

# smig<sup>®</sup> – Small/Mid Cap Income Growth | FIRST QUARTER 2026

## STRATEGY OBJECTIVES

- Income Growth:** 2.4% yield<sup>1</sup>; +4.9% growth in trailing-twelve-month (TTM) income as of 1Q2026<sup>2</sup>.
- Downside Protection:** Daily downside capture of 42.2% across all Russell 2500 down days during the quarter<sup>3</sup>.
- Price Appreciation:** Since inception Sharpe ratio of 0.63 gross versus the Russell 2500's Sharpe ratio of 0.52<sup>4</sup>. Positive since inception alpha of 2.20 gross versus the Russell 2500<sup>5</sup>.

## 1Q2026 RESULTS RELATIVE TO STRATEGY OBJECTIVES

### Income Growth

- The smig<sup>®</sup> strategy grew TTM income by +4.9%, compared to Russell 2500 income growth of +9.7%<sup>2</sup>.
- During the quarter, 14 strategy holdings announced dividend hikes with an average TTM increase of +7.8%, reflecting the financial strength of these companies.

### Downside Protection

- The strategy delivered daily downside capture of 42.2% quarter-to-date and 63.3% over the trailing twelve months across all Russell 2500 down days<sup>3</sup>.

### Price Appreciation

- The strategy returned +2.72% gross / +1.95% net versus the Russell 2500's +2.04% during the quarter, and +5.57% gross / +2.46% net versus +23.45% over the trailing twelve months.
- Investors preferred profitable index constituents over their unprofitable counterparts during the quarter, returning +2.51% and +0.50%, respectively. This marked a shift from 2025, when profitable stocks lagged for only the third time in the past two decades.
- U.S. small- and mid-cap stocks posted modest gains in 1Q2026, supported by improving market breadth and continued rotation away from concentrated large-cap growth leadership. In addition, rising geopolitical tensions and renewed inflation concerns tied to higher energy and commodity prices drove underlying sector rotation. Energy, Utilities, and Materials were top performing sectors for the quarter.
- Amid the current environment, we believe a risk-managed approach, focused on sustainable dividends and stable fundamentals within the small and mid cap space, remains ripe for investment opportunity.

1Q2026 Dividend Increases		
Company	TTM % Increase	Current Yield
Allegion (ALLE)	7.8%	1.5%
Alliant Energy (LNT)	5.4%	3.0%
Amdocs (DOX)	8.0%	3.5%
CMS Energy (CMS)	5.1%	2.9%
DT Midstream (DTM)	7.3%	2.6%
Equity Lifestyle Properties (ELS)	5.3%	3.5%
Gildan Activewear (GIL)	10.2%	1.8%
NiSource (NI)	7.1%	2.6%
Oshkosh (OSK)	11.8%	1.5%
Penske Automotive Group (PAG)	14.8%	3.7%
Plains GP Holdings (PAGP)	9.9%	6.9%
Texas Roadhouse (TXRH)	10.3%	1.8%
Tractor Supply (TSCO)	4.3%	2.1%
US Physical Therapy (USPH)	2.2%	2.5%

1Q2026 Trades Executed	
Initiations	Eliminations
American Healthcare REIT (AHR)	Avnet (AVT)
RB Global (RBA)	Meritage Homes (MTH)
Silicon Motion Technology ADR (SIMO)	Perrigo (PRGO)
	Quest Diagnostics (DGX)
	Utz Brands (UTZ)
Increases	Reductions
Allegion (ALLE)	Amdocs (DOX)
Alliant Energy (LNT)	Broadridge Financial Solutions (BR)
American Healthcare REIT (AHR)	Evercore (EVR)
CMS Energy (CMS)	Hubbell (HUBB)
Equity Lifestyle Properties (ELS)	Marzetti Company (MZTI)
First Financial (FFBC)	Oshkosh (OSK)
RB Global (RBA)	Packaging Corporation of America (PKG)
Silicon Motion Technology ADR (SIMO)	Watsco (WSO)
Targa Resources (TRGP)	
Terreno Realty (TRNO)	
Texas Roadhouse (TXRH)	
US Physical Therapy (USPH)	
Victory Capital Holdings (VCTR)	

Source: Bahl & Gaynor and FactSet, 2026.

