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Patience

Powered by Fundamental Research

2Q26 was the Russell 2000's 8th Best Quarter since 1978

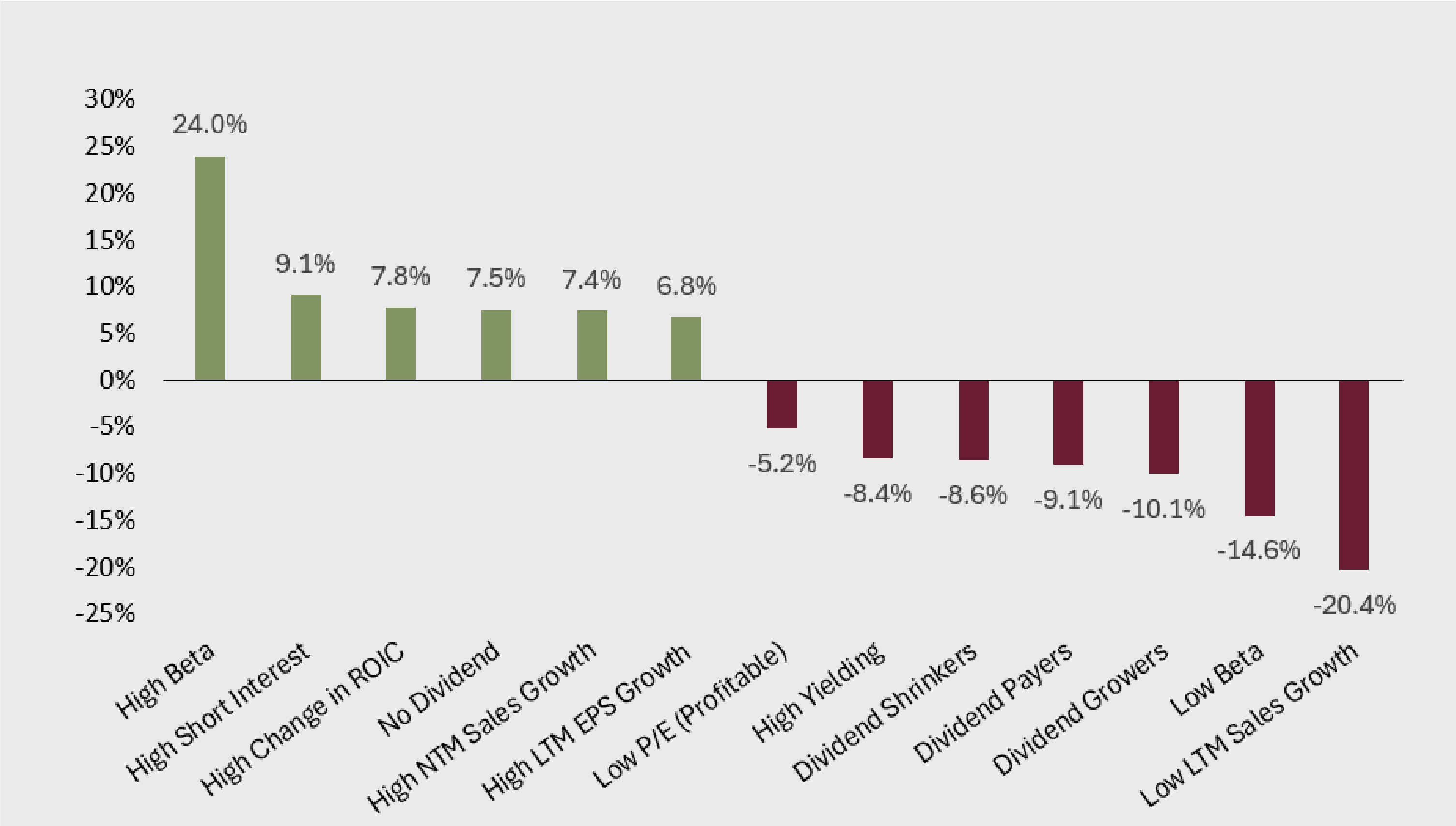
2Q26 was the Russell 2000's best quarter since 4Q20, 8th best overall, and 23rd best on a relative basis.
Forward quarters following 20%+ quarters tend to be above average and up 78% of the time (versus 67% overall).
Small caps also tend to outperform both in the forward quarter and particularly in the forward year.

