

Catalyst

Portfolio Update and Market Outlook



As of May 31, 2026

“Whoa, Nellie!”

“Big Uglies”

Keith Jackson, American sports commentator

With the annual Russell rebalance approaching, we turned to our lead risk analyst, Mike Wayton, for this month’s Catalyst. Mike walks through the expected benchmark changes and the methodology Russell uses to determine them.

The official preliminary rebalanced membership lists were released after the close on Friday, May 22nd and go into effect at the close on June 26th. Russell will publish updated lists a couple of times prior to the rebalance date with minor adjustments.

This year brings Russell’s most significant methodology change in years; the indices will now

be rebalanced twice a year instead of just once. The June rebalance will remain unchanged, occurring on the fourth Friday and resetting both market capitalizations and style (growth/value). The new December rebalance, on the second Friday, will adjust market capitalizations only. As a reminder, Russell utilizes a rules-based approach. Indexes are split size wise by market cap. The largest 1,000 companies make up the Russell 1000, the next 2,000 are in the Russell 2000. Russell Midcap is the smallest 800 of the Russell 1000, while the Russell 2500 is the Russell 2000 plus the 500 smallest in the Russell 1000. Russell Microcap is the smallest 1,000 in the Russell 2000 plus the 1,000 next smallest companies.

Continued on Page 2



Daniel G. Bandi, CFA
is Integrity’s Chief Investment Officer and Lead Portfolio Manager for the Small Cap Value and Small/Mid Cap Value equity strategies.

Composite Performance (%) as of May 31, 2026

	MTD			QTD			YTD		
	Gross	Net	BM	Gross	Net	BM	Gross	Net	BM
Micro Cap Value	4.01	3.92	5.61	17.56	17.36	16.77	28.59	28.05	23.50
Mid Cap Value	1.59	1.52	2.32	9.29	9.13	10.07	13.34	12.93	14.13
Small/Mid Cap Value	2.85	2.77	3.05	11.25	11.06	13.72	13.56	13.08	19.15
Small Cap Value	1.66	1.57	2.79	11.42	11.23	12.72	17.31	16.82	18.30

Past performance does not guarantee future results. Returns for periods greater than one year are annualized. Returns reflect the reinvestment of dividends and other earnings and are expressed in U.S. dollars. Gross-of-fees returns are presented before management and custodial fees but after any transaction costs. Net-of-fees returns reflect net-of-model fees and are calculated in the same manner as gross-of-fee returns using the Time Weighted Rate of Return method. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm’s fees are available on request and may be found on Part 2A of its Form ADV. High, double-digit returns are highly unusual and cannot be sustained. Investors should be aware that these returns were primarily achieved during favorable market conditions. *Please see benchmarks on page 3.

Market Returns (%) as of May 31, 2026

	MTD	QTD	YTD
S&P 500® Index	5.26	16.31	11.27
Nasdaq-100 Index®	10.58	27.90	20.45
Russell 2000® Growth Index	5.84	21.39	17.98
Russell 2000® Value Index	2.79	12.72	18.30

Past performance does not guarantee future results. Indices are shown to represent different market segments. Except for the Russell 2000® Value Index, the benchmark for Integrity Small Cap Value Equity, they are not the strategies’ benchmarks.*



Composite Performance (%) as of May 31, 2026

	1 Year		5 Year		10 Year	
	Gross	Net	Gross	Net	Gross	Net
Micro Cap Value	56.45	54.88	12.16	11.04	13.85	12.71
Mid Cap Value	26.92	25.84	9.55	8.62	11.73	10.81
Small/Mid Cap Value	32.54	31.22	9.02	7.94	12.05	10.93
Small Cap Value	37.57	36.19	8.44	7.36	11.11	10.00

Past performance does not guarantee future results. Returns for periods greater than one year are annualized. Returns reflect the reinvestment of dividends and other earnings and are expressed in U.S. dollars. Gross-of-fees returns are presented before management and custodial fees but after any transaction costs. Net-of-fees returns reflect net-of-model fees and are calculated in the same manner as gross-of-fee returns using the Time Weighted Rate of Return method. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm’s fees are available on request and may be found on Part 2A of its Form ADV. High, double-digit returns are highly unusual and cannot be sustained. Investors should be aware that these returns were primarily achieved during favorable market conditions.