## Portfolio Review

The smig® strategy returned +2.72% gross / +1.95% net versus the Russell 2500's +2.04% during 1Q2026. An overweight to Energy relative to the Russell 2500 Index, coupled with positive stock selection in Financials and Utilities, and an overweight to the latter, contributed positively to performance. However, stock selection across Industrials, Information Technology, and Materials, as well as an underweight in Information Technology, detracted from results.

### The largest positive drivers of current quarter performance:

- An overweight allocation to Energy supported relative performance, as the sector substantially outperformed (+40.8%) during the quarter amid a sharp rise in underlying commodities, most notably oil, driven by the military conflict in Iran. Top portfolio holdings, Targa Resources (TRGP) and DT Midstream (DTM), both oil & gas midstream companies, were strong contributors.
- Stock selection within Financials benefited results during the quarter. No ownership of consumer finance companies, one of the worst-performing industries, in addition to strong results from portfolio companies CBOE Global Markets (CBOE) and First Financial (FFBC), aided results.
- Within Utilities, a meaningfully overweight (an average 7% for the quarter) positively contributed to results, while stock selection, including positions in multi-utility NiSource (NI), electric utility Alliant Energy (LNT), and gas utility Atmos Energy (ATO), also proved beneficial.

### The largest negative drivers of current quarter performance:

- Stock selection in Industrials detracted from results. Portfolio companies Broadridge Financial Solutions (BR) and RB Global (RBA) underperformed, reflecting headwinds from the current pressure facing software as a service (SaaS) related businesses.
- Within Information Technology, the portfolio's underweight position was a headwind as the sector managed to outperform despite notable headwinds to software companies. Weaker stock selection was primarily driven by not holding non-dividend payers Sandisk (SNDK), Lumentum Holdings (LITE), and Ciena Corporation (CIEN), as well as exposure to Amdocs (DOX) which underperformed for the quarter.
- Stock selection within Materials, driven by positions in RPM International (RPM) and Avery Dennison (AVY), negatively contributed to results. RPM has experienced short-term headwinds from economic and supply chain uncertainty, while AVY has faced a muted demand backdrop.

### Largest Relative Portfolio Contributors

- 1. Targa Resources (TRGP):** TRGP shares outperformed in 1Q2026 as the stock ran up leading into earnings as the market anticipated a strong report following higher revisions from producers in the Permian Basin. In the 4Q2025 report, TRGP reported results in line with the guide, beating consensus EBITDA expectations driven by higher-than-expected L&T EBITDA, which more than offset a miss in the Gathering & Processing segment. Following the report, TRGP shares have held on to gains as the market is pricing in the potential for higher oil prices resulting in more Permian activity, and a continuation of the hard assets trade.
- 2. DT Midstream (DTM):** DTM outperformed in 1Q2026 on the back of a strong earnings report and improved outlook on 2029 earnings. In the report, DTM reported in line results while reiterating the 2026 guide, however (most notably) the company raised its 5-year capex outlook +50%, indicating an even larger project runway. As a result, consensus estimates for 2029 earnings have been revised higher, adding to the stock's already strong performance in the beginning of the first quarter.
- 3. Hubbell (HUBB):** HUBB outperformed in 1Q2026 as investors responded positively to clear evidence of organic growth re-acceleration, with strong fourth-quarter sales and improving order momentum. Results were driven by rising demand tied to grid upgrades, data center power needs, and utility spending to support load growth and reliability, while margins also improved as higher volumes, pricing, and productivity flowed through. With a strong exit rate into 2026 and continued visibility from infrastructure-driven demand, the market is gaining confidence in HUBB's earnings durability and long-term growth outlook.

### Largest Relative Portfolio Detractors

- 1. Broadridge Financial Solutions (BR):** BR underperformed in 1Q2026. The company beat and modestly increased guidance during the most recent earnings report, highlighting its earnings compounding. We view the recent underperformance as primarily a factor of the AI-based disintermediation trade currently permeating through SaaS businesses, while acknowledging BR's strong regulatory-driven moat which should slow the impact of these changes to competitive dynamics.
- 2. Gildan Activewear (GIL):** GIL shares underperformed in 1Q2026 largely due to a few technical factors tied to its transformative acquisition of Hanes Brands, rather than any deterioration in business fundamentals. More broadly, we note GIL trades with cyclicity as a Consumer Discretionary company in a risk off environment, as we have seen relatively consistent multiple compression across the broader apparel sector. Ultimately, the deal integration is progressing ahead of schedule, and management has increased their synergies target, but the outcome of accelerated integration being lower sales and operating margin in 1Q2026 led to the negative reaction from the market.
- 3. Evercore (EVR):** As a best-in-class boutique M&A advisor, EVR has benefitted from the resurgence of previously dry and challenged capital markets. The stock outperformed greatly over the prior three years but underperformed in 1Q2026. Given the company's sensitivity to broad capital market and economic conditions, we expect it to continue to be volatile over short-term time periods, a dynamic that the portfolio is well-positioned to absorb given its risk profile and structure.

