

# Small Cap Opportunities

As of March 31, 2021

## Objective

Long-term capital appreciation through investments in small capitalization companies that we believe are undervalued.

## Philosophy

We employ a fundamental, bottom-up methodology characterized by three factors: 1) **A value-oriented approach:** We select stocks with low P/E ratios based on trailing, not forecasted, earnings. 2) **Attention to earnings:** We seek companies with attractive earnings growth outlooks. 3) **A focus on underfollowed, neglected, out-of-favor stocks:** Through intensive research, we find good companies that are overlooked or not widely followed.

Selecting companies with solid earnings growth prospects from a universe of low P/E stocks that are underfollowed provides excellent performance potential at lower risk. This common-sense philosophy is the heart of Small Cap Opportunities' Small Cap Value equity approach.

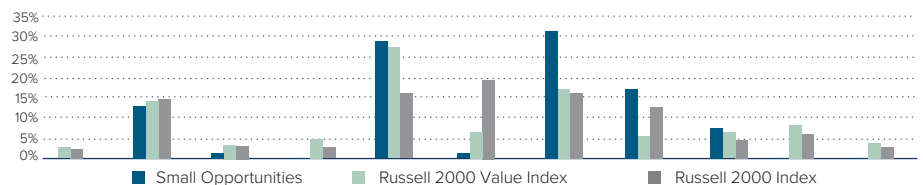
## Portfolio Construction

- High quality focus lessens individual security risk
- Favorable financial characteristics
- Strong corporate management
- Understand what we own better than the market
- 55 - 75 stocks
- Remain fully invested
- Cash averages less than 5%
- Sector weighting
- Broad diversification
- No minimum with a maximum of twice the index

## Investment Highlights

Small Cap Opportunities is a disciplined investment approach for investing in the small capitalization sector of the equities market. We believe owning stocks with low valuations and strong earnings growth prospects creates a favorable risk/reward scenario for achieving strong long-term performance.

| Relative Sector Weights |                        |                        |                  |        |            |             |             |                        |           |             |           |
|-------------------------|------------------------|------------------------|------------------|--------|------------|-------------|-------------|------------------------|-----------|-------------|-----------|
|                         | Communication Services | Consumer Discretionary | Consumer Staples | Energy | Financials | Health Care | Industrials | Information Technology | Materials | Real Estate | Utilities |
| Small Opportunities     | 0.00%                  | 12.94%                 | 1.31%            | 0.00%  | 28.73%     | 1.07%       | 31.40%      | 17.11%                 | 7.45%     | 0.00%       | 0.00%     |
| Russell 2000 Value      | 2.57%                  | 14.25%                 | 3.46%            | 4.91%  | 27.15%     | 6.39%       | 17.18%      | 5.62%                  | 6.27%     | 8.26%       | 3.93%     |
| Russell 2000            | 2.39%                  | 14.58%                 | 3.27%            | 2.62%  | 15.84%     | 19.47%      | 16.02%      | 12.67%                 | 4.48%     | 5.92%       | 2.75%     |



## Strategy Characteristics

|                               | Small Opportunities | Russell 2000 Value Index | Russell 2000 Index |
|-------------------------------|---------------------|--------------------------|--------------------|
| Number of holdings            | 52                  | 1,507                    | 2,056              |
| Cash Exposure                 | 6.92%               | —                        | —                  |
| Weighted Avg. Market Cap      | \$3.0 Bil           | \$3.1 Bil                | \$3.6 Bil          |
| Median Market Cap             | \$2.7 Bil           | \$908 Mil                | \$1.0 Bil          |
| Price/Earnings*               | 27.7x               | 17.8x                    | 22.4x              |
| P/E Forecast (FY1)            | 15.8x               | 15.6x                    | 19.0x              |
| Price/Book*                   | 2.0x                | 1.7x                     | 2.5x               |
| Price/Cash Flow*              | 11.9x               | 9.6x                     | 12.4x              |
| Price/Sales*                  | 1.1x                | 1.1x                     | 1.6x               |
| Alpha**                       | -1.70%              | —                        | —                  |
| Beta***                       | 1.07                | 1.00                     | —                  |
| Risk (Standard Deviation)**** | 24.49%              | 22.29%                   | 21.01%             |

## Top Ten Equity Holdings

| Security Name                    | Weight       |
|----------------------------------|--------------|
| Dine Brands Global, Inc.         | 2.7%         |
| UMB Financial Corporation        | 2.6%         |
| Hillenbrand, Inc.                | 2.5%         |
| First Busey Corporation          | 2.5%         |
| Kulicke & Soffa Industries, Inc. | 2.5%         |
| First Midwest Bancorp, Inc.      | 2.5%         |
| Sterling Bancorp                 | 2.4%         |
| Umpqua Holdings Corporation      | 2.4%         |
| Beacon Roofing Supply, Inc.      | 2.4%         |
| TriMas Corporation               | 2.3%         |
| <b>Total</b>                     | <b>24.7%</b> |

\* Last 12 Months, Weighted harmonic average.  
 \*\* Alpha is a measure of performance on a risk-adjusted basis. Number shown reflects the trailing five year alpha against the Russell 2000 Value Index.  
 \*\*\* Beta is the current measure of a portfolio's risk in relation to the market or a benchmark. Number shown reflects the trailing five year beta against the Russell 2000 Value Index.  
 \*\*\*\* Standard deviation is a statistical measurement of historical volatility and can be used to gauge the amount of expected volatility. Number shown reflects the trailing five year standard deviation.

The sector weights, characteristics, and top ten holdings shown are based on the model portfolio as of the date indicated.

