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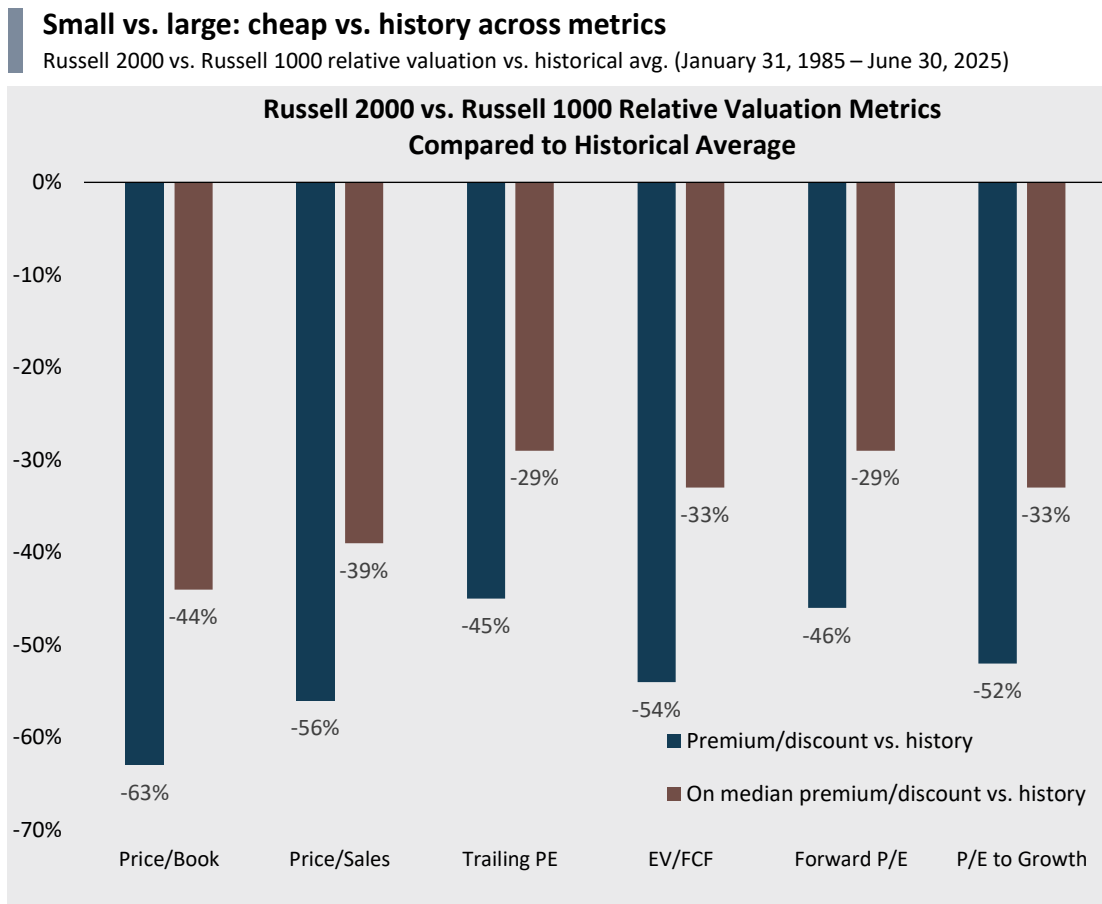
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# Small-Cap Value and Mid-Cap Value Remain Cheap Relative to History and Style Peers