Growth/Value membership is determined using one value metric (book to price) and two growth metrics (IBES medium term (2 year) forecast growth and five-year historical sales per share growth). Companies scoring highest on the value metric fall into the value index and those scoring highest on the growth measures are in the growth index.

Upon first analysis of this year's preliminary rebalance files, the famous catchphrase "Whoa, Nellie!" by the late sportscaster, Keith Jackson, came to mind. After a couple of years of more modest changes, there is much more movement this time. Across all of our value benchmarks, Information Technology is falling in weight and Financials are increasing, and in some cases, by a considerable amount. In terms of characteristics, the new indices have lower weighted average market caps, cheaper valuations, and lower betas. Regarding quality and growth, changes are more mixed. Return on Equity (ROE) is increasing in the Russell 2000® Value Index and Russell Microcap® Value Index but decreasing in the Russell 2500™ Value Index and Russell Midcap® Value Index. Estimated growth rates are also decreasing in the Russell 2000® Value Index and Russell Microcap® Value Index, but increasing in the 2500 Value and are flat in the Russell Midcap® Value index. More details on our specific benchmarks are as follows:

Russell 2000® Value Index: Information Technology (-4.8%), Financials (+4.0%), Consumer Discretionary (+1.3%), Materials (-1.3%), and Energy (-1.1%) are the most notable sector changes. On the Industry level, Semiconductors & Semiconductor Equipment (-2.6%), Electronic Equipment & Components (-2.1%), Banks (+2.1%), and Metals & Mining (-1.9%) are the industries with a change greater than 1%. The weight to negative earnings companies decreased, falling 2.5% to 28.4%. The largest market cap is \$11.9 billion (Hut 8 Corp.)

Russell 2500™ Value Index: Information Technology (-7.8%), Financials (+2.9%), Real Estate (+1.9%), Consumer Staples (+1.1%), Health Care (+1.1%), and Consumer Discretionary (+1.0%) are the most notable sector changes. On the Industry level, Technology Hardware Storage & Peripherals (-3.5%), Communication Equipment (-2.7%), Electronic Equipment Instruments & Components (-2.3%), Software (+1.6%), and Aerospace & Defense (-1.5%) are the industries with a change greater than 1%. The weight to negative earnings companies increased, rising 1.6% to 18.8%. The largest market cap is \$26.6 billion (nVent Electric PLC).

Russell Midcap® Value Index: Information Technology (-5.7%), Financials (+2.2%), and Health Care (+2.0%) are the most notable sector changes. On the Industry level, Technology Hardware Storage & Peripherals (-3.2%), Electronic Equipment Instruments & Components (-1.7%), Software (+1.6%), Communication Equipment (-1.3%), Semiconductor & Semiconductor Equipment (-1.1%), Financial Services (+1.1%), and Health Care Equipment & Supplies (+1.1%) are the industries with a change greater than 1%. The weight to negative earnings companies increased, rising 0.6% to 8.9%. The largest market cap is \$75.2 billion (Kinder Morgan, Inc.)

Russell Microcap® Value Index: Information Technology (-12.2%), Financials (+11.1%), Consumer Discretionary (+2.9%), Health Care (-2.4%), Energy (-1.1%), and Consumer Staples (+1.0%) are the most notable sector changes. On the Industry level, Banks (+8.0%), Semiconductors & Semiconductor Equipment (-6.3%), Biotechnology (-3.7%), Electronic Equipment Instruments & Components (-2.0%), Communication Equipment (-1.7%), Software (-1.6%), Construction & Engineering (-1.4%), Energy Equipment & Services (-1.1%), and Insurance (+1.1%) are changing by more than 1%. The weight to negative earnings companies decreased, falling 11.3% to 50.0%. The largest market cap is \$1.8 billion (Nurix Therapeutics, Inc.)

