Small-Cap Value Stocks: Strategies and 2025 Portfolio Review

John M. Bajkowski
President, AAII
johnb@aaii.com

This Afternoon's Agenda

- Background on research and theory behind the Shadow Stock strategy
- Present model portfolio construction and management rules
- Review Model Shadow Stock and market performance
  - Highlight AAII resources to follow the approach including the current portfolio holdings and ideas list

Shadow Stock Origin Story

- January 1993 AAII Journal: Thinly Traded Stocks: Putting a Practical Approach to the Test by James Cloonan
- The Model Shadow Stock Portfolio developed from an attempt to codify the lessons of academic studies into a set of practical portfolio selection and trading rules that an individual investor could follow with minimal effort
- The portfolio has allowed us to share the problems and procedures of managing a portfolio of small stocks using a quantitative approach

	Average Monthly Returns (July 1963 to December 1990) (%)										
		High			Price-to-Book-Value Ratio						Low
	All	1	2	3	4	5	6	7	8	9	10
All Stocks	**1.23**	**0.64**	**0.98**	**1.06**	**1.17**	**1.24**	**1.26**	**1.39**	**1.40**	**1.50**	**1.63**
Size Deciles											
1-Largest	**0.89**	0.93	0.88	0.84	0.71	0.79	0.83	0.81	0.96	0.97	**1.18**
2	**0.95**	0.44	0.89	0.92	1.00	1.05	0.93	0.82	1.11	1.04	**1.22**
3	**1.08**	0.66	1.13	0.91	0.95	0.99	1.01	1.15	1.05	1.29	**1.55**
4	**1.07**	0.95	1.00	0.99	0.83	0.99	1.13	0.99	1.16	1.10	**1.47**
5	**1.15**	0.70	0.98	1.14	1.23	0.94	1.27	1.19	1.19	1.24	**1.50**
6	**1.24**	0.88	0.65	1.08	1.47	1.13	1.43	1.44	1.26	1.52	**1.49**
7	**1.19**	0.39	0.72	1.06	1.36	1.13	1.21	1.34	1.59	1.51	**1.47**
8	**1.22**	0.56	0.88	1.23	0.95	1.36	1.30	1.30	1.40	1.54	**1.60**
9	**1.22**	0.43	1.05	0.96	1.19	1.33	1.19	1.58	1.28	1.43	**1.79**
10-Smallest	**1.47**	**0.70**	**1.14**	**1.20**	**1.43**	**1.56**	**1.51**	**1.70**	**1.71**	**1.82**	**1.92**

Source: The Cross-Section of Expected Stock Returns, Eugene Fama & Kenneth French, The Journal of Finance, June 1992

Performance by Market Cap

Decile	1926 to 2023 Annual Return (%)	Return Above Decile 1	Average Return (%)	Standard Deviation (%)	# of Firms	Largest Stock	% of Total Market Cap	% of Total Cos
1-Largest	9.7	--	11.4	18.9	205	$2,662.3 bil	75.8	6.5
2	10.6	0.9	12.7	21.1	203	$36.39 bil	10.7	6.4
3	10.9	1.2	13.4	23.0	218	$14.82 bil	5.1	6.9
4	10.7	1.0	13.6	25.0	207	$7.46 bil	2.8	6.5
5	11.2	1.5	14.2	25.6	234	$4.62 bil	2.0	7.4
6	11.2	1.5	14.5	26.6	272	$3.01 bil	1.5	8.6
7	11.5	1.8	15.2	28.4	308	$1.86 bil	1.0	9.7
8	11.0	1.3	15.3	32.2	327	$1.05 bil	0.6	10.3
9	11.2	1.5	16.4	36.2	450	$554.5 mil	0.4	14.2
10-Smallest	**12.9**	**3.2**	**19.5**	**41.3**	**741**	**$212.6 mil**	**0.1**	23.4
Large Cap, S&P 500	10.3		12.2	19.6	500	$2,662.3 bil	86.6	15.8
Mid Cap, Deciles 3-5	10.9		13.6	23.9	659	$14.82 bil	9.9	20.8
Small Cap, Deciles 6-8	11.3		14.9	28.1	907	$3.01 bil	3.0	28.7
Micro Cap, Deciles 9-10	11.8		17.4	37.7	1,191	$554.5 mil	0.5	37.6
Treasury Bills	3.3		3.3	3.1				
Inflation	2.9		3.0	4.0				

Past performance is no guarantee of future results.

Source: Kroll, Morningstar and CRSP.

Learning Objectives

- Background on research and theory behind the Shadow Stock strategy
- Present model portfolio construction and management rules
- Review Model Shadow Stock and market performance
  - Highlight AAII resources to follow the approach including the current portfolio holdings and ideas list

Shadow Stock Primary Size Consideration: Market Capitalization

- Investable universe: Domestic stocks in the lowest 10% of market cap as defined by NYSE-listed companies
  - NYSE-listed stocks used to establish market cap levels
- Currently buy NYSE, Nasdaq and Amex-listed stocks with market cap below $400 million
  - Original cutoff: $55 million in 1993
  - Highest cutoff: $500 million (June 2021-Feb 2022)
  - Current cutoff: $400 million since December 2024

Shadow Stock Primary Value Consideration: Price-to-Book-Value Ratio

- Buy stocks with price-to-book-value ratio in the bottom 10%
  - Currently, maximum P/B is 0.90
    - Original cutoff of 0.61 in 1993
    - Lowest cutoff of 0.60 from August 2000 to October 2003
    - Highest cutoff of 1.10 from June 2021 to February 2022
  - Median P/B of S&P 500:
    - Current: 3.56 (12/2025)
    - Year Ago: 3.62 (12/2024)
    - Two Years Ago: 3.47 (12/2023)
    - Three Years Ago: 3.25 (12/2022)

Minimum Liquidity

- Only interested in stocks that have an adequate market for us to take a position
  - Avoid stocks in danger of being delisted
- Currently buy stocks with a minimum market cap of $30 million
  - Original minimum of $10 million in 1993
  - Current minimum of $30 since December 2012
- No OTC stocks (bulletin board or pink sheets)
- The share price must be greater than $4

Financial Considerations

- Positive earnings from continuing operations over the last quarter and trailing 12 months (last 4 quarters)
  - When available, consensus estimates must also be positive for current quarter and year
- Avoid any stock that was sold from the portfolio in the last two years
  - Avoid marginal stocks that are forever marginal, creating high transaction costs
  - Avoid cyclical stocks going from profits, to losses, to profits, etc.
- Avoid stocks not listed on U.S. exchanges (also avoid Chinese & Russian firms)
  - Potential for different accounting procedures
  - Withholding taxes on dividends
- Avoid financial stocks, leasing & rental companies, REITs & limited partnerships, etc.
  - High levels of acceptable liabilities make it difficult to make meaningful comparisons of popular ratios
- Avoid companies that have not filed a quarterly SEC report (10-Q) in last six months

Portfolio Construction

- 10-stock portfolio: minimum number of holdings
- 15 to 20 stocks: $100,0000 to $1 million
- 25+ stocks: Over $1 million
- Try to invest equal dollar amounts in each security
- If building a portfolio slowly by adding stocks over time, try to establish positions that will represent desired portfolio percentage

Current AAII Model Shadow Stock Portfolio

(Ranked by P/Book Ratio)

