

# SMALL CAP STRATEGY UPDATE

## Investment Approach

We believe quality is one of the most underappreciated factors in successful small capitalization investing. Often, as investors move down the market capitalization spectrum, they tend to seek higher-risk opportunities in pursuit of outsized returns. This means more consistent businesses with more durable business models, lower risk, and above-average fundamental visibility are often neglected. This behavioral bias, when coupled with the firm's information advantage achieved through exhaustive due diligence of underfollowed small cap companies, leads to attractive investment opportunities for long-term investors. We believe our long-term, dividend-oriented approach provides our investors with a differentiated and more attractive return and risk profile.

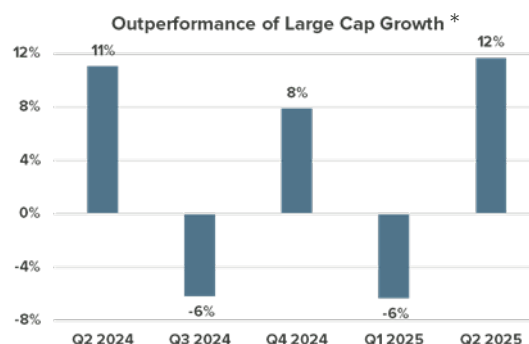
## Crawford Small Cap Strategy

The second quarter began with volatility as "Liberation Day" kicked off a new round of geopolitical tension, stocks officially entered a bear market (down more than 20% from recent highs), and bond market behavior turned erratic ("yippee"). However, with tariffs postponed and interest rates drifting lower, sentiment shifted abruptly. Equities staged a sharp recovery in May and June, pushing several major indices back near all-time highs. True to recent form, the quarter brought yet another reversal in market leadership, with large cap growth stocks reclaiming the lead over their small cap and value counterparts.

In this environment, the Crawford Small Cap strategy underperformed the Russell 2000 Index. The strategy posted a return of 3.03% for the quarter and -3.18% for the first half (net of fees), relative to the benchmark's returns of 8.50% and -1.79%. A significant headwind in the second quarter came from the sharp outperformance of non-dividend payers within the Russell 2000 Index as they outpaced dividend-paying stocks by more than 10%. This dynamic, coupled with a rally in lower-quality small cap companies, worked against the strategy's quality and dividend-focused approach. Additionally, the strategy's value tilt was a modest detractor, as growth-oriented names led the market rebound. From a sector perspective, Industrials, Consumer Discretionary and Real Estate were the most prominent sources of relative underperformance. Within Industrials specifically, the portfolio's emphasis on higher-quality businesses lagged the benchmark's strong gains in defense, space, and construction-related names, many of which fall outside our investable universe due to quality constraints.

Since the second quarter of 2024, market leadership has rotated on a quarterly basis between narrow, large cap growth outperformance and periods of value and small cap outperformance. This inconsistency reflects a market that is vacillating between higher/lower interest rate expectations, evolving economic data, and valuations stretched in some areas while seemingly underappreciated in others. The table to the right illustrates the pattern of recent quarterly performance reversals by comparing the returns of the Russell 1000 Growth Index to a blend of 50% Russell 1000 Value and 50% Russell 2000 (as a proxy for smaller and value-oriented stocks).

While the short-term outlook remains uncertain, we maintain a long-term perspective and continue to believe that quality is the most durable investment characteristic across cycles. We feel confident in the portfolio's current positioning, especially its valuation sensitivity and focus on consistent business models, and believe it is well-prepared for a variety of market outcomes.



## Contributors To Performance In The Quarter:

Security	Portfolio Weight*	Total Return	Contribution to Return
PEGA	2.16%	55.79%	1.04%
AEIS	1.48%	39.14%	0.56%
ESE	2.39%	20.64%	0.49%

Source: Crawford, FactSet as of 6/30/2025. Past performance is not indicative of future results. \*Portfolio weight is the average weight during the quarter and excludes cash.

