



## PORTFOLIO UPDATE AND MARKET OUTLOOK

October 31, 2024

**“Meet the new boss  
Same as the old boss”**

– The Who



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Elections bring uncertainty for investors. The presidential election is coming up on November 5th. We thought it might be worthwhile sharing information we have gleaned from listening to the candidates, newspapers and research reports. We realize the election will likely be over by the time this makes it to distribution. However, we didn’t want to wait. In addition, with polls being so tight, it may be a few days before we know the results.

A Kamala Harris victory is generally viewed as slightly negative for the stock market. Two sectors with potential negative impact are Financials and Energy. While Harris has walked back her prior stance on fracking bans, her support for the Inflation Reduction Act (IRA) could shift focus from fossil fuels to renewables. In general, Harris and Democrats in Congress support more regulation on banks and providers of financial services. Furthermore, Harris supports an increase in the capital gains tax rate and increasing the corporate tax rate. *(continued on page 2)*

### Preliminary Performance (%)

#### Representative Accounts

	MTD			QTD			YTD		
	Gross	Net	vs. Benchmark*	Gross	Net	vs. Benchmark*	Gross	Net	vs. Benchmark*
Small Cap Value	-1.71	-1.71	-0.14	-1.71	-1.71	-0.14	5.68	4.89	-1.83
Small/Mid Cap Value	-0.85	-0.85	+0.41	-0.85	-0.85	+0.41	10.82	10.12	+0.95
Mid Cap Value	-0.92	-0.92	+0.34	-0.92	-0.92	+0.34	14.38	13.69	+0.75
Micro Cap Value	-1.83	-1.83	-0.85	-1.83	-1.83	-0.85	7.16	6.36	+1.89

Source: SEI

**Past performance does not guarantee future results.** Representative accounts are those of the Integrity Small Cap Value Equity Strategy, Integrity Small/Mid Cap Value Equity Strategy, Integrity Mid Cap Value Equity Strategy, Integrity Micro Cap Value Equity Strategy. Performance is preliminary and subject to change. Benchmark comparison is versus gross performance.

### Market Returns (%)

	MTD	QTD	YTD
S&P 500® Index	-0.91	-0.91	20.97
Nasdaq 100® Index	-0.82	-0.82	18.99
Russell 2000® Growth Index	-1.33	-1.33	11.72
Russell 2000® Value Index	-1.56	-1.56	7.51

**Past performance does not guarantee future results.** Indices represent different segments of the market and are not correlated to the strategies above, with the exception of the Russell 2000® Value Index, which is the benchmark for Integrity Small Cap Value Equity.

A win by Donald Trump is seen as mildly bullish for the financial markets, particularly Energy and Financials. There has been talk of a Trump administration rolling back the IRA, lowering the corporate tax rate, and reducing regulation on business.

**Potential Industry Impacts**

Harris Positive:	Trump Positive:
<ul style="list-style-type: none"> <li>▪ Renewables/ Electric Vehicles</li> <li>▪ Healthcare Services</li> <li>▪ Housing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Oil and Gas / Fossil Fuels</li> <li>▪ Financial Services</li> <li>▪ Steel/Domestic Manufacturing</li> </ul>
Harris Negative:	Trump Negative:
<ul style="list-style-type: none"> <li>▪ Oil and Gas</li> <li>▪ Financial Services</li> <li>▪ Pharmaceutical</li> </ul>	<ul style="list-style-type: none"> <li>▪ Retailers/Clothing Manufacturers</li> <li>▪ Companies Reliant on Global Supply Chains</li> <li>▪ Healthcare Services</li> </ul>

Both candidates seem to agree that we need to have tariffs on Chinese goods. Trump seems intent on increasing them further. Another commonality is deficit spending. Both campaigns are promising different tax breaks, carve-outs and favors. There has been no mention of dealing with growing entitlement programs. Deficits could negatively impact future interest rates and inflation.

While this is not a comprehensive list, it's the most common positions we have heard. What ultimately gets implemented will depend not only on the presidency, but Congress as well. Moreover, not to be cynical, but these positions are mostly focus-group-tested policies that resonate with voters. Only time will tell what the next administration can or will do.

We have not changed positioning based on potential election outcomes. We will monitor the election results and policy implications as they get implemented. In the meantime, we will continue to diligently apply our right company, right price, right time stock selection framework as we look for undervalued names with a catalyst.

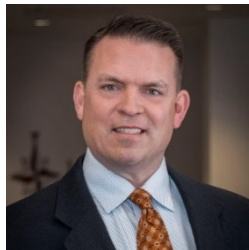
**Attribution:**

Discouraging quarterly reports from megacap technology names on the last day of October led to monthly declines for U.S. equity indices. Throughout the month, investors were also cautious amid the heightened uncertainty ahead of the U.S. Presidential election. The Russell 2000 Value, down 1.6%, underperformed the S&P 500 and Nasdaq 100 for the month ( -1.0% and -0.50% respectively). Growth beat value across all of our benchmarks in October. Small/mid cap value and mid cap value outperformed their respective benchmarks, while small cap value and micro cap value lagged their benchmarks.

**Composite Performance (%) as of December 31, 2023**

	1 Year		5 Year		10 Year	
	Gross	Net	Gross	Net	Gross	Net
Small Cap Value	18.87%	17.69%	13.78%	12.65%	8.72%	7.64%
Small/Mid Cap Value	15.38%	14.23%	14.06%	12.92%	8.90%	7.81%
Mid Cap Value	13.51%	12.55%	13.49%	12.55%	9.40%	8.50%
Micro Cap Value	16.14%	14.99%	11.99%	10.87%	8.95%	7.86%

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 for the representative account are presented before management and custodial fees but after all trading expenses.

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**All investments carry a certain degree of risk including the possible loss of principal**, and 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.

Each representative account serves as the model against which all accounts in each respective strategy are managed. The representative accounts are actual portfolios and the information provided, including performance, will vary for other accounts. The representative accounts are being used solely as tools to help demonstrate how performance can be attributed to the investment policies applied in the management of each strategy.

Net-of fees returns reflect gross performance less investment management fees, which are calculated by deducting 1/12 of the highest tier of the standard fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equal to the composite net-of-fee return calculated using actual fees. 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 in Part 2A of its Form ADV.

\*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.

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