Company	Ticker	Price	52-Week High	52-Week Low	Market Cap (Mil)	P/E Ratio(X)	P/Book Ratio(X)	26-Wk Rel Price Rank	Sector	Notes
Castor Maritime Inc.	CTRM	$2.17	$2.96	$1.84	$21	nmf	0.04	65%	Industrials	TTM adjusted EPS positive
Regis Corporation	RGS	$26.21	$31.50	$15.00	$66	0.6	0.35	64%	Consumer Disc	Currently qualifies
StealthGas Inc.	GASS	$7.17	$8.18	$4.90	$260	3.7	0.42	85%	Energy	Currently qualifies
Saga Communications, Inc.	SGA	$11.50	$14.27	$10.80	$73	239.5	0.46	42%	Comm Services	
Amplify Energy Corp.	AMPY	$4.42	$6.62	$2.27	$187	nmf	0.48	42%	Energy	TTM adjusted EPS positive
DMC Global Inc.	BOOM	$7.12	$9.92	$5.46	$141	nmf	0.56	35%	Energy	TTM adjusted EPS positive
Oil States International	OIS	$7.32	$7.19	$3.08	$422	18.6	0.61	93%	Energy	
Lakeland Industries, Inc.	LAKE	$9.03	$27.28	$7.77	$87	nmf	0.64	38%	Consumer Disc	Earnings probation 2025Q3
FONAR Corporation	FONR	$18.53	$18.86	$12.00	$121	17.1	0.69	13%	Health Care	Currently qualifies
Alpha Pro Tech, Ltd.	APT	$4.56	$6.20	$4.06	$47	13.4	0.75	90%	Industrials	Currently qualifies
Park-Ohio Holdings Corp.	PKOH	$21.05	$26.31	$15.52	$286	10.0	0.76	59%	Industrials	Currently qualifies
NACCO Industries, Inc.	NC	$46.32	$53.88	$30.00	$357	12.3	0.84	67%	Energy	Currently qualifies
Olympic Steel, Inc.	ZEUS	$45.24	$45.41	$26.32	$491	37.5	0.85	81%	Materials	
Rocky Brands, Inc.	RCKY	$29.09	$33.40	$11.93	$215	10.5	0.87	29%	Consumer Disc	Currently qualifies
NCS Multistage Holdings	NCSM	$39.70	$53.69	$23.89	$101	8.7	0.91	73%	Energy	
Euroseas Ltd.	ESEA	$54.20	$66.00	$26.30	$380	2.9	1.01	76%	Industrials	
Friedman Industries, Inc	FRD	$20.33	$23.50	$12.24	$144	12.4	1.03	61%	Materials	
Pangaea Logistics Solutions	PANL	$6.74	$7.42	$3.93	$434	25.0	1.04	79%	Industrials	
Core Molding Tech	CMT	$19.42	$22.29	$12.25	$167	21.0	1.07	27%	Materials	
Escalade, Incorporated	ESCA	$13.85	$16.99	$11.41	$189	14.9	1.10	85%	Consumer Disc	
Kimball Electronics, Inc.	KE	$29.42	$33.19	$12.41	$701	30.0	1.21	73%	Information Tech	
Covenant Logistics Group	CVLG	$22.76	$29.47	$17.46	$559	20.8	1.32	82%	Industrials	
Ennis, Inc.	EBF	$18.20	$22.01	$16.30	$461	11.1	1.51	80%	Industrials	
Vishay Precision Group	VPG	$40.17	$40.32	$18.57	$522	65.7	1.54	30%	Information Tech	
Natural Gas Services Group	NGS	$34.57	$34.57	$16.73	$432	23.4	1.59	71%	Energy	
Mistras Group, Inc.	MG	$13.75	$13.43	$7.06	$408	22.7	1.79	76%	Industrials	
Smith Douglas Homes	SDHC	$17.54	$26.12	$15.00	$152	nmf	1.85	24%	Consumer Disc	TTM adjusted EPS positive
Gilat Satellite Networks	GILT	$13.89	$15.24	$5.30	$862	34.1	2.43	68%	Information Tech	Approaching value limit
Portfolio Average					**$296**	**28.5**	**0.99**	**61%**		

Data as of 1/2/2026

American Association of Individual Investors

Shadow Stock Portfolio Management Rules

- Decisions are made at the end of the quarter once the earnings results have been announced
  - Typically, in early March, June, September & December
- Use best judgment for mergers/tenders, but still follow rules

Shadow Stock Portfolio Sell Rules

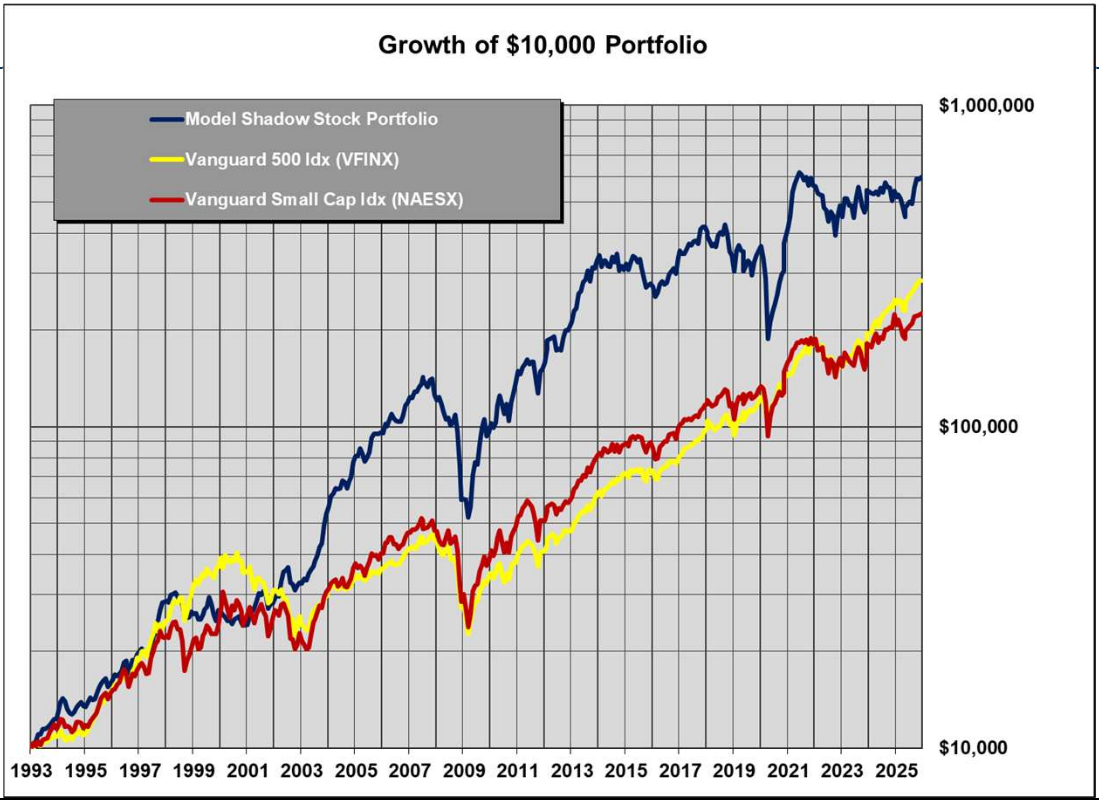
- **Price-to-book-value ratio > 3x** current buy factor
  - 3 × 0.9 = 2.7
  - Sell if there are suitable replacements
- **Market cap > 3x** current buy factor
  - 3 × $400 mil = $1,200 million
  - Sell if there are suitable replacements
- **Adjusted EPS 12m Negative**
  - Not GAAP earnings
  - Stock placed on probation when quarterly results push trailing 12- month EPS negative
  - If subsequent quarter company has negative EPS while trailing 12-month EPS still negative, stock is sold
    - If subsequent quarterly EPS is positive but trailing 12-month EPS is negative, stock remains on probation
  - Sell even if no suitable replacements
- **Sell holdings older than four years**, unless up since purchase and not currently passing
  - Sell if there are suitable replacements

Knowing When to Sell

- Rules help to overcome emotions
  - Sell when stock is no longer attractive and better opportunities are available
  - Consider rebalancing when positions put portfolio way out of balance
  - Shadow Stock Portfolio sell rules (value & size) normally keep positions from getting too large for very long

