NEWCENTURY ADVISORS

US Small Cap

Q1 2026

Commentary

Equity market leadership rotated from US large-cap to small-cap in the first quarter. The small-cap Russell 2000 Index returned a positive +0.89%, while the large-cap Russell 1000 Index declined -4.2%. The rotation began last fall, but the conflict with Iran and the shutdown of the Strait of Hormuz was the quarter's defining tailwind. With approximately 80% of revenue sourced stateside, US small caps provided the "domestic revenue moat" against global supply chain disruptions. Additionally, the "Mag 7" stocks became the "Lag 7", falling -12.2% in Q1. US small caps offered investors not only higher domestic revenue exposure, but also cheaper valuations.

We believe this "Great Rotation" will continue as US small cap companies are direct beneficiaries of US tax, monetary and industrial policies. Capex-heavy businesses, such as Industrials that are an 18.3% weight of the Russell 2000 vs. 9.9% for the Russell 1000, get immediate and 100% depreciation on capex spending from the One Big Beautiful Bill. Small cap's floating-rate balance sheets reprice immediately to Fed cuts, with one expected to occur this year. Their earnings are also boosted by onshoring and infrastructure spending, rather than global economic growth, as the $1.2 trillion in IIJA federal infrastructure spending hits its peak this year before authorization expires on September 30th as government agencies must "use it or lose it".

The NCA US Small Cap strategy leaned heavily into these domestic tailwinds. Industrials is the portfolio's largest sector weight at 30.6% with many of our holdings directly benefitting from onshoring and domestic infrastructure spending. For example, Amkor Technology (AMKR), the only US-based semiconductor packaging and testing services company, is building a facility near Taiwan Semiconductor's Arizona fab so it will be part of arguably the most important supply chain in the US. Another holding AZZ, Inc. (AZZ), is one of the largest steel galvanizers in the US and it profits from the expansion of highways and airports, and repair and construction of bridges and tunnels. And Tutor Perini (TPC), a nation-wide engineering and construction services firm, has record backlog growth as US cities and states focus on addressing their deteriorating infrastructure. Lastly, due to US policy tailwinds, we believe the "hidden" operating leverage in small caps will boost free cash flow (FCF) and fuel robust shareholder returns. Our portfolio of high-quality companies has a FCF yield close to 6%, which we anticipate will rise as US policies take effect. Moreover, almost 70% of our holdings have active stock buybacks in place and we anticipate increased return of capital to shareholders to buffer what we believe will be continued market volatility.

Strategy Facts

Objective	Long-term capital growth while seeking downside protection
Number of Holdings	25 to 45
Benchmark	Russell 2000 Index
Market Cap	Within benchmark range at time of purchase
Portfolio Turnover	Typically less than 30%
Portfolio Manager	Christine Song, CFA *24 years industry experience*

Portfolio Statistics (3/31/26)

	NCA US Small Cap	Russell 2000
Characteristics		
Number of Holdings	40	1,933
Wtd Avg Market Cap ($Mil)	$6,348	$4,939
Median Market Cap ($Mil)	$3,711	$967
Valuation		
Forward P/E	15.8	19.0
P/B	3.0	2.3
P/S	3.6	16.0
P/CF	14.5	19.5
Fundamentals		
ROE (positive only)	14.6%	0.4%
Total Debt/Total Capital	24.9%	33.1%
Dividend Yield	1.7%	1.3%
EPS growth rate – 1 year	16.1%	10.2%

Note: Representative account
Source: Bloomberg, FTSE Russell

Risk/Return Statistics

(Inception Q1'11 to Q1'26)

	NCA US Small Cap	Russell 2000
Beta vs. Benchmark	0.72	1.00
Standard Deviation	16.0%	20.2%
Cumulative Return - gross	517.5%	292.1%
Cumulative Return - net	447.2%	292.1%
Upside Capture	97.3%	—
Downside Capture	72.3%	—
Sharpe Ratio	0.70%	0.39%
Tracking Error	8.6%	—
Active Share	97.4%	—
Information Ratio	0.38	—

