fees returns are calculated gross of management fees and custodial fees and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodial fees and withholding taxes. Dispersion is calculated using the equal weighted standard deviation of all accounts in the composite for the entire period. As of 12/31/2011, the trailing three year annualized ex-post standard deviation for the Composite and Benchmark are required to be stated per GIPS®. FMI uses gross returns to calculate these.

Currently, the advisory fee structure for the FMI All Cap Equity Composite portfolios is as follows:

Up to \$25,000,000	0.65%
\$25,000,001-\$50,000,000	0.55%
\$50,000,001-\$100,000,000	0.50%
\$100,000,001 and above	0.45%

The firm generally requires a minimum of \$3 million in assets to establish a discretionary account. High Net Worth individuals may establish an account with a minimum of \$1,000,000, however, the firm reserves the right to charge a minimum dollar fee for High Net Worth individuals depending on the client servicing involved. The minimum account sizes do not apply to new accounts for which there is a corporate, family, or other substantial relationship to existing accounts. In addition, the firm reserves the right to waive the minimum account size and minimum annual fee under certain circumstances. A complete list and description of all firm composites and FMI distributed mutual funds are available upon request.

iShares Russell 3000 ETF® seeks to track the investment results of the Russell 3000® Index (the "Underlying Index"), which measures the performance of the broad U.S. equity market, as defined by FTSE Russell (the "Index Provider" or "Russell"). The Underlying Index is a float-adjusted capitalization-weighted index of the approximately 3,041 largest public issuers domiciled in the U.S. and its territories, as determined by Russell. The Underlying Index includes large-, mid- and small capitalization companies and may change over time. The All Cap Equity composite uses the Russell 3000 Index® as its primary index comparison. In September 2022, the benchmark was changed from the Russell 3000 Index® to iShares Russell 3000 ETF® for all periods.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

**Fiduciary Management Inc.**  
**International Equity Hedged Composite**  
**12/31/2013 - 12/31/2023**

Year	Total Return Gross of Fees %	Total Return Net of Fees %	*Benchmark Return %	Number of Portfolios	Dispersion %	Three Year Ex-Post Standard Deviation		Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
						Composite	*Benchmark			
2014	5.66	4.87	-6.20	≤ 5	0.00	7.49	13.20	\$ 771.6	\$ 21,001.1	3.67%
2015	4.24	3.46	-1.00	≤ 5	0.00	8.14	12.46	\$ 2,832.9	\$ 21,042.9	13.46%
2016	11.04	10.23	1.38	≤ 5	0.38	7.39	12.00	\$ 5,946.2	\$ 22,626.7	26.28%
2017	16.51	15.70	25.10	≤ 5	0.02	7.04	11.03	\$ 8,209.3	\$ 25,322.0	32.42%
2018	-8.63	-9.27	-13.81	≤ 5	0.06	7.22	10.82	\$ 6,287.8	\$ 19,833.6	31.70%
2019	18.11	17.29	22.03	≤ 5	0.08	8.30	10.97	\$ 7,522.0	\$ 22,609.9	33.27%
2020	0.98	0.25	7.58	≤ 5	0.27	17.52	17.63	\$ 3,576.9	\$ 16,284.2	21.97%
2021	15.81	14.95	11.46	≤ 5	0.00	17.57	16.54	\$ 3,541.7	\$ 17,068.4	20.75%
2022	-8.51	-9.19	-14.36	≤ 5	0.00	19.31	20.18	\$ 3,291.8	\$ 13,021.5	25.28%
2023	23.21	22.33	18.40	≤ 5	0.00	13.66	17.20	\$ 4,478.0	\$ 14,729.1	30.40%

\*iShares MSCI EAFE ETF®

Returns reflect the reinvestment of dividends and other earnings.

The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss

Fiduciary Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Fiduciary Management, Inc. has been independently verified for the periods 12/31/1993 - 12/31/2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The International Equity Hedged Composite has had a performance examination for the periods 12/31/2010 - 12/31/2023. The verification and performance examination reports are available upon request.

FMI was founded in 1980 and is an independent investment counseling firm registered with the SEC and the State of Wisconsin. The firm manages over \$14.7 billion in assets of pension and profit sharing trusts, mutual funds, Taft-Hartley funds, insurance company portfolios, endowments and personal trusts. The firm includes both institutional and mutual fund business. Although the firm has participated in wrap programs, it is a separate and distinct business, and is excluded from firm-wide assets.

The International Equity Hedged Composite was created and inception on 12/31/2010. This composite invests mainly in a limited number (usually between 25-40) of large capitalization (namely, companies with more than \$5 billion market capitalization) foreign companies.

The International Equity Hedged Composite reflects time-weighted and asset-weighted returns for all discretionary accounts. All returns are calculated using United States Dollars and are based on monthly valuations using trade date accounting. All accounts in this composite are fee paying. Gross of fees returns are calculated gross of management fees, gross of custodial fees, gross of withholding taxes and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodial fees and withholding taxes. Dispersion is calculated using the equal weighted standard deviation of all accounts in the composite for the entire period. As of 12/31/2011, the trailing three year annualized ex-post standard deviation for the Composite and Benchmark are required to be stated per GIPS®. FMI uses gross returns to calculate these.