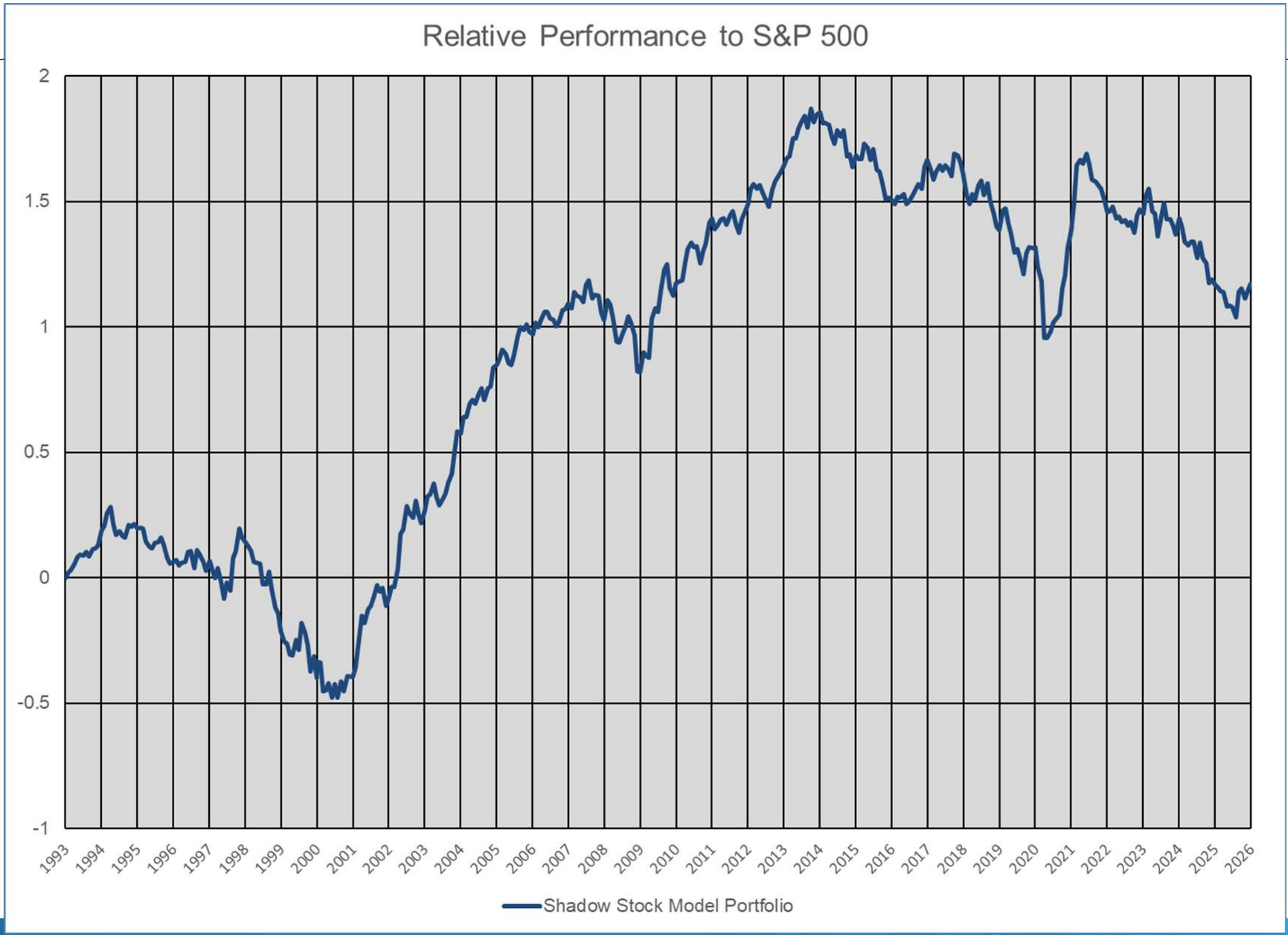
Learning Objectives

- Background on research and theory behind the Shadow Stock strategy
- Present model portfolio construction and management rules
- Review Market and Model Shadow Stock performance
- Highlight AAII resources to follow the approach including the current portfolio holdings and ideas list



Portfolio	Monthly Return (%)	YTD Return (%)	Annual Return (%) 1-Year	5-Year	10-Year	20-Year	Since Inception	Last 3 Years Ann'l Ret (%)	Risk-Adj Ret	Ann'l Std Dev (%)	Since Inception Ann'l Ret (%)	Risk-Adj Ret (%)	Ann'l Std Dev (%)
Model Shadow Stock Portfolio	**2.9**	**18.8**	**18.8**	**8.2**	**8.5**	**9.8**	**13.3**	**11.0**	**10.9**	**21.9**	**13.3**	**12.5**	**21.8**
Vanguard 500 Index (VFINX)	0.0	17.7	17.7	14.3	14.7	10.9	10.7	22.8	22.8	11.8	10.7	10.7	14.7
Vanguard Small Cap Index (NAESX)	0.1	8.7	8.7	7.2	10.2	9.0	9.9	13.6	12.7	17.7	9.9	9.6	18.9
Dimensional U.S. Micro Cap (DFSCX)	0.4	7.6	7.6	10.6	10.1	8.4	10.9	12.2	11.8	19.0	10.9	10.9	20.3

Data as of 12/31/2025.


Relative Performance to S&P 500
2
1.5
1
0.5
0
-0.5
-1
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Shadow Stock Model Portfolio

Time Frame and Performance

(Rolling Periods 1993 - 2025)

Holding Period	Percentage of Holding Periods That Resulted in Better Performance: Model Shadow Stock Outperformed	S&P 500 Outperformed
1 Month	51% (203 out of 396)	49% (193 out of 396)
1 Year	51% (197 out of 385)	49% (188 out of 385)
3 Year	48% (175 out of 361)	52% (186 out of 361)
5 Year	58% (195 out of 337)	42% (142 out of 337)
10 Year	74% (205 out of 277)	26% (72 out of 277)
15 Year	82% (178 out of 217)	18% (39 out of 217)
20 Year	90% (142 out of 157)	10% (15 out of 157)

Data as of 12/31/2025.

Past performance is no guarantee of future results.

Size Leadership Runs in Streaks

Sources: Capital Group, Ibbotson, Morningstar, Standard and Poor's. Small cap returns are represented by monthly total returns for the Ibbotson Small Company Stocks Index; large cap returns are represented by monthly total returns for the S&P 500 Index. Data as of September 30, 2024.

Corrections Over Existence of Model Shadow Stock Portfolio (computed with monthly total returns)		
Corrections (10% or greater decline)	**Model Shadow Stock Portfolio**	**Vanguard 500 Index (VFINX)**
Number Observed	11	6
Average Length	1.7 years	2.4 years
Shortest Duration	2 months	4 months
Longest Duration	4.6 years	6.2 years
Average Drawdown	(26.1%)	(28.1%)
Largest Drawdown	(63.4%)	(51.0%)
Bear Markets (20% or greater decline)		
Number Observed	6	4
Average Length	2.7 years	3.3 years
Shortest Duration	8 months	6 months
Longest Duration	4.6 years	6.2 years
Average Drawdown	(37.4%)	(34.8%)
Largest Drawdown	(63.4%)	(51.0%)
Returns Since Inception		
Total Return	6,052.8%	2,635.3%
Annualized Return	13.3%	10.7%
Monthly Holding Periods with Losses	40% (158 out of 396)	34% (133 out of 396)
1-Year Holding Periods with Losses	29% (110 out of 385)	18% (69 out of 385)
5-Year Holding Periods with Losses	5% (16 out of 337)	15% (49 out of 337)
10-Year Holding Periods with Losses	0% (0 out of 277)	9% (24 out of 277)
15-Year Holding Periods with Losses	0% (0 out of 217)	0% (0 out of 217)

Figures calculated from monthly total returns. Data as of 12/31/2025.
Past performance is no guarantee of future results.