Time will tell if the semiannual rebalance alleviates some of the "Big Uglies" (large weight) headaches of the past or creates new challenges. As we always do, we will analyze the opportunities and risks, repositioning the portfolios accordingly.

All data as of 5/22/2026.

Market Commentary

U.S. equity markets continued to climb higher during the month of May. The AI trade continues to support strong earnings from technology companies and other related industries. This along with optimism that a U.S.-Iran peace deal was within reach were tailwinds. Both the tech heavy Nasdaq-100 Index® and the S&P 500®, up 10.6% and 5.3% respectively, outperformed the Russell 2000® Value Index (+2.8%). For the month, growth outperformed value across all four of our benchmarks. All four of our strategies trailed their respective benchmarks for the month.

**If you would like more information about our firm
and investment strategies, please contact:**



Patrick Kennedy

Portfolio Specialist

E: pkennedy@integrityasset.com

T: 216.920.5281



Crystal D. Doyle

Director, Institutional Markets

E: cdoyle@integrityasset.com

T: 216.898.2410

All investing involves risk, including the possible loss of principal.

An investment should be made with an understanding of the risks involved with owning a particular security or asset class. Interested parties are strongly encouraged to seek advice from qualified tax and financial experts regarding the best options for your circumstances.

A **composite** is a grouping of individual investment portfolios that share a similar investment strategy, objective, or mandate – aggregated together to represent the overall track record of that strategy.

*The Integrity Small-Cap Value Equity Strategy is benchmarked to the Russell 2000® Value Index. The Integrity Small/Mid-Cap Value Equity Strategy is benchmarked to the Russell 2500™ Value Index. The Integrity Mid-Cap Value Equity Strategy is benchmarked to the Russell Midcap® Value Index. The Integrity Micro-Cap Value Equity Strategy is benchmarked to the Russell Microcap® Value Index.

Index returns reflect the reinvestment of dividends and other income but do not reflect advisory fees or any other expenses. Indexes are unmanaged and one cannot invest directly in an index.

The Russell 2000® Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index with lower price-to-book ratios and lower forecasted growth values.

The Russell 2500™ Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2500™ Index with higher composite value scores.

The Russell Midcap® Value Index is a market-capitalization-weighted index that measures the performance of Russell Midcap® Index companies with relatively lower price-to-book ratios and lower forecasted growth.

The Russell Microcap® Value Index is a market-capitalization-weighted index that measures the performance of Russell Microcap® Index companies (1,000 smallest stocks in the Russell 2000® Index plus 1,000 smaller U.S.-based listed stocks) with relatively lower price-to-book ratios and lower forecasted growth values. It represents the value-

oriented micro-cap segment of the U.S. equity market.

The Russell Midcap® Value Index is a market-capitalization-weighted index that measures the performance of Russell Midcap® Index companies with relatively lower price-to-book ratios and lower forecasted growth.

The Nasdaq-100 Index® is a modified-capitalization-weighted index designed to measure, based on market capitalization, 100 of the largest nonfinancial domestic and international companies listed on The Nasdaq Stock Market®.

The S&P 500® Index is a market-capitalization-weighted index that measures the performance of the common stocks of 500 leading U.S. companies.

Return on Equity (RoE) is a measure of financial performance calculated by dividing net income by shareholder's equity.

Price-to-Book is the ratio of a stock's market value (price) to the value of total assets less total liabilities (book value).

Beta measures the price volatility, or the level of risk, of a stock relative to the broader market. A beta of 1 indicates that the security's price has moved with the market. A beta of less than 1 means that the security has been less volatile than the market. A beta of greater than 1 indicates that the security's price has been more volatile than the market.

The information in this article is based on data obtained from recognized services and sources and is believed to be reliable. Any opinions, projections or recommendations in this report are subject to change without notice and are not intended as individual investment advice. The securities highlighted, if any, are subject to change and should not be construed as investment advice or a recommendation to buy, sell, or hold any security.

Advisory services offered by Victory Capital Management Inc.

©2026 Victory Capital Management Inc.

V17.399 // May 2026 INTGY Catalyst ME