

# SMID CAP STRATEGY UPDATE

## Investment Approach

Our investment approach consistently focuses on narrowing the range of potential investment outcomes while seeking outperformance through identifying, analyzing, and investing in what we believe to be high-quality companies. We utilize a company's dividend history as an initial indicator of quality and believe that high-quality, undervalued small-to-mid capitalization companies with improving fundamentals can lead to attractive returns with below-market risk over full market cycles.

## Crawford SMID Cap Strategy

The first quarter of the year presented a difficult environment for stocks across the capitalization spectrum with small caps doing worse than large caps and growth posting negative results and lagging value stocks. The hard economic data such as employment, wage growth, consumption, and corporate profits were all acceptable. However, soft data such as surveys around consumer and business sentiment were weaker with leading and coincident indicators turning down. This all created uncertainty and caution leading into the end of the first quarter amidst concerns regarding tariffs, stubborn inflation, and rising recession odds. Many stocks struggled through February and most of March. We are pleased with the portfolio's quarterly results and continue to believe ours is a sound way to invest, particularly in periods of elevated volatility.

Within this environment, the Crawford SMID Cap strategy posted a return of -2.25% relative to the Russell 2500 Value Index's return of -5.83%. The strategy's ability to protect on the downside during the quarter can be attributed to the strength of its quality-oriented philosophy and process. Non-dividend payers within the Russell 2500 Value Index substantially underperformed dividend payers during the quarter as their lower-quality business models proved less able to withstand economic uncertainty. This represented a tailwind for our approach and a testament to our long-held dividend-focused small-to-mid cap investment philosophy. More specifically, the strategy's Industrials, Health Care, and Information Technology holdings all represented the greatest contributors to relative performance in the quarter. This comes as little surprise as these were three of the sectors that struggled the greatest during the quarter. However, the strategy's Energy holdings detracted from relative performance during the quarter due to commodity price volatility, adjusted market expectations, sector-specific challenges, and overarching economic uncertainties.

After the end of the first quarter, the Trump Administration announced a sweeping new tariff package, including a 10% baseline tariff on imported goods from most countries and additional, reciprocal tariffs on dozens of others. If fully enacted, these new tariffs would raise the U.S.'s overall weighted average tariff rate to 23%, the highest in over a century. Markets are reacting accordingly. U.S. and international equity indices sold off sharply, reflecting growing concern about what these policies could mean for the global economy. It will take time for markets to fully digest what all of this may mean for inflation, economic growth, interest rates, and corporate profits, particularly if other countries respond in kind.

In the face of uncertainty, we continue to invest in businesses with durable competitive advantages, strong balance sheets, and the ability to generate consistent cash flow through the cycle. These attributes help insulate portfolios from external shocks and allow investors to participate in recovery when sentiment inevitably turns more positive. As always, we remain committed to a long-term, quality-oriented, and fundamentals-based investment approach. Thank you for your continued trust.

## Contributors To Performance In The Quarter:

Security	Portfolio Weight*	Total Return	Contribution to Return
LGTY	1.80%	29.71%	0.60%
BRO	2.28%	22.11%	0.46%
ESE	2.26%	19.52%	0.37%

Source: Crawford, FactSet as of 3/31/2025. Past performance is not indicative of future results. \*Portfolio weight is the average weight during the quarter and excludes cash.

- Logility Supply Chain Solutions, Inc. (LGTY):** LGTY continues its transformation from a license-based model to SaaS, which is driving more stable revenue growth and margin improvement. Recurring revenue now accounts for over 85% of total revenue and is expected to rise further. The company is expanding its product suite through tuck-in acquisitions and organic growth, while recent governance reforms, including board changes and share class consolidation, improve the long-term outlook.
- Brown & Brown, Inc. (BRO):** BRO remains a high-quality insurance brokerage, though Q4 results reflected some deceleration in core business growth after a very strong 2024. While the company's growth rate may moderate given its larger scale, we remain constructive. Its ongoing international expansion adds complexity, but the core business fundamentals remain intact.
- ESCO Technologies Inc. (ESE):** ESE posted strong quarterly results and rallied sharply, in part catching up to peers. The company benefits from a balanced portfolio of aerospace, electronic testing, and utility businesses, all tied to secular growth themes. An expected acquisition provides an additional catalyst. We continue to view the reward/risk setup as favorable, even with a richer valuation.

## Detractors From Performance In The Quarter:

Security	Portfolio Weight*	Total Return	Contribution to Return
CCJ	2.33%	-19.91%	-0.48%
ASO	1.92%	-20.51%	-0.44%
NVT	1.89%	-22.88%	-0.44%

Source: Crawford, FactSet as of 3/31/2025. Past performance is not indicative of future results. \*Portfolio weight is the average weight during the quarter and excludes cash.

- 1. Cameco Corporation (CCJ):** CCJ reported a generally positive Q4, with upside in uranium production and Westinghouse performance. However, investor sentiment cooled due to rising CapEx guidance for 2025–2027 and lack of surprises in the uranium segment outlook. While spot uranium prices dipped, contracting prices remain well above spot, indicating strong underlying demand. We believe near-term pressure is more about positioning than fundamentals and continue to view CCJ as a strategic long-term holding.
- 2. Academy Sports and Outdoors, Inc. (ASO):** Despite strong fundamentals and solid execution, ASO underperformed during the quarter. The company maintains better traffic, store productivity, and growth than peers, yet trades at a valuation discount. We continue to see ASO as a high-conviction idea with attractive long-term upside, supported by strong management, a clean balance sheet, and a disciplined growth strategy.
- 3. nVent Electric plc (NVT):** NVT remains well-positioned in high-growth electrical end markets, including data center cooling and utility infrastructure. While 2024 was underwhelming from a stock performance standpoint, we see potential for profit acceleration and effective capital deployment going forward. Valuation may be modestly stretched, but we believe fundamentals remain strong enough to warrant ongoing ownership.