	Quarter	Russell 2000	S&P 500	Relative	Russell 2000 Next Quarter	Relative	Russell 2000 Forward Year	Relative
1	Dec-20	31.4%	12.1%	19.2%	12.7%	6.5%	14.8%	-13.9%
2	Mar-91	29.7%	14.5%	15.2%	-1.6%	-1.4%	21.0%	10.0%
3	Dec-82	26.5%	16.8%	9.7%	17.4%	8.7%	29.1%	11.2%
4	Jun-20	25.4%	20.5%	4.9%	4.9%	-4.0%	62.0%	21.2%
5	Mar-87	24.2%	20.5%	3.8%	-0.7%	-4.9%	-12.6%	-1.3%
6	Jun-03	23.4%	15.4%	8.0%	9.1%	6.4%	33.4%	14.3%
7	Sep-80	22.6%	9.8%	12.8%	7.8%	-0.4%	-0.1%	7.3%
8	Jun-26	21.5%	15.2%	6.3%	-	-	-	-
9	Dec-01	21.1%	10.7%	10.4%	4.0%	3.7%	-20.5%	1.6%
10	Jun-09	20.7%	15.9%	4.8%	19.3%	3.7%	21.5%	7.1%
	Average	24.7%	15.1%	9.5%	8.1%	2.0%	16.5%	6.4%
	% Pos	100%	100%	100%	78%	56%	67%	78%

Source: Furey Research Partners, FactSet; as of 6/30/2026.