- 1. Pegasystems Inc. (PEGA):** PEGA is widely recognized for its industry-leading software solutions in both the customer engagement/CRM and business process automation markets. PEGA had a strong quarter, particularly in term license sales which benefited from favorable renewal timing. The PEGA GenAI Blueprint appears to have begun to move the needle.
- 2. Advanced Energy Industries, Inc. (AEIS):** AEIS has shown improved forward visibility in its Data Center and Semiconductor segments, based on new product ramps and design wins. I&M continues to be weak but is showing signs of distribution inventory normalization and demand green shoots. Tariffs appear manageable, and management appears highly confident of achieving margin progression despite minor mix and tariff headwinds.
- 3. ESCO Technologies Inc. (ESE):** ESE is an industrial conglomerate with core aerospace & defense and electric utility equipment/services businesses that are highly profitable. ESE has demonstrated strong performance, and the company finally closed on its large A&D acquisition which is trending well. We believe reward/risk remains highly attractive.

## Detractors From Performance In The Quarter:

Security	Portfolio Weight*	Total Return	Contribution to Return
IRT	2.11%	-15.87%	-0.40%
MAN	0.94%	-28.95%	-0.37%
HCKT	2.06%	-12.56%	-0.35%

Source: Crawford, FactSet as of 6/30/2025. Past performance is not indicative of future results. \*Portfolio weight is the average weight during the quarter and excludes cash.

- Independence Realty Trust, Inc. (IRT):** IRT continues to operate in a challenging environment characterized by elevated new supply and increased use of rental concessions. Despite these headwinds, IRT is executing well operationally. While occupancy and rent growth remain modest in the near term, we view the fundamentals as intact. As supply begins to normalize, particularly heading into 2026, we believe IRT is positioned for stronger growth and upside reacceleration.
- ManpowerGroup Inc. (MAN):** Continued weak results and an uncertain macroeconomic backdrop, particularly in European manufacturing, pushed out expectations for a meaningful recovery into next year. While trends in European industrial activity are beginning to show signs of stabilization, the potential impact of new tariffs adds an additional layer of uncertainty. Near-term profitability remains under pressure. We believe several factors support a patient approach, including signs of an eventual cyclical inflection, ongoing restructuring efforts, and what we view as temporary tax and investment headwinds.
- Hackett Group, Inc. (HCKT):** Uneven results in HCKT's legacy businesses were impacted by difficult year-over-year comparisons, the wind-down of a large client project, and broader macro uncertainty. While these near-term headwinds weighed on performance, traction in the company's AI-related offerings is building. We continue to view HCKT as a high-quality services firm with improving fundamentals and meaningful upside optionality as its AI capabilities scale.

## Buys During the Quarter

- California Water Service Group (CWT)
- Cognex Corp (CGNX)
- FirstCash Holdings, Inc. (FCFS)
- Scotts Miracle Gro-Co (SMG)

## Sells During the Quarter

- Woodward, Inc. (WWD)
- Tennant Co (TNC)
- Flowers Foods, Inc. (FLO)
- Logility Supply Chain Solutions, Inc. (LGTY)

## Outlook

We believe investing successfully over the long term requires both consistency and flexibility. Our long-held investment philosophy seeks to mitigate risk and limit the range of investment outcomes through a focus on quality. We believe our investment approach is well suited for an increasingly volatile environment, and we will continue to be opportunistic with portfolio holdings. And, while an uncertain outlook and recent volatility might cause concern for investors, we suggest looking forward to the years ahead. We believe that investors with the discipline and patience to invest in high-quality small cap stocks now could be rewarded in the years to come.

## About Crawford Investment Counsel

Founded in 1980, Crawford Investment Counsel is an investment advisory firm focused on managing high-quality equity and fixed income portfolios on behalf of institutional and individual investors. We believe a company's dividend history is a key initial indicator of quality, and we seek to invest in companies with a demonstrated history of consistent and growing dividends. For more information please visit [www.crawfordinvestment.com](http://www.crawfordinvestment.com) or contact Crawford Investment Counsel at (770) 859-0045.

Source: Crawford, eVestment, FactSet

Past performance is not indicative of future results. Net of fee performance is calculated based on the actual fees experienced. The composite returns are shown as supplemental information to the Small Cap Equity composite disclosures which are located on the last page. The widely recognized benchmark(s) in this presentation are used for comparative purposes only. The volatility (beta) of the portfolios may be greater or less than the benchmarks. It is not possible to invest directly in these indices.

