

## Q4 2025 Small Cap Strategies Webinar Transcript

Friday, Feb 6, 2026

**Matt Dvraric:**

Good afternoon. Thank you for joining us today. We will begin momentarily.

[Pause]

**Matt Dvraric:**

Welcome to the Riverwater Partners Fourth Quarter 2025 Webinar. My name is Matt Dvraric, and I'll be your host for today's call. All participants are in listen-only mode. If you'd like to submit a question during the presentation, please use the questions box located at the bottom of your webinar control panel. Please note that today's call is being recorded and a replay will be made available following the webinar.

Let's begin with an overview of today's agenda. This afternoon, we'll start out with a brief firm update. Adam Peck, our co-founder and Chief Investment Officer, will discuss the small-cap market environment and review performance for the Sustainable Value Strategy. Following, Nate Fredrick, Portfolio Manager, will provide a performance update on our Small Cap Strategy. To close, we are often asked for examples that may not be readily apparent of how portfolio companies deliver on the mission of Riverwater, which is to make the world a better place by growing wealth through responsible investing. Cindy Bohlen, our Director of Responsible Investing, will conclude with a discussion around this topic to highlight holdings. After the presentation, we'll address any questions.

Riverwater offers three concentrated small-cap oriented strategies. Each strategy is guided by the same philosophy, process, investment team, and differentiated primarily by valuation discipline and market cap focus. With a rotation to small caps starting to take place, our strategies are resonating with investors interested in a unique, concentrated approach to responsible investing that seeks to deliver compelling risk-adjusted returns.

The Sustainable Value Strategy finished the quarter nearing 90 million in assets and stands to break the 100 million threshold in the coming weeks. We are very excited about this. The Small Cap Strategy, too, ended the year a little over 60 million in assets, but both strategies continue to have exciting opportunities for continued growth on the

horizon in the year ahead. And we appreciate the trust and confidence of the firms working alongside us. With that, I'll turn it over to Adam, who will share the commentary on performance of small caps throughout 2025. Adam?

### **Small Cap Macro Commentary - Adam Peck:**

Thank you, Matt, and good afternoon to everyone. So, like Matt said, I'll cover the Sustainable Value Strategy, but before that, I'll walk through a major theme of the last year, which was, at least for us, the low-quality small-cap rally. I spoke to this in our last webinar, but I think the points are worth repeating given the magnitude and the duration of the trend.

It was a tough year for active managers across the board. According to Furey Research Partners, growth, core, and value managers all underperformed. The percent of core managers that outperformed over the year was only 16%. This underperformance all started on April 8th. It's quite common for low-quality stocks to outperform coming out of bear markets, which we had earlier this year after Liberation Day. For me personally, though, it was a year where we had to remain super disciplined in our process as we watched companies we'd never buy outperform.

It seems like a daily occurrence we would trail by 10, 20, 40 basis points—no big blow-ups in the portfolio, just daily paper cuts. And when running focused active portfolios, I think we have biases that are built into our portfolios. I think they're good biases. That's investing in quality companies that make money, earn their cost of capital, have strong balance sheets, and management teams. We favor those factors because of the chart here. They've proven to outperform over the long term.

The chart here shows high-quality stocks in green versus low-quality stocks in orange and the Russell in blue. And over long periods of time, it makes sense high quality outperforms, and that's why we focus on it. Unfortunately, sometimes these factors are out of style, like 2025, and those times demand a disciplined process to not chase story stocks with bad fundamentals because eventually that turns.

So low-quality factors, in the next slide, like high bankruptcy risk, negative free cash flow were the best performers, and those are circled here in red. You'll see in 2025, high short interest was up 32%, negative free cash flow was up 24, high bankruptcy risk was up 23. Quality factors that we pay attention to, however, in the red circle down below: high ROE, underperformed, was only up 8.9; low leverage companies were only up 4.7. So, you add it all up, and the best quality factors all were up less than 10%, and the quality factors that were all up in the 20s were the ones that worked. So I thought this was helpful to understand reasons why I believe we underperformed.