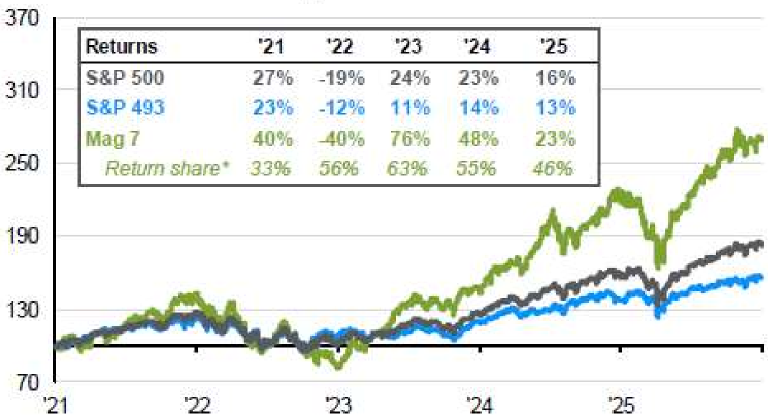
S&P Indexes	Total Returns													
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
S&P 500	17.9%	25.0%	26.3%	(18.1%)	28.7%	18.4%	31.5%	(4.4%)	21.8%	12.0%	1.4%	13.7%	32.4%	16.0%
S&P 500 Growth	22.2%	36.1%	30.0%	(29.4%)	32.0%	33.5%	31.1%	(0.0%)	27.4%	6.9%	5.5%	14.9%	32.8%	14.6%
S&P 500 Value	13.2%	12.3%	22.2%	(5.2%)	24.9%	1.4%	31.9%	(9.0%)	15.4%	17.4%	(3.1%)	12.4%	32.0%	17.7%
S&P MidCap 400	7.5%	13.9%	16.4%	(13.1%)	24.8%	13.7%	26.2%	(11.1%)	16.2%	20.7%	(2.2%)	9.8%	33.5%	17.9%
S&P MidCap 400 Growth	7.5%	15.9%	17.5%	(19.0%)	18.9%	22.8%	26.3%	(10.3%)	19.9%	14.8%	2.0%	7.6%	32.8%	17.3%
S&P MidCap 400 Value	7.6%	11.7%	15.4%	(6.9%)	30.7%	3.7%	26.1%	(11.9%)	12.3%	26.5%	(6.7%)	12.1%	34.3%	18.5%
S&P SmallCap 600	6.0%	8.7%	16.1%	(16.1%)	26.8%	11.3%	22.8%	(8.5%)	13.2%	26.6%	(2.0%)	5.8%	41.3%	16.3%
S&P SmallCap 600 Growth	5.4%	9.6%	17.1%	(21.1%)	22.6%	19.6%	21.1%	(4.1%)	14.8%	22.2%	2.8%	3.9%	42.7%	14.6%
S&P SmallCap 600 Value	6.7%	7.6%	14.9%	(11.0%)	31.0%	2.5%	24.5%	(12.6%)	11.5%	31.3%	(6.7%)	7.5%	40.0%	18.2%

The S&P 500 Is Very Concentrated

Source: J.P. Morgan Asset Management; data as of 12/31/25

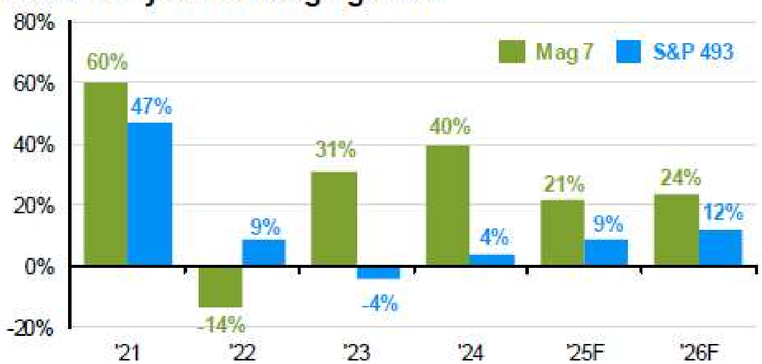
Magnificent 7 performance in the S&P 500

Indexed to 100 on 1/1/2021, price return



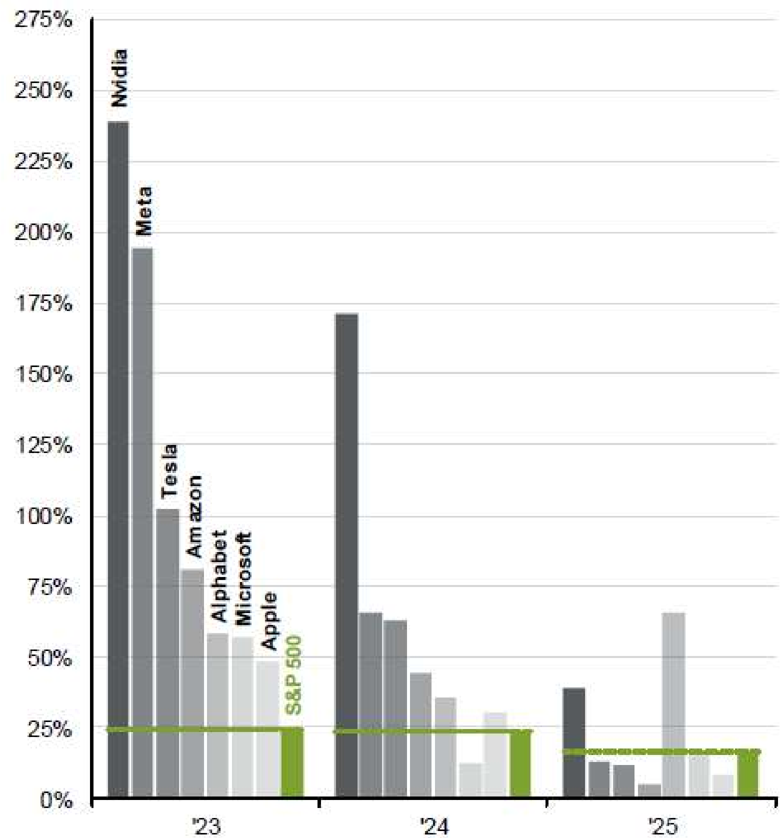
Returns	'21	'22	'23	'24	'25
S&P 500	27%	-19%	24%	23%	16%
S&P 493	23%	-12%	11%	14%	13%
Mag 7	40%	-40%	76%	48%	23%
*Return share**	*33%*	*56%*	*63%*	*55%*	*46%*

Year-over-year earnings growth



Magnificent 7 performance dispersion

Price return



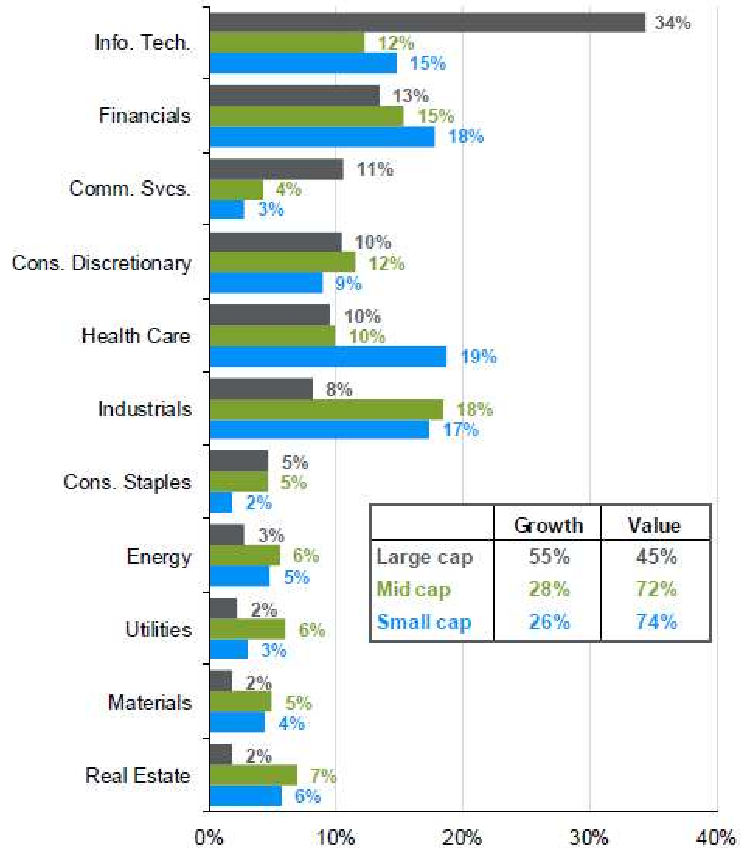
Source: J.P. Morgan Asset Management; data as of 12/31/25