As of June 30, 2025

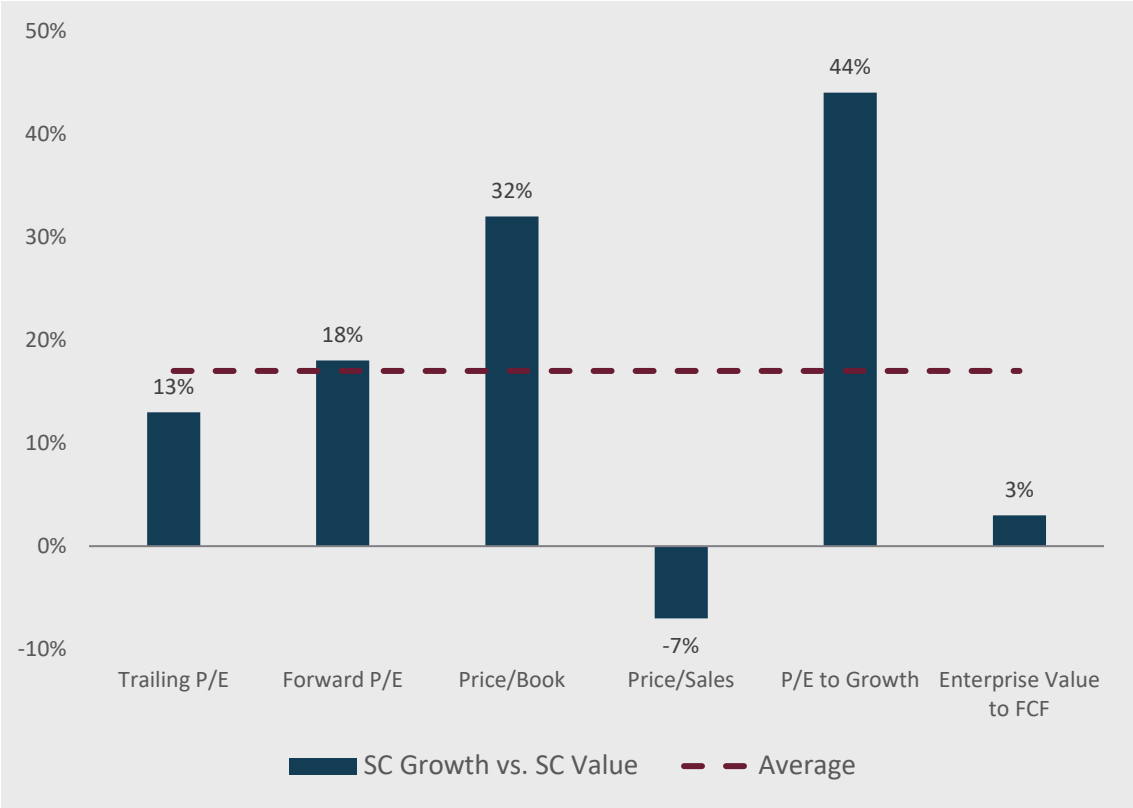




# Small Caps and Value are Historically Cheap Relative to Large Caps and Growth

As of June 30, 2025

**Small cap Growth is historically expensive vs. Value on five out of six metrics**  
Relative premium to the historical average multiple for Russell 2000 Growth vs. Russell 2000 Value



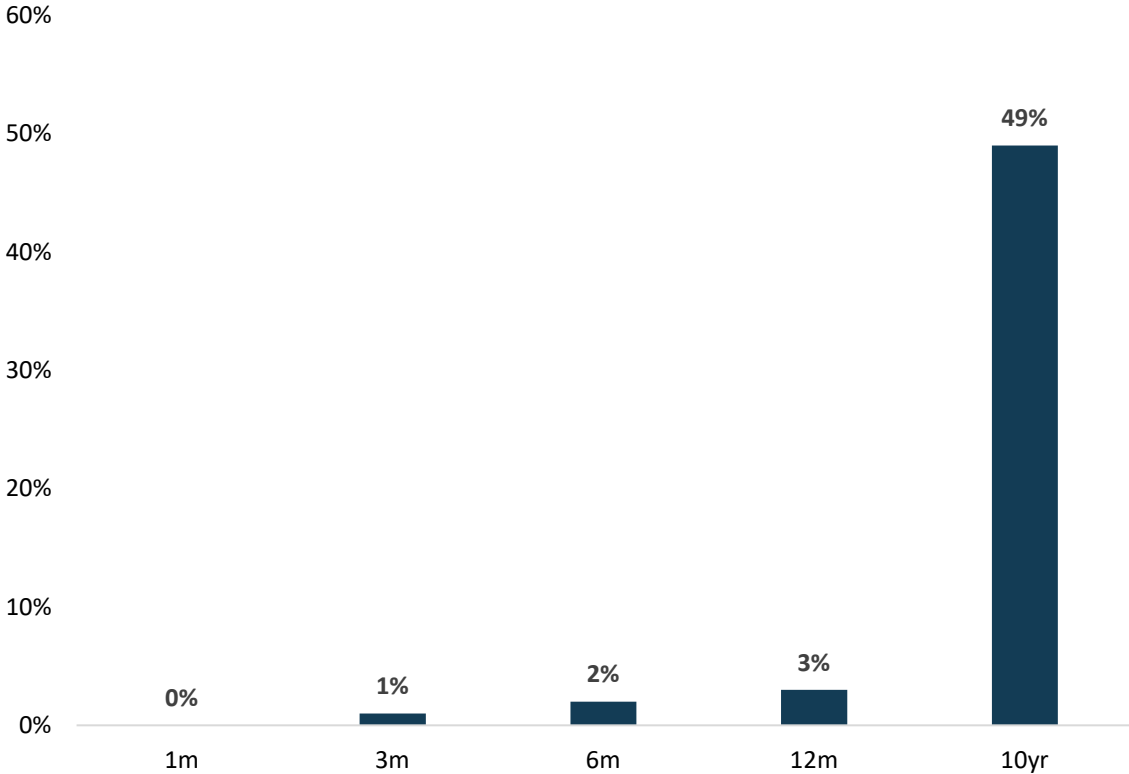


# Valuation Impact over Short and Long Time Periods

As of May 31, 2025

## Valuations have the highest explanatory power over long-term (ten-year) returns

R<sup>2</sup> of relative forward P/E vs subsequent return spread over various time horizons (since 1985): Russell 2000 vs Russell 1000, as of 5/31/2025



Note: Represents the relationship between the relative forward PE for the Russell 2000 vs the Russell 1000 (since 1985) and subsequent rolling returns differential.  
Source: BofA US Equity & Quant Strategy; FactSet as of 5/31/2025.



# Disclosure Notes

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Differing historical time periods are selected throughout the presentation as we believe specific periods provide the most informative historical analog for the concepts presented.

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 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 1000® Index The Russell 1000® Index measures the performance of the large-cap segment of the US equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 93% of the Russell 3000® Index, as of the most recent reconstitution. The Russell 2000 Growth® Index measures the performance of the small cap growth segment of the US equity universe. It includes those Russell 2000 companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years). The Russell 2000 Value® Index measures the performance of the small cap value segment of the US equity universe. It includes those Russell 2000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years). The volatility (beta) of the portfolios may be greater or less than the benchmark. It is not possible to invest directly in this index.

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