And if you go to the next chart, you'll see—I thought this was a really interesting way to show how those quality factors and high quality and low quality factors have performed over time. So what this chart shows is the difference in trailing returns between S&P 600 stocks in the Russell 2000 versus all other stocks. And the qualifications to get into the S&P 600 is that a company has to have four quarters of profitability to make it in. So really, this is a chart of profitable stocks versus unprofitable stocks.

And you'll see here in 2025, it was the worst relative return for quality going back to when the S&P 600 started, which was back in 1994. So, worst returns ever. Basically a more than a two standard deviation event. So this is occurring less than 5% of the time. And what gives me confidence is, if history is a guide, you'll see when it hits that 10% level, it usually has pretty strong snapbacks to outperformance and getting back to the average. Um, and so I feel good that if history is a guide, we should potentially see this in 2026.

So I'd like to take all the factors that I talked about—high quality versus low quality—and boil that down into one of our holdings. Grand Canyon Education is a name we've talked about quite often probably because it's been consistently a top five holding for our portfolios. It's been in both strategies since day one. So it's a name I know very well. I've known the management team for over 14 years. And that's because the management team has been in their seats for over 18 years. To have an entire management team have that kind of continuity and cohesion is almost unheard of in public markets where C-suite executives on average are in their positions for less than five years.

So it goes without saying, LOPE meets our three pillars for every company: that's superior business, exceptional management team, attractive valuation. However, LOPE has outperformed the Consumer Discretionary space over the long term by a large margin. So it's been a contributor to performance not just on an absolute basis, but on a relative basis to the portfolio and to the Consumer Discretionary sector.

But last year, you'll see they continued to grow sales. So 2025 earnings growth was up 9%. It beat the Russell 2500 Value Index. On a valuation basis, it's still very attractive. Price to free cash flow, it's cheaper than the index. Returns on equity are three times the index—very high returns on equity, probably if not top decile, maybe top 5% for the market. Net margins are fantastic. And the balance sheet is in great shape.

So what's wrong with it? It was a quality stock, and that's not what worked. And you'll see in 2025, the stock was up 1.5% versus the benchmark up 12.8. So why did it underperform? My thesis is: quality was not popular in 2025.

So if you're a Star Wars fan, you will recognize Yoda. He says, "Temporarily, these low quality rallies are." Hopefully, he is right. But not surprising that I agree with Yoda, as

historical data backs him up. 2025 was driven by similar factors coming out of the last 10 bear markets, and you can see that on the next slide. Historically, the first six months of a low-quality rally, which again started April 8th, low unprofitable stocks outperformed by over 15%. The next six months, they outperform somewhere between 3% and 5%. And then the next six months, which would start April 8th, they underperform.

I feel really good that I feel that underperformance has already begun, and maybe it'll come up in Q&A, but from a relative perspective, over the last week or two, quality has absolutely crushed low quality.

And I've shared over the last few quarters how small caps are about as cheap as they ever get to large caps. And how small caps are forecasted to have superior growth in 2026 versus large caps. If you look at the Mag 7, Mag 7 had much better growth than small caps in 2023, 2024, and 2025. But if you look at 2026, based on Street forecasts, small caps actually have better earnings growth than the Mag 7. You look on a valuation basis, they're as cheap as they ever get to large.

And so, I'm not showing those slides, can definitely forward them on if there's interest, but I wanted to show this slide which compares small caps to large going back to 1926. And rarely do you get relative returns where small is just beating large. We're there now. Same place we were back in March of '99, and a few other times in the 70s. And so typically, if history is a guide, small caps do bounce back from these relative return levels. And the other thing that gives me confidence is we're now in—we've had 15 years of small cap underperformance, and I really believe everything is inherently cyclical. And there's such a large amount of capital in the Mag 7 that just if a little bit comes out of the Mag 7 and a little bit of that capital goes into small caps, it'll be a huge tailwind.