S&P 500 Sectors	Total Returns 2025	2024	2023	2022	2021	2020	2019
Communication Services	33.6%	40.2%	55.8%	(37.7%)	16.0%	23.6%	32.7%
Information Technology	24.0%	36.6%	57.8%	(27.6%)	34.7%	43.9%	50.3%
Industrials	19.4%	17.5%	18.1%	(5.5%)	21.1%	11.1%	29.3%
Utilities	16.0%	23.4%	(7.1%)	1.6%	17.7%	0.5%	26.4%
Financials	15.0%	30.6%	12.2%	(10.5%)	35.0%	(1.8%)	32.1%
Health Care	14.6%	2.6%	2.1%	(2.0%)	26.1%	13.5%	20.9%
Materials	10.5%	(0.0%)	12.6%	(12.3%)	27.3%	20.7%	24.6%
Energy	8.7%	5.7%	(1.3%)	64.6%	53.4%	(33.7%)	11.8%
Consumer Discretionary	6.0%	30.1%	42.4%	(36.2%)	28.0%	33.3%	27.9%
Consumer Staples	3.9%	14.9%	0.5%	(0.7%)	17.3%	10.8%	27.6%
Real Estate	3.2%	5.2%	12.4%	(26.1%)	46.2%	(2.2%)	29.0%
S&P Indexes	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
S&P 500	17.9%	25.0%	26.3%	(18.1%)	28.7%	18.4%	31.5%
S&P 500 Growth	22.2%	36.1%	30.0%	(29.4%)	32.0%	33.5%	31.1%
S&P 500 Value	13.2%	12.3%	22.2%	(5.2%)	24.9%	1.4%	31.9%
S&P MidCap 400	7.5%	13.9%	16.4%	(13.1%)	24.8%	13.7%	26.2%
S&P MidCap 400 Growth	7.5%	15.9%	17.5%	(19.0%)	18.9%	22.8%	26.3%
S&P MidCap 400 Value	7.6%	11.7%	15.4%	(6.9%)	30.7%	3.7%	26.1%
S&P SmallCap 600	6.0%	8.7%	16.1%	(16.1%)	26.8%	11.3%	22.8%
S&P SmallCap 600 Growth	5.4%	9.6%	17.1%	(21.1%)	22.6%	19.6%	21.1%
S&P SmallCap 600 Value	6.7%	7.6%	14.9%	(11.0%)	31.0%	2.5%	24.5%

Source: S&P Dow Jones Indices LLC. Data as of 12/31/2025.

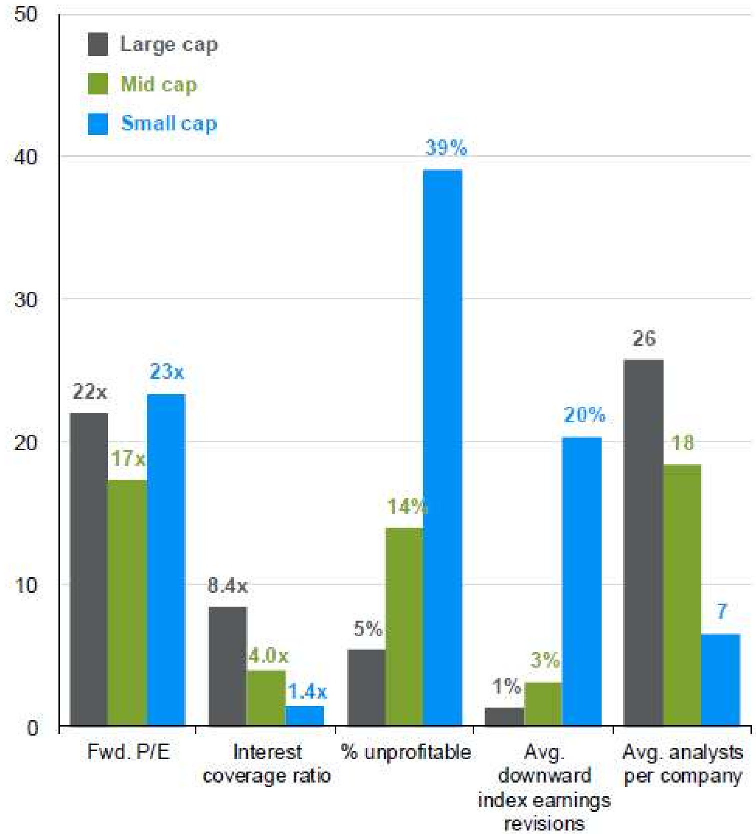
Small caps, mid caps and large caps

Percent of market capitalization by sector



	Growth	Value
Large cap	55%	45%
Mid cap	28%	72%
Small cap	26%	74%

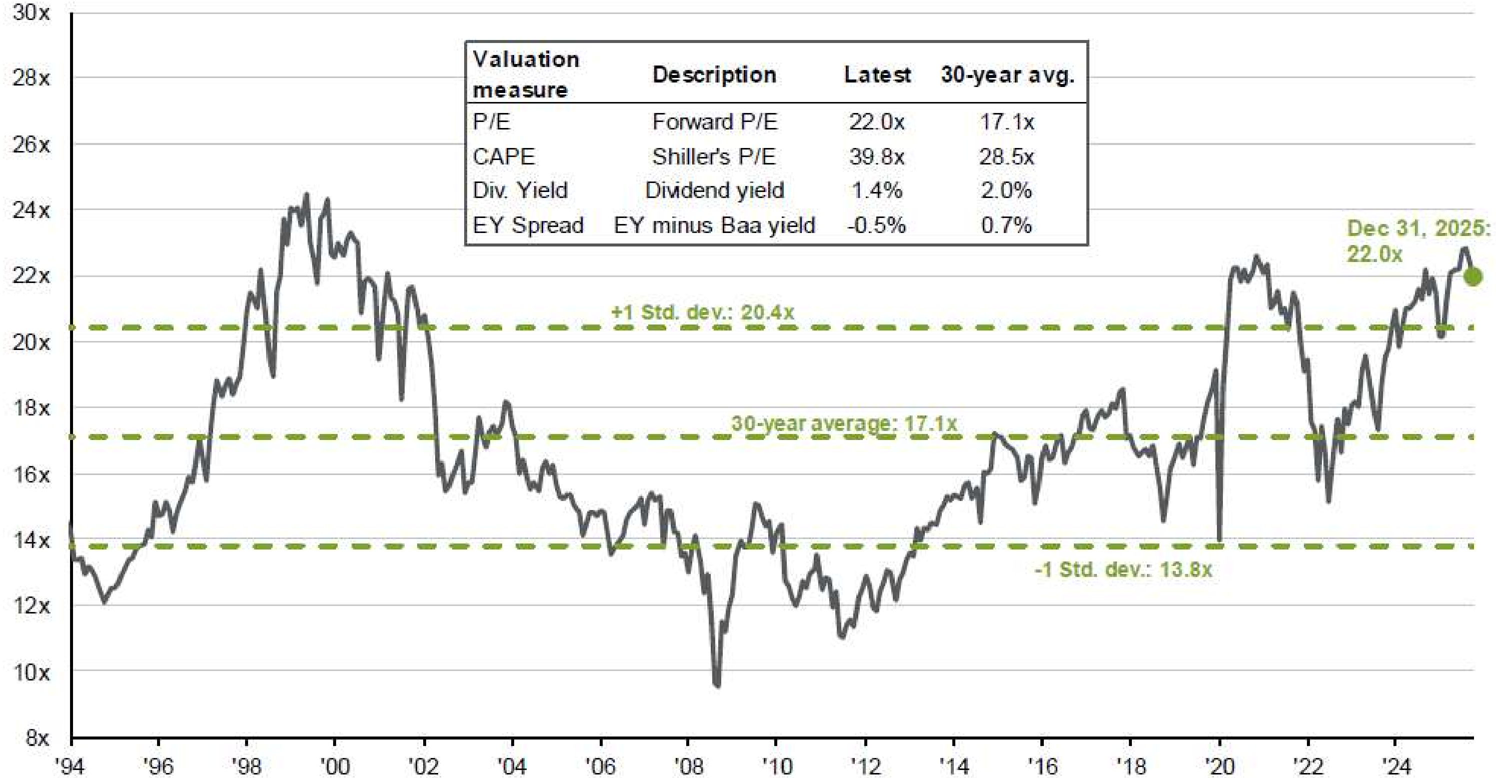
Valuations, interest coverage and earnings