Note: Composite data. Statistics shown on a gross quarterly basis.
Source: eVestment

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Performance Update

	NCA US Small Cap *(Gross)*	NCA US Small Cap *(Net)**	Russell 2000
Q1'26	11.02%	10.81%	0.89%
Annualized SI (1/1/11 to 3/31/26)	12.68%	11.79%	9.37%

Note: Composite performance.
* Management fee is 0.80%

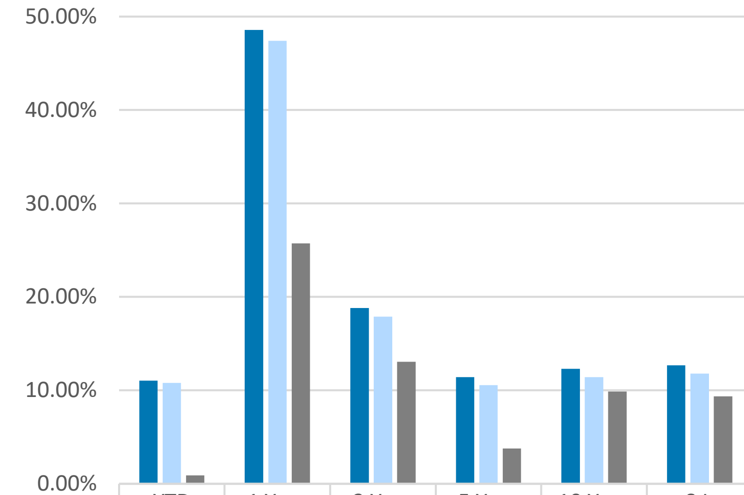
Portfolio Attribution Analysis

In Q1 the small-cap Russell 2000 Index returned 0.89%. Energy was the best performing sector, returning 37.92%, driven by the conflict in Iran. Materials was the next best performer, returning 5.93%, driven by metals and mining. The worst performing sector was IT, returning -4.90%, as the broad-based "AI euphoria" over the past three years shifted to the "SaaSpocalypse" with investors beginning to question the durability of the "seat-based" subscription model in an era of autonomous AI agents.

NCA US Small Cap outperformance was driven by stock selection, which contributed a net +868 bps. The strategy's holdings in Energy and Industrials were the top performers. Domestic exploration and production energy holdings Crescent Energy (CRGY) and Chord Energy (CHRD), rallied as oil prices climbed, as did International Seaways (INSW), a crude oil tanker that has no ships in the Strait of Hormuz. In addition, Generac (GNRC), a manufacturer of back-up generators and our biggest detractor last quarter, climbed on better-than-expected Q4 earnings. It reported huge backlog growth in its Commercial and Industrial segment due to demand for its diesel-powered engines used in data centers. Previously, investors considered the stock to be a weather-dependent residential play and the lighter than usual hurricane season last year depressed sales. We initiated our position last year with the thesis that the hyperscaler data center build-out would drive an earnings inflection and a valuation re-rating of their business model, which did materialize in Q1. Our biggest detractor was Cormedix (CRMD), a commercial-stage biotech. We sold the stock following negative CMS reimbursement repricing for its key drug, and management's forecast of higher-than-expected integration costs related to a large acquisition last year.

Sector allocation contributed a net +151 bps. The strategy's overweight in Industrials and underweight in Consumer Discretionary and IT were the main sector contributors. The underweight in Financials was the main sector detractor. The portfolio was fully invested with cash averaging 1.2% in Q1.

Annualized Composite Returns



	YTD	1 Year	3 Year	5 Year	10 Year	S.I.
NCA - Gross	11.02%	48.56%	18.83%	11.43%	12.31%	12.68%
NCA - Net	10.81%	47.41%	17.89%	10.54%	11.42%	11.79%
Russell 2000	0.89%	25.72%	13.05%	3.77%	9.88%	9.37%

Note: inception date is 1/1/2011.