So with that, I will pass it over to Nathan.

### **Small Cap Core Portfolio - Nate Fredrick:**

Thanks, Adam. And I'll start with the top five holdings. Our top five holdings highlight idiosyncratic investments that we believe can perform well in volatile markets. Start with our top holding of last year was Coastal Financial, and that is a community bank headquartered in Everett, Washington, operating through its traditional banking segment and its rapidly growing "Banking as a Service" platform.

Not only does the company provide typical commercial and retail banking services across the Pacific Northwest, it also partners with fintech firms nationwide through its CCBX division, which offers embedded financial infrastructure such as deposit accounts, payments, and lending solutions that fintechs are unable to do. This Banking

as a Service business model has become a key growth driver, generating scalable fee-based revenue without the capital intensity of a traditional branch network. This has allowed Coastal to outgrow their traditional banking peers and to further accelerate growth in the future.

As regulatory scrutiny increases across the fintech ecosystem, Coastal's strong compliance framework and established partnerships separate them from their peers within just the Banking as a Service industry. To sum it up, they act as a trusted intermediary between fintechs and the banking system.

However, as this has grown into a bigger position, we did trim it in January after their earnings report. While the company has been ramping these new relationships, it must incur more upfront costs, causing some of these growth targets to maybe be pushed out. Also, this stock has run into some market sentiment headwinds from the AI disruption around fintech and the software sector, which Coastal probably unfairly gets lumped into. While we currently have a smaller position, we do still believe the overreaction to the stock going down was overdone, so we still do like the name even though it is smaller.

Just highlighting another name: StoneX is a core holding in the portfolio because of its ability to not only compound earnings over time but also its defensive characteristics when markets are volatile. StoneX is a global financial services firm specializing in market access, risk management, and execution across institutional, commercial, and retail clients. It's now a top 10 and the largest non-bank futures commissions merchant after their purchase of R.J. O'Brien.

Its diversified model, recurring float income, and growing internalization strategy support consistent double-digit book value growth and mid-to-high teens ROE targets. Bottom line, StoneX benefits from volatility and uncertainty in the market while taking market share from large investment banks that have moved away from this market. This will be their first full year with R.J. O'Brien, and we are excited to see what they can do as a combined company. And we expect earnings to get better through the year compared to last year.

And finally, touching on Adeia, which is new to our top five holdings, and a unique and undervalued way to play data center expansion. Adeia licenses intellectual property to its customers for use in their media and semiconductor products and services. Spun out of Xperi in 2022, Adeia's core cash-flowing business has a broad range of media customers and licensees. The growing and more exciting semiconductor segment's hybrid bonding technology is being used for the most complex computer chips going into these data centers. We look for more partnerships to be announced in 2026 from this segment.

Next. In the small-cap portfolio, we focus on stock selection over sector weighting, but have sectors we like more than others. Utilities and Consumer Staples are overweights as both sectors have good visibility into earnings. We are also overweight Consumer Discretionary, and we like this sector as a contrarian opportunity. Just to note, however, the current overweight includes Grand Canyon, which we'd probably consider more of a staple, and also Atmus, which we would consider an industrial as their business is one of the global leaders of filtration products for on-highway commercial vehicles and off-highway equipment.

We like Consumer Discretionary because it stands out as a potential beneficiary of higher tax refunds, easing tariff pressure following potential Supreme Court developments, and deferred consumer spending from 2025 that we believe could shift into 2026. We're probably looking to add some more names here.

We also like Industrials tied to infrastructure, manufacturing activity, and domestic investment as demand normalizes and capital spending improves. A good example of this is a new name we added, NPK International [Newpark Resources], which is a manufacturer, renter, and seller of composite matting solutions primarily serving utility and energy-related end markets. We view NPKI [Newpark] as a differentiated way to participate in the multi-year infrastructure build-out required to support grid expansion, electrification, and energy system upgrades driven in most part by data center expansion.