STRATEGY STYLE CATEGORIZATION

Asset Class	Benchmark	Mandate
Domestic Equity	Russell 2500	Small/Mid Cap Core

Investment Philosophy

Bahl & Gaynor employs a Growth at a Reasonable Price discipline to purchase high-quality companies at sensible valuations. It is our goal to seek attractive performance while preserving capital in declining markets. In addition, our focus on companies that pay a growing dividend has benefited our clients in the form of a reliable income stream.

We are long-term investors and seek to identify companies that are managed conservatively and for growth, have stable and sustainable business models, and reward shareholders with a growing dividend. It is our intention to identify the best companies that meet these criteria and hold them for long periods of time.

Bahl & Gaynor’s investment philosophy exemplifies our firm belief in the power of long-term investing and compounding dividend income.

smig® Small/Mid Cap Income Growth Positioning

Our smig® strategy focuses on owning small and medium-size companies with a market capitalization, at the time of purchase, between \$200 million and the largest company in the Russell 2500 within the prior 12-month period. Protection of capital in falling markets, providing an above-average and growing income stream, and strong performance all relative to small to medium-size company managers constitute the strategy’s goals.

Bahl & Gaynor’s equity selection process yields an investable universe of companies that are managed conservatively and for long-term growth, have stable and sustainable business models, and reward shareholders of the company with a growing dividend. From this investable universe, the smig® strategy seeks small to medium-size companies with the ability to grow their dividend payments at a high rate in the future.

Over a full market cycle, Bahl & Gaynor’s smig® strategy seeks to outperform its benchmark and small/mid-capitalization core peers all in the context of a lower-than-average portfolio risk profile.

Client portfolios will generally be diversified with each security typically held for three to five years. Low to moderate portfolio turnover combined with the favorable tax treatment of dividend income can result in a cost and tax-efficient portfolio

<p><b>Portfolio Management Parameters</b></p>	<p>1</p> <p>100% of companies held in the portfolio pay a cash dividend</p>	<p>2</p> <p>Portfolio typically managed to maximum 5% capital and 6% income contributions per stock</p>	<p>3</p> <p>Cash is frictional and generally represents 1% to 3% of portfolio value</p>
	<p>4</p> <p>Annual portfolio turnover is low to moderate</p>	<p>5</p> <p>Sell or trim decisions are based upon fundamentals, dividend policy, and deteriorating balance sheet</p>	<p>6</p> <p>The strategy employs no derivatives, exchange-traded funds or mutual funds</p>

**Portfolio Details (as of March 31, 2026)**

Top 10 Holdings	smig <sup>®</sup> Weight
Targa Resources (TRGP)	7.0%
Snap-On (SNA)	4.7%
Hartford Insurance Group (HIG)	4.4%
DT Midstream (DTM)	4.3%
Gildan Activewear (GIL)	4.2%
Victory Capital Holdings (VCTR)	4.2%
Hubbell (HUBB)	4.2%
NiSource (NI)	3.6%
US Physical Therapy (USPH)	3.3%
Evercore (EVR)	3.3%
<b>Total:</b>	<b>43.2%</b>

Sector	smig <sup>®</sup> Weight	Russell 2500 Weight
Financials	21.2%	15.9%
Industrials	19.4%	20.8%
Energy	12.7%	4.6%
Utilities	11.2%	3.0%
Real Estate	9.5%	5.2%
Consumer Discretionary	8.4%	10.7%
Materials	6.9%	5.7%
Health Care	3.3%	12.5%
Information Technology	3.2%	16.2%
Consumer Staples	2.8%	3.0%
Communication Services	0.0%	2.3%
Cash	1.5%	-

