

# Fiduciary Management, Inc.

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Quarterly Review - March 31, 2025

## FMI Small Cap Equity

Performance	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Small Cap (Gross)	-3.13%	-3.13%	-1.11%	10.67%	20.01%	10.38%	13.80%
Small Cap (Net)	-3.31%	-3.31%	-1.84%	9.85%	19.12%	9.53%	12.92%
Russell 2000 Index	-9.48%	-9.48%	-4.01%	0.52%	13.27%	6.30%	10.05%
Russell 2000 Value Index	-7.74%	-7.74%	-3.12%	0.05%	15.31%	6.07%	11.32%

Inception: January 1, 1980

Performance is preliminary and subject to reconciliation.

### Investment Philosophy:

Purchase durable business franchises that are selling at a discount to their intrinsic value.

### Investment Process:

We utilize a business owner's approach to investing, thoroughly investigating the economics of the business and the quality of the management team. Some of the characteristics of good businesses include strong recurring revenue and attractive returns-on-invested capital (ROIC). We have a strong orientation to low absolute and relative valuation, which are key to the execution of our investment strategy. A new idea will come from a variety of sources including company visits, screens, conferences, trade periodicals and general reading. All members of the research team are responsible for fundamental research.

Once an investment opportunity is identified it is put through an extensive due diligence process, which typically includes management interviews and site visits. When an acceptable level of conviction is achieved, the appropriate weighting (considering liquidity, valuation, etc.) is discussed and determined. A new company purchased in the portfolio will usually have an initial position size of 1-3%. The portfolio generally consists of 30-40 companies and is diversified across industries.

We are long-term investors, a typical holding period for our companies is three to five years, and portfolio turnover averages 20-40% per annum.

Portfolio Management Committee (PMC)	Research Team
Jonathan T. Bloom, CFA	✓
John S. Brandser	
Patrick J. English, CFA	✓
Robert M. Helf, CFA	✓
Benjamin D. Karek, CFA	✓
Jake E. Strole, CFA	✓
Matthew T. Sullivan, CFA	✓
Jordan S. Teschendorf, CFA	✓
Dain C. Tofson, CFA	✓

Please note disclosure footnote on reverse side.

<sup>1</sup>Estimated valuations are based on a representative account from the FMI Small Cap Equity Composite, and are weighted average calculations, not reweighted to exclude cash, and financial companies are excluded from the EV/EBITDA calculation. Valuations for the portfolio are modified based on criteria identified by FMI. For more detailed information regarding these valuations, please contact FMI.

### Top 10 – Portfolio Holdings:

Genpact Ltd.	5.1%
Aramark	4.9%
BJ's Wholesale Club Holdings Inc.	4.6%
Henry Schein Inc.	4.2%
Donaldson Co. Inc.	4.1%
Valvoline Inc.	4.1%
Skechers U.S.A. Inc. Cl A	4.0%
Arrow Electronics Inc.	3.9%
FirstCash Holdings Inc.	3.9%
Simpson Manufacturing Co. Inc.	3.7%

### Portfolio Characteristics:<sup>1</sup>

P/E Ratio (trailing one year)	19.9x
FY1 P/E Ratio (forward)	16.0x
FY2 P/E Ratio (forward)	14.0x
P/S Ratio	1.6x
P/B Ratio	3.4x
EV/EBITDA Ratio	11.9x
Number of Holdings	28
Active Share	99%

### Recent Purchase:

Hayward Holdings Inc.      Ticker: HAYW      Added: December 2024

Hayward is a pool equipment manufacturer that primarily serves the residential pool market. Their products include pumps, automation and sanitization equipment, pool heaters, filters, lighting and water features, and cleaners. The company estimates that 50% of its business comes from repair/replacement sales which provides a stable revenue base. Pool service professionals recommend and install products for end customers. They care about a host of factors more than price when selecting equipment, as they're not ultimately paying for the product, which creates barriers to entry and strong pricing power for incumbent players. The industry has historically raised price to at the very least offset cost inflation, and in many years has priced above cost inflation. We believe a good time to buy the business is when discretionary spending is depressed, as is the case today. New pool construction is at its lowest point since 2014, and remodel activity is subdued. The shares appear to be a good relative value in an expensive market. We initiated a 1.5% position in December 2024.

### Recent Sale:

TriMas Corp.      Ticker: TRS      Sold: March 2025

TriMas is a global manufacturer of engineered products to the packaging (70% of sales) and aerospace (30% of sales) industries. The packaging business makes specialty closures and dispensers for consumer and industrial products that are sold to a variety of end markets. The aerospace business is a leading supplier of highly engineered fasteners. The company's packaging business has underperformed our growth and margin expectations. This has led to concerns around the quality of the management team, as well as concerns about the commoditization of products and competitive intensity in the industry. Despite some encouraging recent developments, including the announcement of a CEO transition and a strategic review of the business segments, there's no guarantee of a successful outcome, and these actions weren't enough to overcome our concerns. We decided to sell our 1.4% position in favor of other holdings within the portfolio.