Our large underweight in Healthcare is driven by not owning biotech companies, which is roughly 50% of the Russell 2000 Healthcare sector. We will have trouble outperforming when biotechs do well, like we saw in 2025. Also, we are finding better opportunities outside of Real Estate and Communications, so we do not currently own anything in these sectors.

Overall, we believe 2026 presents a markedly better environment for cyclical sectors than defensive ones, and we are positioning the portfolio accordingly. We are focused on quality businesses at inflection points and fundamentals that we believe the market has yet to fully realize.

Next. As you can see from our portfolio characteristics, we focus on higher quality names that have better return on equity and return on invested capital. We are willing to pay more for great companies if we think the valuation is still reasonable. An interesting fact: unprofitable companies are excluded from the benchmark statistics, and if they were added back, would increase the valuation numbers of the benchmark.

Next. So, small cap did underperform the Russell 2000 in the fourth quarter. If you look on the right-hand side of the slide, Healthcare was our largest detractor, driven by



significant biotech outperformance and our underweight to that specific subsector of Healthcare. Small-cap biotech companies are usually burning through their cash to get to a binary event. This does not match our three-pillar process, and guessing the correct outcomes of these binary events is outside of our area of expertise, so we usually avoid biotechs.

Our top underperforming stock was Grand Canyon, which Adam has already discussed.

Then if you look to the left of the slide, our top performing sector was Energy, driven by CNX Resources, a natural gas company with operations in the Appalachian Basin. Natural gas has benefited from very cold weather the country has been experiencing, and also Energy is a sector we are becoming more bullish on, specifically within that natural gas sector. We did add Kodiak Gas Services, a leading provider of contract compression services to the exploration production industry and also midstream energy markets as well.

Next. Yeah, and if I could just jump in too, I think it's worth noting that SunOpta, the second worst performing stock—and maybe you're gonna hit this and I'm stepping on your toes—but also the third worst performing for the year got taken out today. So, gotta be patient.

**Nate Fredrick:**

Yeah, that's a good point. You don't want to panic at the lows because if you trust your research and your valuation, hopefully, you get rewarded in the long run.

Yeah, for the year, small cap did underperform for the year. Our strategy will underperform when there are more speculative rallies, like Adam mentioned, especially when they are driven by higher short interest and unprofitable companies. Yeah, if you look on the right side of the slide, again, Healthcare was our largest detractor, driven by significant biotech outperformance and our underweight to that sector. Limoneira and SunOpta led our underperformance in Consumer Staples. Adam will discuss Limoneira later. But SunOpta was, did have some self-inflicted wounds around increasing capacity to meet demand, and like Adam mentioned, it did get purchased today by a beverage company in the Netherlands. So there was somebody else out there that saw the value in the company and purchased it. Which is probably a pretty good deal for them as, I think they got a good deal and if you look back in a few years, we'll probably realize that. So, good for them.

Our largest underperformer that was driving Industrials was Vestis. They provide uniform services and workplace supplies to North American customers. Vestis was in

the process of trying to turn around the business, but some of those issues became too much for the company really to overcome, and we have since sold that stock.

If you look onto the left side of the slide, Financials was our top performer for the year. This was driven by StoneX, which we have discussed. We do still like the Financial sector as well, as it should benefit from more of a steepening yield curve, which is good for banks, and also we see capital markets and M&A picking up, which is good for the investment banks.

Our top outperformer for the year was Centrus Energy, as the market increasingly recognized its unique strategic positioning at the nexus of U.S. national security, nuclear energy independence, and next-generation reactor deployment. Following the significant re-rating, we did exit the position in full, as we believe a substantial proportion of the favorable policy contract and growth outlook has now been reflected in the share price. You'll also see that Uranium Energy Corp was also a top performer. We did exit that name in January as well, as the uranium stocks had a good rebound in January, and similar to Centrus, a lot of good news was priced into that. So we are out of both of those nuclear plays.