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## Small Cap Equity Composite GIPS Composite Report

As of 6/30/2024	Annualized Returns Small Cap (Net)	Russell 2000 Index
1 Year	5.17%	7.68%
5 Year	10.19%	10.04%
10 Year	7.54%	7.12%

Year	Firm Assets (\$ Millions)	Composite Assets (\$ Millions)	% Of Bundled Fee Paying Accounts	# Of Accounts	Composite				Russell 2000 Index	
					Pure Gross Return	Net Return	3-Year Standard Deviation	Internal Dispersion	Return	3-Year Standard Deviation
2024	\$8,495	\$438	3.2%	11	11.75%	10.89%	20.78%	0.4%	11.54%	23.63%
2023	\$7,730	\$385	2.6%	8	15.73%	14.83%	18.84%	0.2%	16.93%	21.41%
2022	\$7,383	\$326	2.7%	6	-13.13%	-13.83%	22.53%	0.5%	-20.44%	26.39%
2021	\$7,923	\$398	2.7%	6	22.88%	21.87%	20.64%	1.1%	14.82%	23.68%
2020	\$7,111	\$321	2.8%	7	5.09%	4.26%	21.62%	1.2%	19.96%	25.63%
2019	\$6,779	\$278	2.9%	5 Or Fewer	22.63%	21.53%	13.72%	N/A	25.53%	15.93%
2018	\$5,655	\$187	3.6%	5 Or Fewer	-6.67%	-7.46%	12.85%	N/A	-11.01%	16.01%
2017	\$5,901	\$191	3.9%	5 Or Fewer	15.07%	14.16%	11.07%	N/A	14.65%	14.11%
2016	\$5,044	\$149	4.4%	5 Or Fewer	28.39%	27.49%	12.60%	N/A	21.31%	15.99%
2015	\$4,149	\$94	5.4%	5 Or Fewer	-1.44%	-2.12%	12.17%	N/A	-4.41%	14.16%

N/A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

**Crawford Investment Counsel claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Crawford Investment Counsel has been independently verified for the periods January 1, 1981 through December 31, 2024. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure 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. Verification does not provide assurance on the accuracy of any specific performance report.**

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*The Small Cap Equity Composite contains all discretionary, taxable and tax-exempt, small capitalization accounts. An account managed in the small capitalization equity style focuses on attractively valued, high quality companies that have consistently paid and increased their dividend over a 3-year period. Prior to February 1, 2016, the composite was named the Dividend Opportunity Equity Composite.*

For comparison purposes the composite is measured against the Russell 2000 Index. 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. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. Effective March 31, 2022, the Russell 2000 Value Index was removed for all periods. The change was made as it was decided that it was not relevant to show multiple benchmarks. Additionally, the Small Cap strategy aligns closer with the Core Index with regards to financial sector concentration, correlation, and portfolio characteristics.

Results are based on discretionary accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. Gross returns for bundled fee accounts have not been reduced by transaction costs. Composite gross returns for periods that include bundled fee accounts are presented as supplemental information to the net returns. In addition to a management fee, bundled fee accounts pay an all-inclusive fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes portfolio monitoring, consulting services, and in some cases, custodial services. The maximum bundled fee does not exceed 2.50%. Net of fee performance is calculated based on the actual fees experienced by the client. Certain accounts may not be charged commissions by their broker. The 3-year annualized standard deviation is not shown presented because 36 monthly returns are not available. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. Gross returns are used to calculate the internal dispersion and 3-yr annualized standard deviation. Past performance is not necessarily indicative of future results.

The investment management fee schedule for the composite is 0.85% on the first \$25 million; 0.80% on the next \$25 million; and 0.75% on the balance. Actual investment advisory fees incurred by clients may vary. Fees are described in Part II of the firm's ADV, which is available upon request. Fees for accounts in this composite are negotiable and may vary based on individual circumstances.

The inception date of the Small Cap Equity Composite is January 1, 2012. The Small Cap Equity Composite was created in March of 2013. A complete list of composite descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.