Source: J.P. Morgan Asset Management; data as of 12/31/25

S&P 500 valuation measures

S&P 500 index: Forward P/E ratio



Valuation measure	Description	Latest	30-year avg.
P/E	Forward P/E	22.0x	17.1x
CAPE	Shiller's P/E	39.8x	28.5x
Div. Yield	Dividend yield	1.4%	2.0%
EY Spread	EY minus Baa yield	-0.5%	0.7%

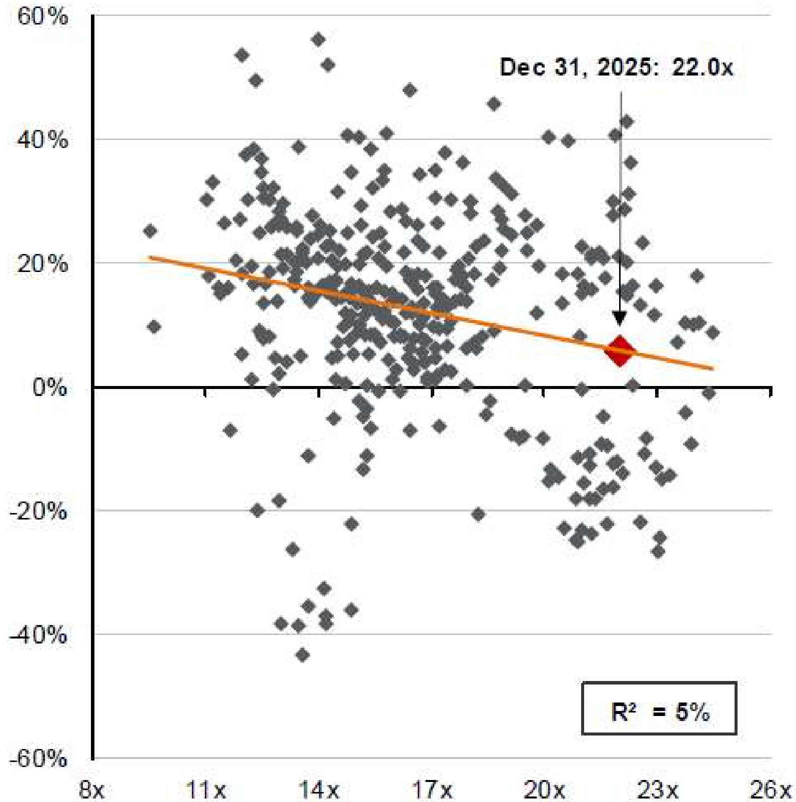
Data Source: JPMorgan Asset Management Guide to the Markets; Data as of 12/31/25.

P/E ratios and equity returns

GTM | U.S. | 6

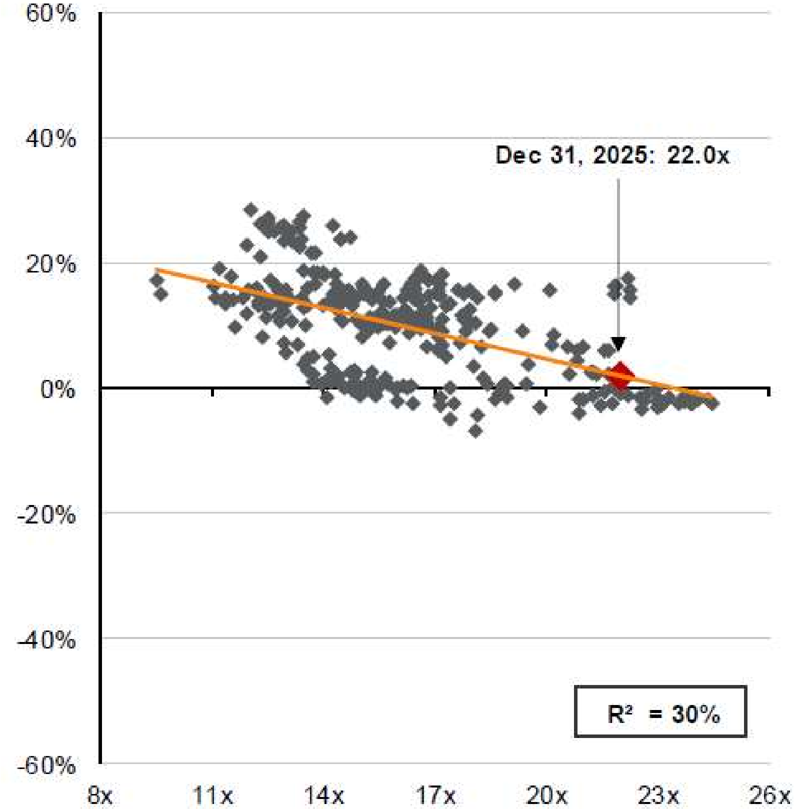
Forward P/E and subsequent 1-year returns