Strategy Inception: September 1, 1995

### Investment Process

Ideas are screened to determine whether they meet our basic criteria: relative valuation, capitalization, financial strength, and opportunities for continued growth. Our investment strategy focuses on these four areas:

#### Small Cap Focus

- Market capitalization within the range of the Russell 2000 Index

#### Below Average Valuations

- On trailing earnings for stocks with good current fundamentals
- On normalized earnings for underearning stocks

#### Above average earnings growth

- Continuation of strong fundamentals
- Rebound to normalized earnings

#### Sell at Fair Valuation (market P/E)

- Maintains favorable risk/return

### Strengths

- Buy discipline: purchasing undervalued companies with good earnings growth prospects, is a common sense, successful strategy.
- Sell discipline: selling at the market's average valuation, maintains an attractive risk/reward bias to the portfolio.
- Experienced portfolio managers: have an in-depth knowledge of individual holdings and have a focus on small cap value investing leading to sound decision-making.

Keeley Teton Advisors, LLC is the registered investment adviser to this strategy and is a wholly owned subsidiary of Teton Advisors, Inc.

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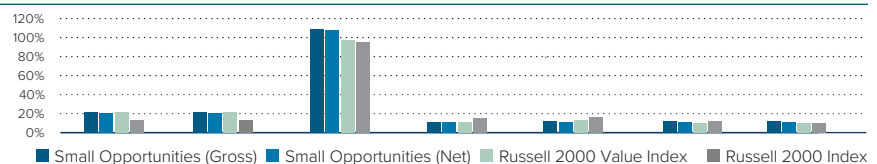
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# Small Cap Opportunities

## Performance as of March 31, 2021 (Composite)

|                             | Average Annualized |               |                |               |               |               |                 |
|-----------------------------|--------------------|---------------|----------------|---------------|---------------|---------------|-----------------|
|                             | Quarter            | YTD           | 1-Year         | 3-Years       | 5-Years       | 10-Years      | Since Inception |
| Small Opportunities (Gross) | <b>21.27%</b>      | <b>21.27%</b> | <b>108.83%</b> | <b>11.35%</b> | <b>12.25%</b> | <b>12.21%</b> | <b>11.92%</b>   |
| Small Opportunities (Net)   | <b>21.03%</b>      | <b>21.03%</b> | <b>107.40%</b> | <b>10.61%</b> | <b>11.47%</b> | <b>11.38%</b> | <b>10.91%</b>   |
| Russell 2000 Value Index    | 21.17%             | 21.17%        | 97.05%         | 11.57%        | 13.56%        | 10.06%        | 10.13%          |
| Russell 2000 Index          | 12.70%             | 12.70%        | 94.85%         | 14.76%        | 16.35%        | 11.68%        | 9.52%           |



## Calendar Year Performance (Composite)

| Calendar Year (recent 10 years) | 2011          | 2012          | 2013          | 2014         | 2015          | 2016          | 2017         | 2018           | 2019          | 2020         |
|---------------------------------|---------------|---------------|---------------|--------------|---------------|---------------|--------------|----------------|---------------|--------------|
| Small Opportunities (Gross)     | <b>-0.70%</b> | <b>20.95%</b> | <b>53.58%</b> | <b>5.32%</b> | <b>-4.80%</b> | <b>22.86%</b> | <b>9.66%</b> | <b>-17.95%</b> | <b>30.16%</b> | <b>5.48%</b> |
| Small Opportunities (Net)       | <b>-1.49%</b> | <b>19.98%</b> | <b>52.44%</b> | <b>4.50%</b> | <b>-5.54%</b> | <b>21.91%</b> | <b>8.89%</b> | <b>-18.48%</b> | <b>29.31%</b> | <b>4.78%</b> |
| Russell 2000 Value Index        | -5.50%        | 18.05%        | 34.52%        | 4.22%        | -7.47%        | 31.74%        | 7.84%        | -12.86%        | 22.39%        | 4.63%        |
| Russell 2000 Index              | -4.18%        | 16.35%        | 38.82%        | 4.89%        | -4.41%        | 21.31%        | 14.65%       | -11.01%        | 25.53%        | 19.96%       |

Composite performance inception date: September 1, 1995.

## Portfolio Management Team



**Michael Maloney**  
Portfolio Manager  
32 years experience



**William F. Fiedler**  
Portfolio Manager  
31 years experience



**Mark N. Odegard, CFA**  
Portfolio Manager  
30 years experience

As of March 1, 2021 the Composite was renamed Keeley Teton Small Cap Opportunities. Performance shown prior to March 1, 2021 represents results achieved by the Skyline Small Cap Value Composite and its portfolio management team while they were part of Skyline Asset Management, L.P. The Small Cap portfolio management team joined Keeley Teton on March 1, 2021. This investment strategy was originally developed by three portfolio managers from Skyline Asset Management, L.P.

Smaller and medium-sized company stocks are more volatile and less liquid than larger, more established company securities.

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal will fluctuate so that an investor's portfolio, when redeemed, may be worth more or less than the original cost.

Portfolio holdings will change, and should not be considered purchase recommendations. Top holdings and sector weights do not reflect cash, money markets or options/futures contracts holdings.

The Russell 2000 Value Index measures the performance of the small-cap value segment of the U.S. equity universe and includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 2000 Index is an unmanaged index of 2,000 small cap U.S. stocks that is generally considered to be representative of small capitalization issues in the U.S. stock market. Since inception benchmark returns are from 9/1/95.

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Portfolio holdings may not match the securities in the indexes and portfolio performance will differ.

Direct investment in an index is not possible.

Data presented herein was obtained from FactSet and eVestment.

The net performance numbers shown are for informational purposes only. Management fees are negotiable and a table of standard fees is contained in the Firm's Form ADV Part 2A, which is available at no cost at [www.keeleyteton.com](http://www.keeleyteton.com).