Portfolio Statistics	smig <sup>®</sup>	Russell 2500
P/E Ratio (TTM inc. negative earners)	19.9x	36.1x
Forward P/E Ratio (inc. negative earners)	17.2x	20.1x
Weighted Average Market Cap	\$17.6 B	\$11.4 B
Dividend Yield – Gross of Fees <sup>1</sup>	2.4%	1.3%
Daily Downside Capture since inception (Gross) <sup>3</sup>	73.6%	100.0%
Beta since inception (Gross)	0.78	1.00
Sharpe ratio since inception (Gross) <sup>4</sup>	0.63	0.52
Alpha since inception (Gross) <sup>5</sup>	2.20	0.00
TTM Turnover	20.6%	-

Source: Bahl & Gaynor, FactSet, Morningstar Direct, 2026. Inception date 3/31/2013.

Performance (Annualized)	smig <sup>®</sup> WRAP (Pure Gross)	smig <sup>®</sup> WRAP (Net)	Russell 2500
QTD (Cumulative)	2.72%	1.95%	2.04%
1 Year	5.57%	2.46%	23.45%
3 Years	10.83%	7.56%	13.25%
5 Years	6.62%	3.48%	5.48%
10 Years	10.23%	6.99%	10.58%
Since Inception	10.70%	7.44%	10.02%

Standard Deviation (Annualized)	smig <sup>®</sup> WRAP (Pure Gross)	smig <sup>®</sup> WRAP (Net)	Russell 2500
1 Year	10.61%	10.61%	10.74%
3 Years	14.25%	14.25%	17.24%
5 Years	15.61%	15.61%	18.51%
10 Years	16.11%	16.11%	19.11%
Since Inception	15.11%	15.11%	17.98%

Source: Bahl & Gaynor, Morningstar Direct, 2026. Inception date 3/31/2013.

<sup>1</sup>Dividend yield includes cash holdings. <sup>2</sup>The income growth rate for the Bahl & Gaynor smig<sup>®</sup> strategy is calculated as of the most recent quarter-end using the trailing twelve months of income earned in a model portfolio, with income reinvestment, compared to the income earned in the twelve-month period one year prior. The income growth rate for the Russell 2500 is calculated using the same methodology. <sup>3</sup>Source: Bahl & Gaynor; historical downside capture is the sum of strategy returns on all Russell 2500 down days divided by the sum of index returns on all respective down days. Down days are defined as any trading day the index posts a negative total return. smig<sup>®</sup> return is derived from the daily internal rate of return (IRR) of the separately managed account "house" composite because it reflects the strategy's approach. It is calculated on a gross of fee basis and does not incorporate the impact of advisory and other fees which will be experienced by investors. Daily returns for the WRAP composite are not available. <sup>4</sup>Sharpe Ratio measures the efficiency, or excess return per unit of risk (volatility), of a manager's returns. Inception: 3/31/2013. <sup>5</sup>Alpha is a measure of risk-adjusted return expected from a portfolio above the benchmark return at any point in time. Inception: 3/31/2013.

Source: FactSet, Bahl & Gaynor, 2026. Statistics and weight data is drawn from the Small/Mid Cap Income Growth model portfolio that is fully discretionary, unconstrained and subject to change. Individual Bahl & Gaynor clients may or may not hold these positions or have similar characteristics. Gross dividend yield figures for individual stocks are presented prior to the deduction of any applicable taxes, including foreign withholding taxes from American Depository Receipts (ADRs), and do not reflect investment-related fees, transaction costs, or advisory expenses. Risk and return data are representative of the Small/Mid Cap Income Growth WRAP composite. Net of fee performance information shown is calculated by subtracting the highest applicable wrap fee (3.00% on an annual basis, or 0.75% quarterly) on a quarterly basis from the gross composite quarterly return and reflects the reinvestment of income and other earnings. The standard fee schedule in effect is 3.00% on total assets. **Past performance does not guarantee future results.** Other methods may produce different results and the results for individual accounts and for different periods may vary depending on market conditions and the composition of the account. Care should be used when comparing these results to those published by other investment advisers, other investment vehicles and unmanaged indices due to possible differences in calculation methods. No alteration of the composite as presented here has occurred because of changes in personnel or other reasons at any time.

## THANKS!

Your continued support and interest are much appreciated.

Everyone at Bahl & Gaynor would like to thank you for the opportunity to serve your investment needs. If you would like to speak in greater detail with a member of the B&G Team, please reach out to us through our Institutional Consulting Group.

Contact Us

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