S&P 500 Total Return Index



Forward P/E and subsequent 5-year annualized returns

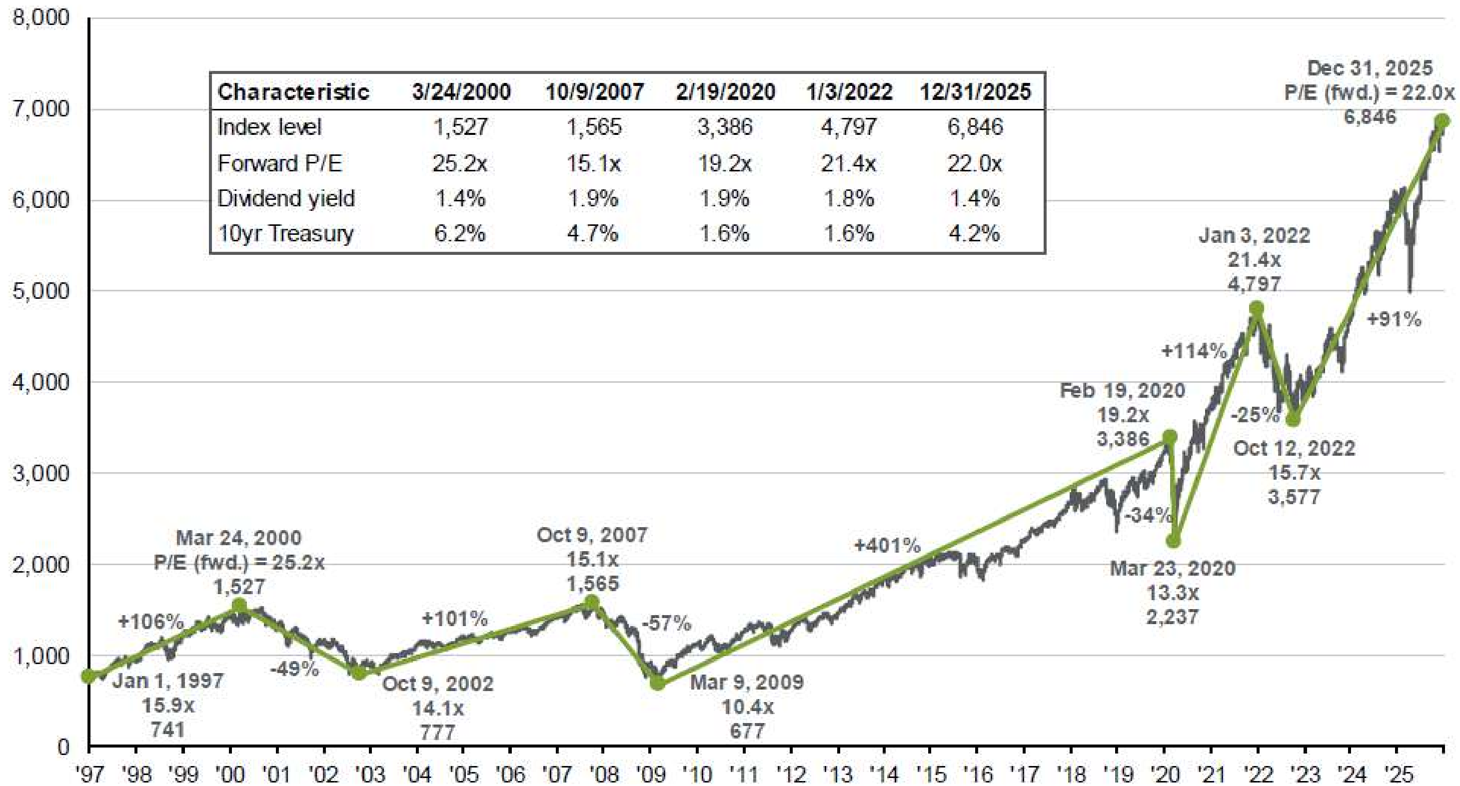
S&P 500 Total Return Index



Data Source: JPMorgan Asset Management Guide to the Markets; Data as of 12/31/25.

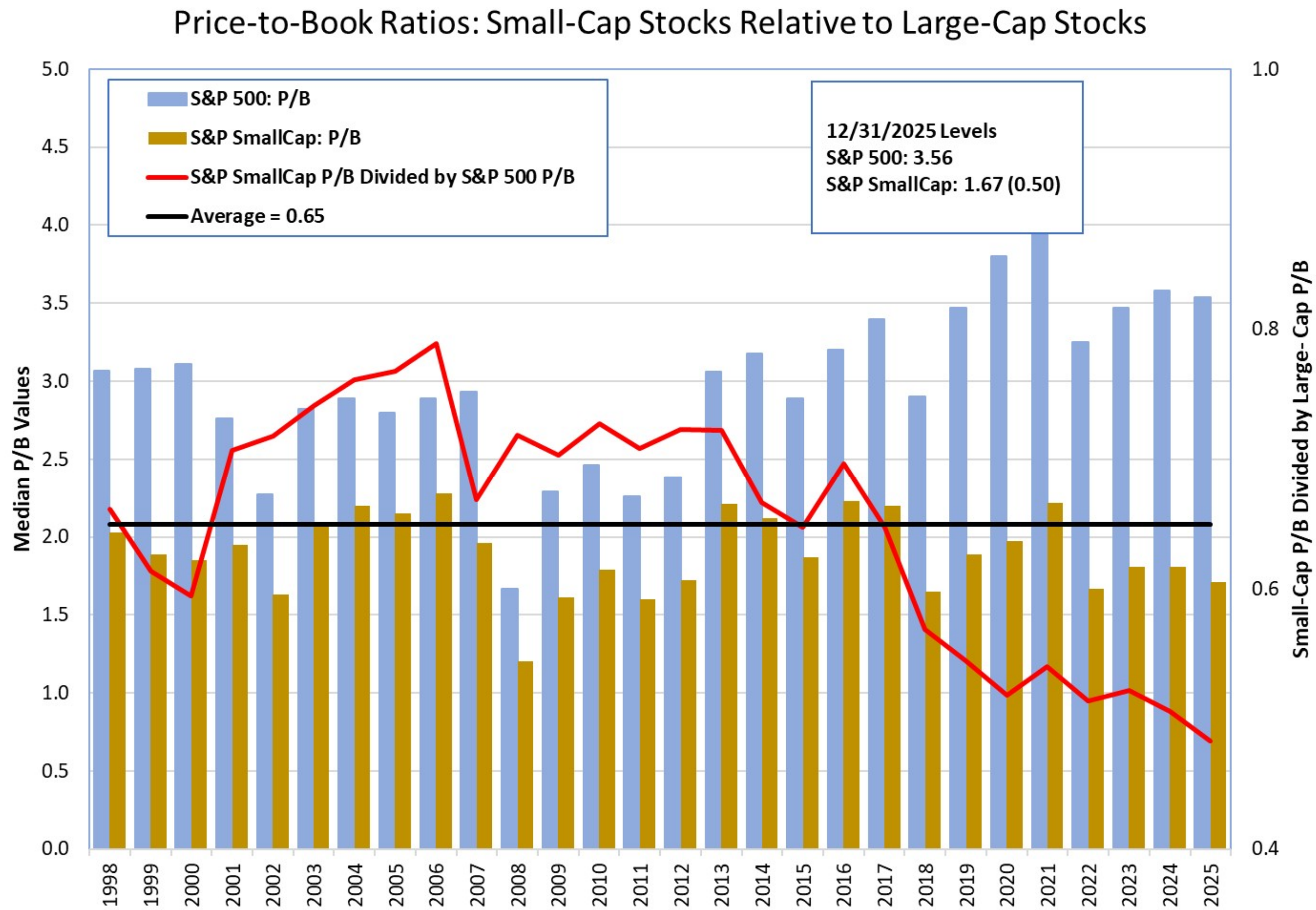
S&P 500 index at inflection points

S&P 500 Price Index



Characteristic	3/24/2000	10/9/2007	2/19/2020	1/3/2022	12/31/2025
Index level	1,527	1,565	3,386	4,797	6,846
Forward P/E	25.2x	15.1x	19.2x	21.4x	22.0x
Dividend yield	1.4%	1.9%	1.9%	1.8%	1.4%
10yr Treasury	6.2%	4.7%	1.6%	1.6%	4.2%

Data Source: JPMorgan Asset Management Guide to the Markets; Data as of 12/31/25.



Price-to-Book Ratios: Small-Cap Stocks Relative to Large-Cap Stocks
S&P 500: P/B
S&P SmallCap: P/B
S&P SmallCap P/B Divided by S&P 500 P/B
Average = 0.65
12/31/2025 Levels
S&P 500: 3.56
S&P SmallCap: 1.67 (0.50)
Median P/B Values
Small-Cap P/B Divided by Large-Cap P/B
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
1.0
0.8
0.6
0.4
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025

Returns and valuations by style

GTM | U.S. | 14

10-year annualized

	Value	Blend	Growth
Large	10.5%	14.8%	18.1%
Mid	9.8%	11.0%	12.5%
Small	9.3%	9.6%	9.6%

2025

	Value	Blend	Growth
Large	15.9%	17.9%	18.6%
Mid	11.0%	10.6%	8.7%
Small	12.6%	12.8%	13.0%

Since market peak (January 2022)

	Value	Blend	Growth
Large	36.1%	51.4%	58.7%
Mid	24.4%	24.0%	23.6%
Small	17.8%	15.7%	12.4%

Since market low (October 2022)

	Value	Blend	Growth
Large	64.9%	100.6%	132.7%
Mid	55.0%	62.4%	78.4%
Small	48.2%	54.1%	59.5%

Forward P/E vs. 20-year avg. P/E

	Value	Blend	Growth
Large	17.1 / 14.0	22.0 / 16.2	28.8 / 19.8
Mid	15.6 / 14.6	17.3 / 16.5	26.8 / 21.3
Small	17.2 / 16.9	23.4 / 23.0	34.5 / 31.3

Forward P/E as % of 20-year avg. P/E

	Value	Blend	Growth
Large	122.5%	135.8%	144.9%
Mid	107.1%	105.2%	125.9%
Small	102.1%	101.6%	110.1%

Data Source: JPMorgan Asset Management Guide to the Markets; Data as of 12/31/25.