Change in Leading Factors During 1H26

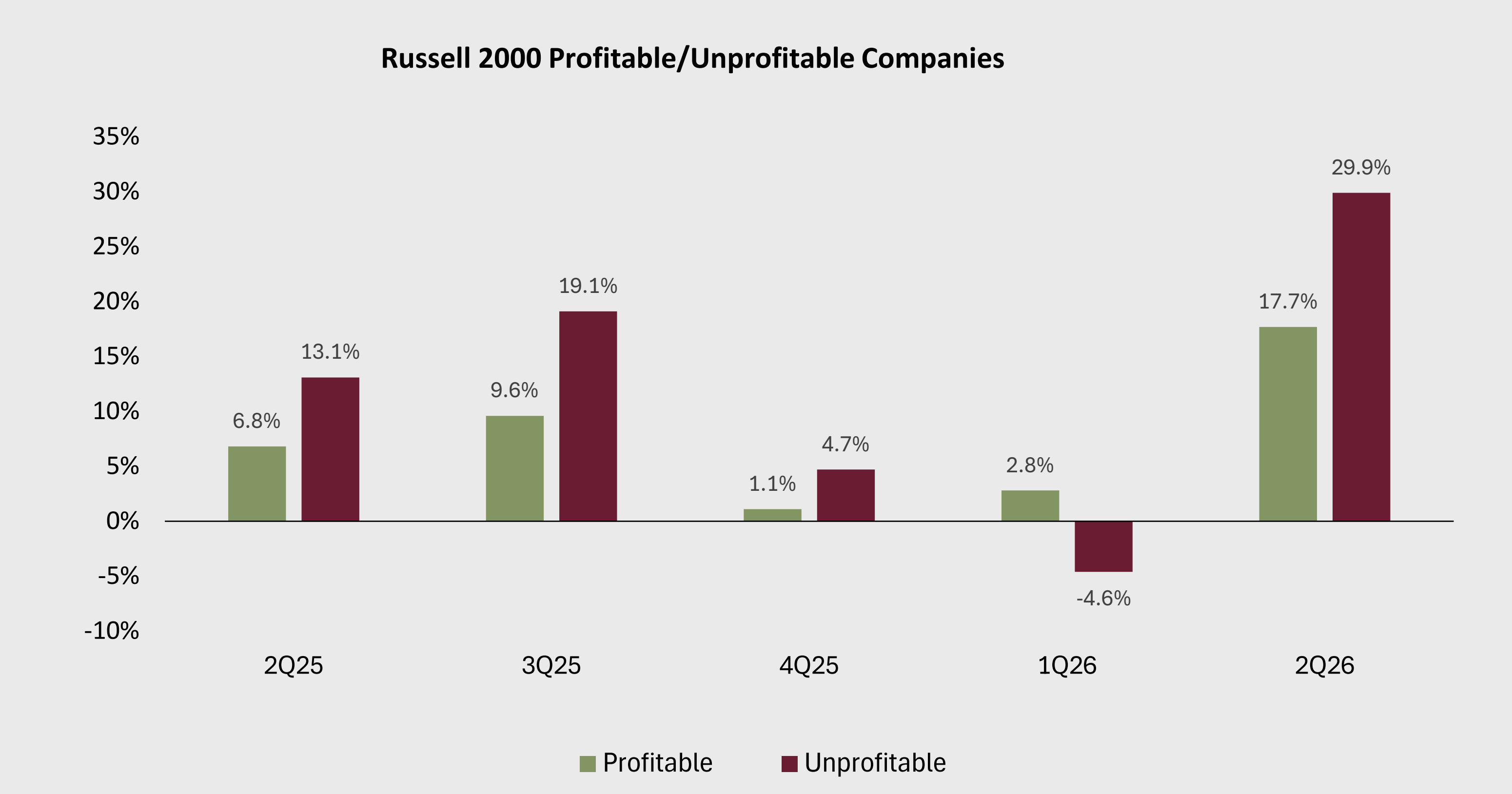
Low quality factors led in 2Q26



Source: Furey Research Partners, FactSet; Russell 2000 Index as of 6/30/2026.

Profitable vs. Unprofitable Companies

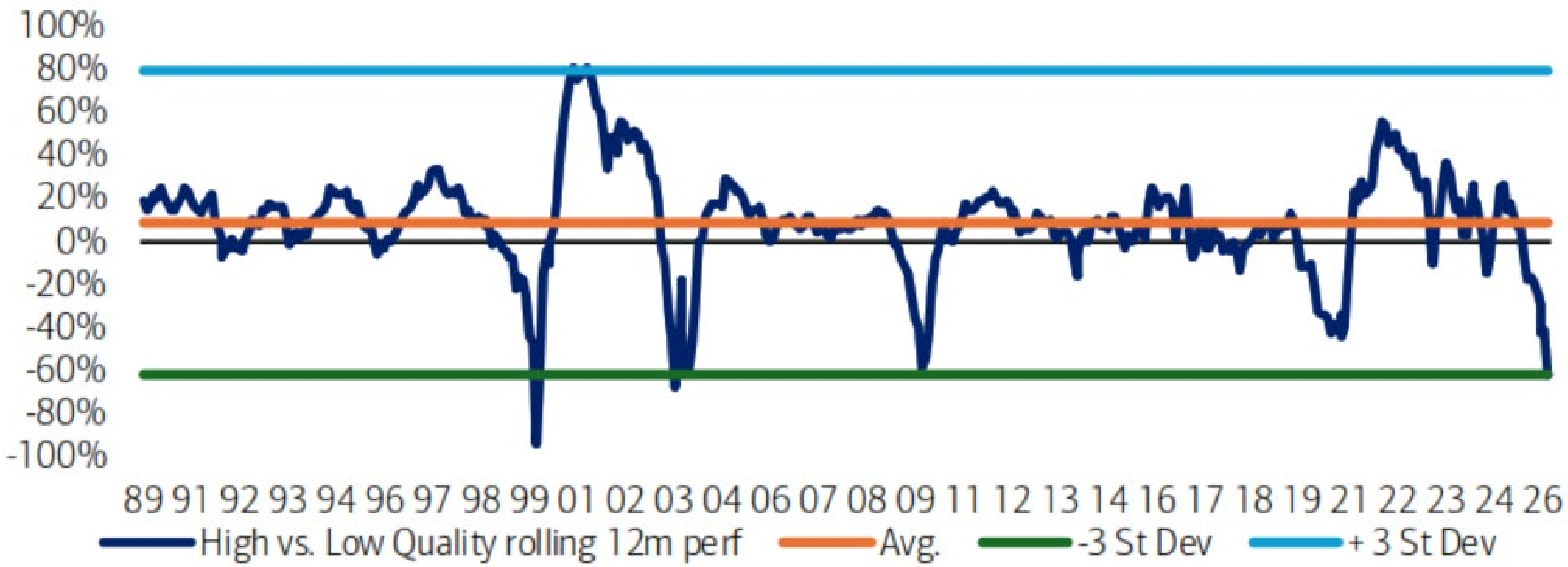
Quarterly Returns



Source: FactSet 4/01/2025 to 6/30/2026.