**Fiduciary Management Inc.**  
**Small Cap Equity Composite**  
**12/31/2014 - 12/31/2024**

Year	Total Return Gross of Fees %	Total Return Net of Fees %	*Benchmark Return %	Number of Portfolios	Dispersion %	Three Year Ex-Post Standard Deviation		Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
						Composite	*Benchmark			
2015	-5.72	-6.52	-4.41	171	0.34	11.18%	13.98%	\$ 2,597.2	\$ 21,042.9	12.34%
2016	21.65	20.65	21.31	171	0.46	12.02%	15.77%	\$ 2,596.0	\$ 22,626.7	11.47%
2017	15.42	14.49	14.65	171	0.84	11.12%	13.91%	\$ 2,774.0	\$ 25,322.0	10.96%
2018	-8.10	-8.83	-11.01	160	0.74	11.73%	15.79%	\$ 2,220.4	\$ 19,833.6	11.20%
2019	27.14	26.17	25.53	119	1.83	12.44%	15.71%	\$ 2,415.0	\$ 22,609.9	10.68%
2020	4.40	3.60	19.96	104	1.49	21.15%	25.27%	\$ 2,079.2	\$ 16,284.2	12.77%
2021	31.74	30.77	14.82	102	0.60	21.11%	23.35%	\$ 2,294.9	\$ 17,068.4	13.45%
2022	-4.98	-5.70	-20.40	96	0.29	22.76%	26.02%	\$ 2,173.9	\$ 13,021.5	16.69%
2023	26.34	25.41	16.93	92	0.38	18.02%	21.11%	\$ 3,050.0	\$ 14,729.1	20.71%
2024	11.46	10.65	11.54	93	0.23	18.11%	23.30%	\$ 3,616.0	\$ 14,761.5	24.50%

\*Benchmark: Russell 2000 Index®

Returns reflect the reinvestment of dividends and other earnings.

The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss.

Fiduciary Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Fiduciary Management, Inc. has been independently verified for the periods 12/31/1993 - 12/31/2024. A firm that claims compliance with the GIPS standards must establish policies and procedures 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. The Small Cap Equity Composite has had a performance examination for the periods 12/31/1993 - 12/31/2024. The verification and performance examination reports are available upon request.

FMI was founded in 1980 and is an independent investment counseling firm registered with the SEC and the State of Wisconsin. The firm manages over \$14.7 billion in assets of pension and profit sharing trusts, mutual funds, Taft-Hartley funds, insurance company portfolios, endowments and personal trusts. The firm includes both institutional and mutual fund business. Although the firm has participated in wrap programs, it is a separate and distinct business, and is excluded from firm-wide assets.

The FMI Small Cap Equity Composite was created and inceptioned in January 1980. These accounts primarily invest in small to medium capitalization US equities.

The FMI Small Cap Equity Composite reflects time-weighted and asset-weighted returns for all discretionary accounts, with a market value greater than \$500,000 as of month end. A small percentage of composite assets (typically ranging from 0-5%) historically has been invested in unmanaged fixed income securities at the direction of account holders. From December 31, 1993 thru September 30, 2002 all accounts included were managed for at least one quarter, from October 1, 2002 to present all accounts were managed for at least one month. All returns are calculated using United States Dollars and are based on monthly valuations using trade date accounting. All accounts in this composite are fee paying. Gross of fees returns are calculated gross of management fees, gross of custodial fees, gross of withholding taxes and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodial fees and withholding taxes. Dispersion is calculated using the equal weighted standard deviation of all accounts in the composite for the entire period. As of 12/31/2011, the trailing three year annualized ex-post standard deviation for the Composite and Benchmark are required to be stated per GIPS®. FMI uses gross returns to calculate these.

Currently, the advisory fee structure for the FMI Small Cap Equity Composite portfolios is as follows:

Up to \$25,000,000	0.85%
\$25,000,001-\$50,000,000	0.80%
\$50,000,001-\$100,000,000	0.70%
\$100,000,001 and above	0.60%

The firm generally requires a minimum of \$3 million in assets to establish a discretionary account. High Net Worth individuals may establish an account with a minimum of \$1,000,000, however, the firm reserves the right to charge a minimum dollar fee for High Net Worth individuals depending on the client servicing involved. The minimum account sizes do not apply to new accounts for which there is a corporate, family, or other substantial relationship to existing accounts. In addition, the firm reserves the right to waive the minimum account size and minimum annual fee under certain circumstances. A complete list and description of all firm composites and FMI distributed mutual funds are available upon request.

The Russell 2000 Index® measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Small Cap Equity composite uses the Russell 2000 Index® as its primary index comparison.

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