## Buys During the Quarter

- Advanced Energy Industries, Inc. (AEIS)
- Lamar Advertising Co (LAMR)
- Pegasystems, Inc. (PEGA)

## Sells During the Quarter

- Carter's, Inc. (CRI)
- American Assets Trust, Inc. (AAT)

## Outlook

We believe investing successfully over the long term requires both consistency and flexibility. Our long-held investment philosophy seeks to mitigate risk and limit the range of investment outcomes through a focus on quality. We believe our investment approach is well suited for an increasingly volatile environment, and we will continue to be opportunistic with portfolio holdings in this environment.

## About Crawford Investment Counsel

Founded in 1980, Crawford Investment Counsel is an investment advisory firm focused on managing high-quality equity and fixed income portfolios on behalf of institutional and individual investors. We believe a company's dividend history is a key initial indicator of quality, and we seek to invest in companies with a demonstrated history of consistent and growing dividends. For more information please visit [www.crawfordinvestment.com](http://www.crawfordinvestment.com) or contact Crawford Investment Counsel at (770) 859-0045.

Source: Crawford, FactSet

Past performance is not indicative of future results. Net of fee performance is calculated based on the actual fees experienced. The composite returns are shown as supplemental information to the SMID Cap Equity composite disclosures which are located on the last page. The widely recognized benchmark(s) in this presentation are used for comparative purposes only. The volatility (beta) of the portfolios may be greater or less than the benchmarks. It is not possible to invest directly in these indices.

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## SMID Cap Equity Composite GIPS Composite Report

As of 3/31/2025	Annualized Returns	
	SMID Cap (Net)	Russell 2500 Value Index
1 Year	4.41%	-1.47%
5 Year	16.39%	16.65%
10 Year	8.83%	6.84%

Year	Firm Assets (\$ Millions)	Composite Assets (\$ Millions)	% Of Non-fee paying accounts	# Of Accounts	Composite				Russell 2500 Value Index	
					Gross Return	Net Return	3-Year Standard Deviation	Internal Dispersion	Return	3-Year Standard Deviation
2024	\$8,495	\$96	11%	55	13.87%	13.28%	18.48%	0.5%	10.98%	21.94%
2023	\$7,730	\$74	13%	51	16.11%	15.52%	17.45%	1.2%	15.98%	20.99%
2022	\$7,383	\$48	18%	39	-8.14%	-8.56%	22.09%	0.4%	-13.08%	26.84%
2021	\$7,923	\$51	17%	27	24.13%	23.61%	20.60%	0.6%	27.78%	24.49%
2020	\$7,111	\$35	21%	22	6.28%	5.82%	21.71%	0.7%	4.88%	25.40%
2019	\$6,779	\$30	22%	25	27.30%	26.82%	14.01%	0.7%	23.56%	14.43%
2018	\$5,655	\$16	33%	16	-8.88%	-9.09%	12.85%	0.2%	-12.36%	13.77%
2017	\$5,901	\$14	30%	9	14.61%	14.52%	10.74%	N/A	10.36%	11.98%
2016	\$5,044	\$9	0%	5 Or Fewer	23.85%	23.71%	12.29%	N/A	25.20%	13.36%
2015	\$4,149	\$7	0%	5 Or Fewer	-2.62%	-2.72%	11.97%	N/A	-5.49%	12.19%

N/A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

**Crawford Investment Counsel claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Crawford Investment Counsel has been independently verified for the periods January 1, 1981 through December 31, 2023. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.**

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*The SMID Cap Equity Composite contains all discretionary, taxable and tax-exempt, SMID accounts. An account managed in the SMID style uses a blend of the small capitalization and mid capitalization stocks and/or small capitalization and mid capitalization pooled investment vehicles.*

For comparison purposes the composite is measured against the Russell 2500 Value Index. The Russell 2500 Value Index measures the performance of the small to mid-cap segment of the U.S. equity universe that also exhibit a value probability. The Russell 2500 Value Index is a subset of the Russell 2500 Index. The stocks included in the value index are selected based on a probability of value as measured by their relative book-to-price ratio. Effective March 31, 2022, the Russell 2500 Index was removed for all periods. The change was made as it was decided that it was not relevant to show multiple benchmarks. Additionally, the SMID Cap strategy aligns closer with the Value Index with regards to percentage of dividend paying companies, correlation, sector exposures, and portfolio characteristics.

Results are based on discretionary accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance is calculated based on the actual fees experienced by the client. Certain accounts may not be charged commissions by their broker. The 3-year annualized standard deviation is not shown presented because 36 monthly returns are not available. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. Gross returns are used to calculate the internal dispersion and 3-yr annualized standard deviation. Past performance is not necessarily indicative of future results.

The investment management fee schedule for the composite is 1.00% on the first \$3 million; 0.50% on the balance. Actual investment advisory fees incurred by clients may vary. Fees are described in Part II of the firm's ADV, which is available upon request. Fees for accounts in this composite are negotiable and may vary based on individual circumstances.

The inception date of the SMID Cap Equity Composite is November 1, 2012. The SMID Cap Equity Composite was created in March of 2018. A complete list of composite descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.