And after that, I'll pass it to Matt.

### **Matt Dvraric:**

Thanks, Nate. At this time... this is the performance for... trailing performance for the year. You can note that the net of fee returns are based on a 1% retail rate. At this time, I'll turn it back over to Adam to walk you through the Sustainable Value Strategy.

### **Sustainable Value Commentary - Adam Peck:**

Great. Thank you, Matt. So we'll start with top five in Sustainable Value. All the top five have grown to be here, as the average position starting size is normally around 3%. I'll note an exit that was here for the last number of quarters was Ciena. Market caught on to how crucial their products are for the build-out of data centers and AI demand, and we exited that position shortly thereafter. The last tranche we sold—they're gonna be added to the S&P 500. So congrats to them for becoming a large cap. That's what we hope for all of our small caps to turn into large caps.

The only name left in the top five that really has a direct correlation to data centers would be Vico [Veeco Instruments? No, likely **Vico** isn't right. Probably **Veeco Instruments (VECO)** or **Vertiv**? No. Or maybe **VSE**? He says "Vico". Let's assume **Vico** or maybe **Veeco**.]... but we do have InterDigital that has a little bit of exposure,



and we do have a number of other names in the portfolio that would be exposed to the build-out of AI.

Keeping with the quality theme, all five of our top holdings are profitable and generate free cash flow. Four of the five have no debt. The one that has debt has Haemonetics, and it's levered less than one times. The average unweighted return on equity is 28%. And it's not because companies don't have a high ROE because they have a ton of leverage, it's because they have high returns on capital. And lastly, they're all trading on average for below market multiples on earnings.

Sector weightings. Remind everyone we try to stay within 5%. We have a hard and fast limit at 10. Largest underweight is Consumer Discretionary at 5.4%. We have been looking to add the beaten-down Consumer Discretionary stocks, and we did make one new buy in the first quarter, so I believe next quarter you'll see that underweight be less. Largest overweight is Technology here at around 7%. Or at 7. Technology was our top performing sector in '25, driven by the affirmed Ciena as well as InterDigital. Both had great performance. And so that Technology overweight has remained because those stocks have kept doing well. So we exited Ciena in this current quarter, but with continued good performance from IDCC, they reported yesterday, I think the stock was up 13 or 14 percent, it's hard to keep the Technology weight down.

On the next slide, if you've been following us for a while, you'll see not much has changed here either. We're smidge higher on valuation, but our quality metrics are way above the benchmark. And we don't have any money-losing companies in the portfolio versus the 2500, probably has at least a quarter of stocks that don't make money. So again, I expect every company that we own to generate cash in the year ahead.

Moving on to attribution. Like the Small Cap Core, it was a tough quarter as a quality investor. It's all attributed to stock selection. And I talked about Grand Canyon; that was our worst contributor to performance. So really just theme is that quality did not work. Haemonetics on the left side was our best contributor, and I'll mention Haemonetics was our worst contributor the quarter before. So the market is volatile, a lot more volatile than the fundamentals. And you know, we've across the board, we added to Haemonetics when it was the worst performer, and we were rewarded this past quarter.

So with that, I'll switch over to the one-year numbers here. Kind of the same story. All predominantly all the underperformance was stock selection. Again, quality. For Industrials, was our worst sector. That most of that was driven by TechnipFMC. TechnipFMC has been a long-term holding. We first entered the name in the low teens. Today it's around 50, but it had been as high as 80. So going from 80 to 50 is why it has ended up in the bad bucket. Their growth has decelerated, so still growing but slower growth, but we still think there's tremendous opportunity for them to gain market share

in the U.S. And with a valuation of 12 times this year's earnings, we think it's way, way too low for a growing company with a clean balance sheet, great free cash flows, tremendous returns on capital. They have 17% net margins and a return on equity of 20%. A company with these numbers should not trade for 12 times earnings.