Currently, the advisory fee structure for the International Equity Hedged Composite portfolios is as follows:

Up to \$25,000,000	0.70%
\$25,000,001-\$50,000,000	0.65%
\$50,000,001-\$100,000,000	0.60%
\$100,000,001 and above	0.55%

The firm generally requires a minimum of \$10 million in assets to establish a discretionary account. The minimum account sizes do not apply to new accounts for which there is a corporate, family, or other substantial relationship to existing accounts. In addition, the firm reserves the right to waive the minimum account size and minimum annual fee under certain circumstances. A complete list and description of all firm composites and FMI distributed mutual funds are available upon request.

The iShares MSCI EAFE ETF® seeks to track the investment results of the MSCI EAFE Index (the "Underlying Index"), which has been developed by MSCI Inc. (the "Index Provider" or "MSCI"). The Underlying Index is a free float-adjusted, market capitalization-weighted index designed to measure large- and mid-capitalization equity market performance of developed markets outside of the U.S. and Canada. The Underlying Index includes stocks from Europe, Australasia and the Far East and, as of July 31, 2021, consisted of securities from the following 21 developed market countries or regions: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom (the "U.K."). The MSCI EAFE Net Index (USD)® is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Net Index (USD)® consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. It is reported in local currency and net of hedges. The International Equity Hedged composite uses the iShares MSCI EAFE ETF® as its primary benchmark comparison. In September 2022, the benchmark was changed from MSCI EAFE Net Index (USD)® to iShares MSCI EAFE ETF® for all periods.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.



**Fiduciary Management Inc.**  
**International Equity Unhedged Composite**  
**12/31/2019 - 12/31/2023**

Year	Total Return Gross of Fees %	Total Return Net of Fees %	*Benchmark Return %	Number of Portfolios	Dispersion %	Three Year Ex-Post Standard Deviation		Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
						Composite	*Benchmark			
2020	4.88	4.09	7.58	≤ 5	0.00	n/a	n/a	\$ 56.7	\$ 16,284.2	0.35%
2021	10.43	9.64	11.46	≤ 5	0.00	n/a	n/a	\$ 108.6	\$ 17,068.4	0.64%
2022	-16.23	-16.84	-14.36	≤ 5	0.30	22.12	20.20	\$ 80.7	\$ 13,021.5	0.62%
2023	23.72	22.90	18.40	≤ 5	0.30	17.71	17.20	\$ 112.0	\$ 14,729.1	0.76%

\*iShares MSCI EAFE ETF®

Returns reflect the reinvestment of dividends and other earnings.

The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss.

Fiduciary Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Fiduciary Management, Inc. has been independently verified for the periods 12/31/1993 - 12/31/2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The International Equity Unhedged Composite has had a performance examination for the periods 12/31/2019 - 12/31/2023. The verification and performance examination reports are available upon request.

FMI was founded in 1980 and is an independent investment counseling firm registered with the SEC and the State of Wisconsin. The firm manages over \$14.7 billion in assets of pension and profit sharing trusts, mutual funds, Taft-Hartley funds, insurance company portfolios, endowments and personal trusts. The firm includes both institutional and mutual fund business. Although the firm has participated in wrap programs, it is a separate and distinct business, and is excluded from firm-wide assets.

The International Equity Unhedged Composite was created and inceptioned on 12/31/2019. This composite invests mainly in a limited number (usually between 25-40) of large capitalization (namely, companies with more than \$5 billion market capitalization) foreign companies.

The International Equity Unhedged Composite reflects time-weighted and asset-weighted returns for all discretionary accounts. All returns are calculated using United States Dollars and are based on monthly valuations using trade date accounting. All accounts in this composite are fee paying. Gross of fees returns are calculated gross of management fees, gross of custodial fees, gross of withholding taxes and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodial fees and withholding taxes. Dispersion is calculated using the equal weighted standard deviation of all accounts in the composite for the entire period. As of 12/31/2021, 36 months of performance is not available; therefore the three year annualized ex-post standard deviation is not presented for the composite or the benchmark.

Currently, the advisory fee structure for the International Equity Unhedged Composite portfolios is as follows:

Up to \$25,000,000	0.70%
\$25,000,001-\$50,000,000	0.65%
\$50,000,001-\$100,000,000	0.60%
\$100,000,001 and above	0.55%

The firm generally requires a minimum of \$10 million in assets to establish a discretionary account. The minimum account sizes do not apply to new accounts for which there is a corporate, family, or other substantial relationship to existing accounts. In addition, the firm reserves the right to waive the minimum account size and minimum annual fee under certain circumstances. A complete list and description of all firm composites and FMI distributed mutual funds are available upon request.

The iShares MSCI EAFE ETF® seeks to track the investment results of the MSCI EAFE Index (the "Underlying Index"), which has been developed by MSCI Inc. (the "Index Provider" or "MSCI"). The Underlying Index is a free float-adjusted, market capitalization-weighted index designed to measure large- and mid-capitalization equity market performance of developed markets outside of the U.S. and Canada. The Underlying Index includes stocks from Europe, Australasia and the Far East and, as of July 31, 2021, consisted of securities from the following 21 developed market countries or regions: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom (the "U.K."). The MSCI EAFE Net Index (USD)® is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Net Index (USD)® consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. It is reported in local currency and net of hedges. The International Equity Hedged composite uses the iShares MSCI EAFE ETF® as its primary benchmark comparison. In September 2022, the benchmark was changed from MSCI EAFE Net Index (USD)® to iShares MSCI EAFE ETF® for all periods.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.