Outperformance of Low Quality at Historic Highs

Small Caps is at a 3 Standard Deviation Event
Historically, over the next 3/6/12 months, leadership changes and High Quality leads
Rolling 12-month relative performance of High vs Low Quality (Russell 2000 top/bottom quintile by ROIC)

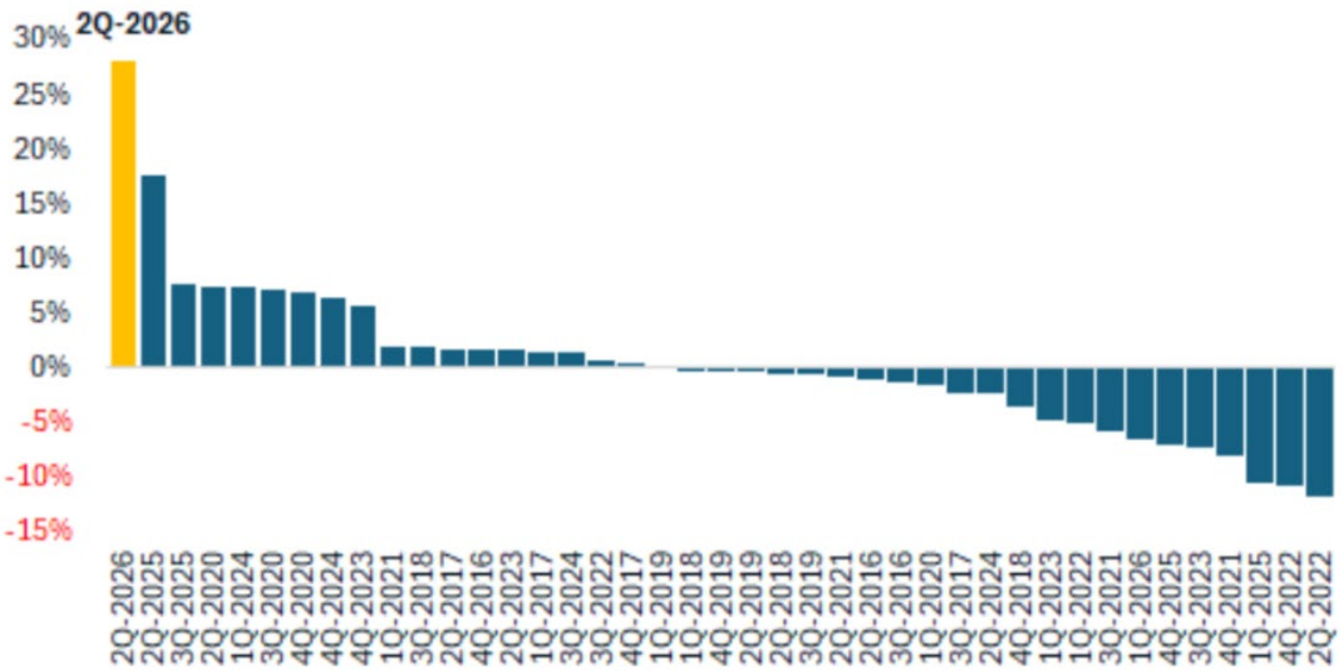


Source: Bank of America, FactSet; 12/31/1989 to 6/30/2026.

High Beta Surge During 2Q26

2Q26 was Beta's best relative quarter within the Russell 2000 during the last 10 years

High Beta Quarterly Relative Performance vs R2000



Source: Furey Research Partners, FactSet; Russell 2000 Index as of 6/30/2026.

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