Ciena was the best performer again. Thanks to Cindy for identifying that company. And then Limoneira was the worst stock in 2025. I've talked about this almost every quarter. So I am confident the stock will do much better in 2026 if they can execute on non-core asset sales, which they discussed in their last quarterly call, and show progress with the new Tropicana partnership as well as avocado expansion. I'm going to actually tour their land next month, so maybe I'll have an update for you next quarter. But with that, we can finish with performance over longer-term time periods. And so again, 2025 was very tough with the low-quality rally and we underperformed. But if you look at our longer-term numbers, we are still holding our own. And I'll note as Matt mentioned that that composite net number is at the highest fee level, which would be 1%. So with that, I will hand it over.

### **Responsible Investing Update: The Handprint – Cindy Bohlen:**

That's great. Thank you, Adam. Thank you. So, as Matt said, today I'm going to talk a little bit about how Riverwater's responsible investment process considers what we call the "handprint" of portfolio companies. And as a reminder, our responsible investment due diligence process seeks to understand both how a company's operations impact people and the planet—this is widely considered a company's footprint—and how a company's business by its very nature impacts people and the planet. In other words, how is a given company making the world a better place? We call this a company's handprint.

And we're seeking to understand how businesses are delivering solutions to the world's problems. This is their value creation, which drives not only better social and environmental outcomes but also better financial outcomes for the companies and therefore for our customers. And given that our portfolios invest across the economic spectrum, it's not always obvious that their business may have a positive impact. So today, I'm going to highlight the handprint of several of our portfolio companies.

I'll start today with ICF International, which is a consulting company. And consulting is an industry not typically associated with making the world a better place. However, ICF is unique in that 84% of its business is in positive impact services. This includes nearly half of its business supporting energy savings, resilience, and emissions reductions. ICF works with most of the major U.S. utility companies toward reliable, affordable, and renewable energy production. And in fact, recently, ICF has started winning contracts to

do this same work in the EU and the UK. Additionally, 38% of ICF's business targets social areas of better health, education, and economic development.

Next, Digi International's sensors and communication software enable intelligent devices in real-world applications. Like think smart tractors and irrigation systems. And highlighted here are the benefits farmers are currently reaping to increase crop yields. Things like weed detection accuracy, plant disease identification, fruit ripeness detection, size and quality sorting, and water use reduction. All of these things enable farmers to feed the world's population.

Next is Grand Canyon University, which Adam has already discussed and has been in the portfolios since day one. Grand Canyon has a mission to help students change their lives. It does this by educating about 100,000 students annually, offering degrees that are affordable—in fact, tuition has remained flat for 10 years—attainable—most graduate in four years—and relevant. Gainful employment disclosures reveal an attractive return on spend by graduates.

Next, Plexus, which is a contract manufacturer. And that just means that they manufacture products for healthcare companies, for industrial companies, for other technology companies. And as a contract manufacturer, you will never see their name on a product because everything they do is inside of the product. But Plexus's proprietary "Design for Environment" process—this is their engineering process—embeds attention to factors that will determine a product's ultimate lifetime environmental impact upfront during the design process. These are things like energy efficiency, reliability, serviceability and modularity, product compliance, and cybersecurity. And this work upfront results in lower use of virgin material to make products, longer product life, and easier recycling of materials at product end-of-life.

Haemonetics is a medical device company. And like all healthcare companies, Haemonetics strives to improve patient outcomes. Haemonetics also strives to reduce healthcare costs. And one of Haemonetics' new products pictured here, the Vascade MVP, is used as a wound closure device in basically like arterial surgical procedures. And this product replaces the literal hand application of pressure to close wounds, which often took hours. And that results in benefits like reduction in time to ambulance, 63% improvement in patient satisfaction, and a 53% reduction in opioid use for pain. These are meaningful savings for the healthcare system, and they much improve patient outcomes.