Market Cap Breakdown

	NCA US Small Cap	Russell 2000
Greater than $5B	36.8%	35.8%
$1B to $5B	52.5%	53.2%
Less than $1B	9.6%	10.9%
Cash/Other	1.1%	0.0%
TOTAL	**100.0%**	**100.0%**

Note: Representative account at quarter end

Sector Weightings

	NCA US Small Cap	Russell 2000	*Diff*
Industrials	30.6%	18.8%	*11.8%*
Energy	9.7%	5.6%	*4.1%*
Real Estate	5.7%	5.4%	*0.3%*
Consumer Staples	1.9%	1.9%	*0.1%*
Materials	4.3%	4.8%	*-0.5%*
Utilities	2.3%	3.0%	*-0.7%*
Health Care	15.7%	17.5%	*-1.8%*
Financials	15.3%	17.3%	*-1.9%*
Communication Services	0.0%	2.6%	*-2.6%*
Information Technology	11.7%	14.4%	*-2.7%*
Consumer Discretionary	1.5%	8.8%	*-7.2%*
Cash	1.2%	0.0%	*1.2%*
TOTAL	**100.0%**	**100.0%**	

Note: Representative account average weight in the quarter

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Important Disclosures:

PAST PERFORMANCE IS NOT AN INDICATOR OF FUTURE RESULTS. An investor should carefully consider the Strategy's investment objective, risks, charges and expenses before investing. One cannot invest directly in an index. There is no guarantee that the investment objective of the strategy will be achieved. Index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Period data over one year is annualized. You should not rely on this document as the basis upon which to make an investment decision. The Strategy's return may not match the return of the underlying index. Investing involves risk, including possible total loss of principal.

The principal risks of investing in this strategy include: Equity securities risk, Sector Risk, Non-diversification Risk, Effects of Compounding and Market Volatility Risk, Market Risk, Counterparty Risk, and Rebalancing Risk, which can increase volatility. The Strategy may invest in derivatives, which are often more volatile than other investments and may magnify the Strategy's gains or losses.

The performance returns contained the deduction of advisory fees, which will reduce the return. The deduction of advisory fees and the compounding effect thereof over time will reduce the total return on any account. For example, an account of $10 million with a 1% fee that experienced a 10% compounding annualized total return over a period of five years would result in an ending dollar value of $16,105,100 without the deduction of advisory fees. If an annual advisory fee of 1% were deducted from the account for the same five-year period, the annualized return would be 9%, with an ending dollar value of $15,315,789. Additional information regarding policies for calculation and reporting returns is available upon request. Additional fees may apply, including brokerage and custodian fees, settlement fees, interest charges, wire fees, transfer fees and fund expenses, incurred in connection with the management of a client's account.
A FEE SCHEDULE IS AN INTEGRAL PART OF A COMPLETE PRESENTATION AND IS DESCRIBED IN PART II OF THE FIRM'S ADV, WHICH IS AVAILABLE UPON REQUEST. RETURNS INCLUDE THE REINVESTMENT OF DIVIDENDS AND OTHER EARNINGS, WHERE APPLICABLE.

Certain performance calculations are prepared internally and have not been audited or verified by a third party. The use of a different methodology for preparing, calculating or presenting performance returns and portfolio characteristic data may lead to different results and such differences may be material. "Representative Account(s)" discussed were selected based on a number of factors including, length of time in the composite and investment guideline applicability.

HOLDINGS AND SECTOR WEIGHTINGS – Sector and Holdings are subject to change and are not buy/sell recommendations. An investor should consider their objectives, financial situation or needs and risk profile before making any investment decision.

Prior to June 2023 the US Small Cap Strategy was known as the US SMID Cap Strategy and the prior benchmark was the Russell 2500. The benchmark was changed to reflect the portfolio characteristics.

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