InterDigital is an intellectual property company whose pixel value reduction technology cuts video screen energy use by 15% while maintaining video quality. This graphic shows how IDCC's PVR technology has reduced greenhouse gas emissions from TVs and game consoles, as well as other smaller electronic devices, over the past five

years. And this is despite the proliferation of more and bigger screens. This is a meaningful energy and greenhouse gas reduction by using InterDigital's technology.

And finally, Modine Manufacturing, whose stated purpose is engineering a cleaner, healthier world, has made significant impact on the environment with its liquid cooling system called Airedale. Airedale is used to cool data centers, which is very important today given the fact that data centers are gobbling up all the energy. Airedale is on target to reduce data center energy use by 44% by 2030. And importantly, Airedale also allows for lower water intensity for cooling, and this has resulted in a savings of 389 million gallons of water as of 2021, which is the most recent data point.

And so to close, I hope this has helped demonstrate how the handprints of these companies and many others in the Riverwater strategy portfolios both help to make the world a better place and to generate superior returns. Thank you, and I'll turn it back to Matt.

### **Conclusion | Q&A – Matt Dvraric:**

Great. Thanks, Cindy. Thank you, Adam and Nate, for updates on the Riverwater strategies and initiatives. At this time, we'll open the floor for questions.

We did receive a question earlier in the chat. Um, Adam, I'll throw this one at you. What do you believe are the factors that will catalyze the market to return back to profitable companies?

### **Adam Peck:**

Uh, well, thankfully, I think we're seeing it now. Um, you know, you can't ever pick, uh, the "why." Um, and it seems like, um, over time, it's, uh, it's a time factor. And the current low-quality outperformance was getting close to that one-year mark. Um, you know, it could—whether it was a new Fed Chair was announced, um, and how they'll deal with, uh, balance sheets. Whether it was Claude releasing Opus 4.6 and causing a lot of highly priced software stocks, uh, to crash. Um, you know, I, I can't give you, uh, the exact reason, but I can tell you actually it's begun. Um, our portfolios, uh, I can really like—obviously I'm looking at the portfolios on a daily basis if not hourly. Um, and most likely hourly. So I can just kind of feel how portfolios perform, our portfolios perform versus the benchmarks. And like I said earlier, you know, the 10, 20, 40 basis point paper cuts in the last four to six weeks are turning into, um, you know, 10, 20, 40, a hundred, two hundred basis point days where we outperform. And it's not that our companies are releasing, a lot of the times are releasing earnings, um, as but we have had some good earnings, uh, recently, but it's just that, you know, quality factors are now more popular, and that's where capital is flowing.

Uh, so I hope it continues, and I'll, I'll, I'll say honestly that the market today, the last time to me it felt like this was April of 2000. Um, like I clearly remember looking at my screens in late '99 and watching, um, you know, the Ciscos and the Sawteks and and the the Pets.com and all those stocks just go through the roof. And every day on CNBC you saw whatever the IPO was, and whatever the IPO was, it was up 100%. Um, you know, and obviously we know what happened in March of 2000. And in March of 2000, I remember, you know, the Industrials, the Financials were all going up on the same day that those tech stocks were going down. Um, and you actually saw that this past week. There was a day this week where the Russell 2000 was up a lot and the Nasdaq was down. And so, um, you know, just I hope, I hope this, uh, uh, rotation, um, is long-winded. And I feel like it is because we've just experienced 15 years of value underperforming, 15 years of small caps underperforming. So I hope the market's not giving us a one-month rotation, but I expect it should be a quarterly, if not, uh, multiple-year rotation back into small caps and small caps in the value values.

**Matt Dvraric:**

Thank you, Adam. I'm excited about the rotation myself and what's on the horizon for the firm and small caps in general too. Uh, as we wrap up, I'd like to reiterate our passion for small-cap responsible investing. We believe this approach enhances opportunity by promoting resilience, capturing inefficiencies, and improving long-term return potential. We appreciate your time today and your continued interest in Riverwater Partners. If you have additional questions or would like to speak with a member of the team, please don't hesitate to reach out to me. We'll look forward to talking with you again next quarter.