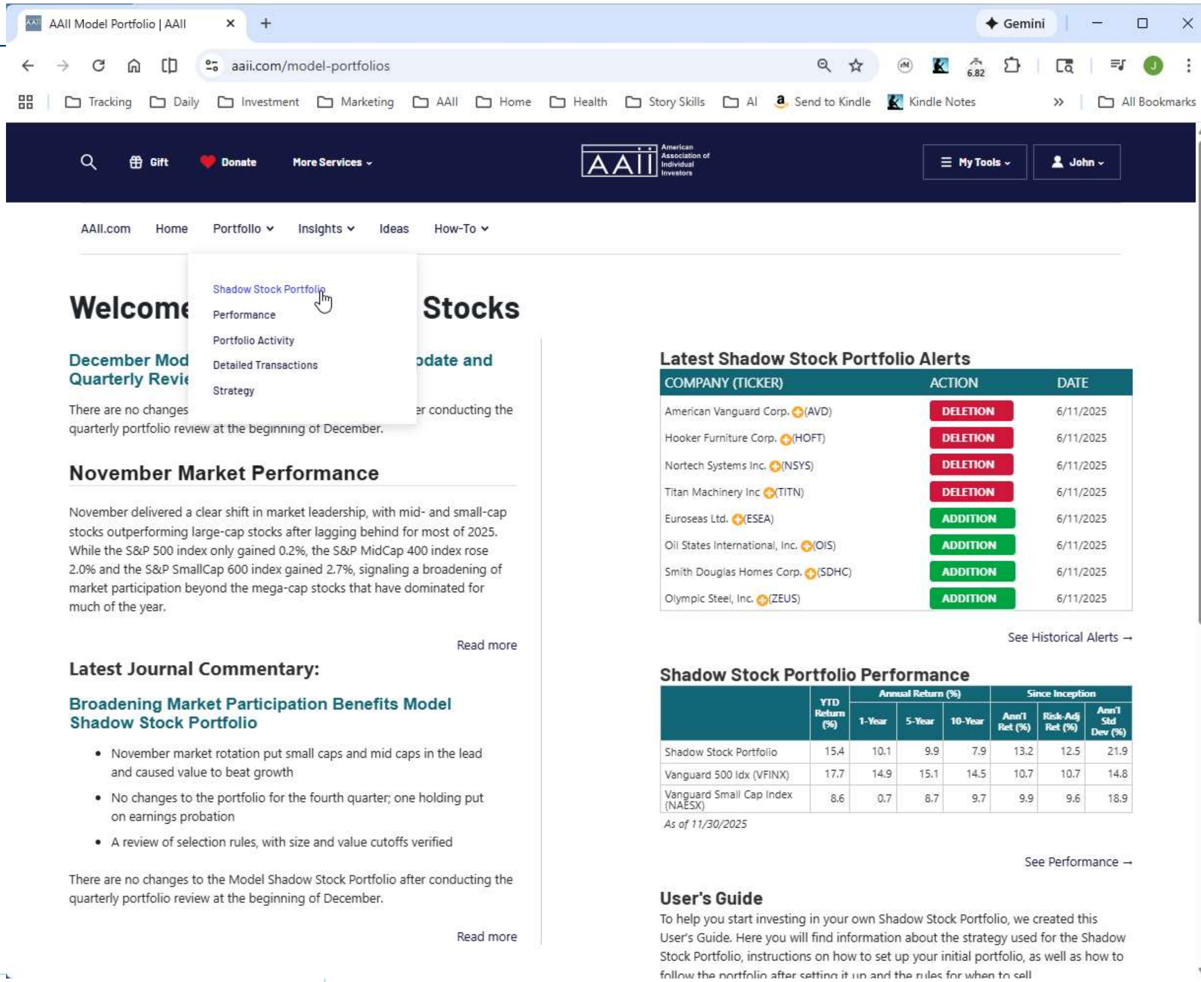
Model Portfolio Sector Holdings

Sector	Shadow Stocks #	Shadow Stocks %	S&P 500	S&P MidCap 400	S&P SmallCap 600	52-Wk Rel Strgth Index	Trailing P/E Ratio (X)	Forward P/E Ratio (X)	Sales Growth TTM	Sales Growth 3-Yr	Net Profit Margin
Energy	7	22.8%	2.5%	4.0%	4.9%	-11.0	15.8	13.9	0.1%	10.3%	7.1%
Materials	3	14.2%	1.7%	5.2%	5.1%	6.0	24.1	18.4	4.7%	0.9%	3.3%
Industrials	8	26.8%	7.5%	23.0%	17.5%	-10.0	25.6	21.5	6.2%	6.5%	4.3%
Consumer Discretionary	5	13.4%	10.3%	12.1%	12.5%	-19.0	20.1	18.1	4.3%	5.0%	2.5%
Consumer Staples	0	0.0%	5.0%	4.7%	3.0%	-24.0	21.8	15.3	4.4%	4.0%	3.7%
Health Care	1	3.1%	8.8%	8.9%	10.9%	-21.0	25.6	19.4	9.8%	8.1%	-8.4%
Financials	0	0.0%	13.0%	16.4%	17.9%	-4.0	13.0	11.6	11.5%	3.6%	22.6%
Information Technology	3	18.3%	31.2%	14.1%	16.0%	-19.0	30.8	25.2	9.9%	5.1%	1.8%
Communication Services	1	1.3%	16.4%	2.3%	2.9%	-16.0	15.8	14.6	5.0%	2.0%	1.3%
Utilities	0	0.0%	2.0%	3.1%	2.2%	0.0	19.5	19.4	6.4%	3.9%	10.1%
Real Estate	0	0.0%	1.6%	6.1%	7.0%	-21.0	29.0	28.4	5.6%	6.6%	7.3%

Source: AAII Stock Investor Pro *and S&P Global Market Intelligence. Data as of 1/2/2026.*

Performance 12/31/2024 - 12/31/2025 Company	Ticker	Return On Investment	Start Value	Portfolio Weight or Reason Sold	Sector	Industry
Gilat Satellite Networks Ltd.	GILT	110.4%	885.6	9.0%	Information Technology	Communications Equipment
NACCO Industries, Inc.	NC	68.6%	357.84	2.9%	Energy	Oil, Gas & Consumable Fuels
Vishay Precision Group, Inc.	VPG	64.0%	774.51	6.2%	Information Technology	Electronic Equipment, Instruments & Components
Kimball Electronics, Inc.	KE	48.5%	355.87	2.6%	Information Technology	Electronic Equipment, Instruments & Components
Titan Machinery Inc.	TITN	42.4%	381.51	negative earnings	Industrials	Trading Companies & Distributors
NCS Multistage Holdings, Inc.	NCSM	40.8%	0	1.9%	Energy	Energy Equipment & Services
Mistras Group, Inc.	MG	39.6%	1,087.20	7.4%	Industrials	Professional Services
Olympic Steel, Inc.	ZEUS	38.7%	0	3.3%	Materials	Metals & Mining
Friedman Industries, Incorporated	FRD	35.3%	947.98	6.2%	Materials	Metals & Mining
Pangaea Logistics Solutions, Ltd.	PANL	34.7%	648.56	4.0%	Industrials	Marine Transportation
Landsea Homes	LSEA	33.0%	407.52	aquired	#N/A	#N/A
Euroseas Ltd.	ESEA	32.5%	0	2.9%	Industrials	Marine Transportation
Rocky Brands, Inc.	RCKY	32.0%	342	2.1%	Consumer Discretionary	Textiles, Apparel & Luxury Goods
Oil States International, Inc.	OIS	30.8%	0	3.3%	Energy	Energy Equipment & Services
Natural Gas Services Group, Inc.	NGS	26.5%	1,340.00	8.2%	Energy	Energy Equipment & Services
StealthGas Inc.	GASS	24.3%	531.1	3.2%	Energy	Oil, Gas & Consumable Fuels
FONAR Corporation	FONR	22.6%	514.76	3.1%	Health Care	Health Care Equipment & Supplies
Core Molding Technologies, Inc.	CMT	21.2%	827	4.9%	Materials	Chemicals
Regis Corporation	RGS	17.0%	735.32	4.2%	Consumer Discretionary	Diversified Consumer Services
Saga Communications, Inc.	SGA	12.4%	264.72	1.3%	Communication Services	Media
American Vanguard Corporation	AVD	-0.2%	268.54	negative earnings	Materials	Chemicals
Escalade, Incorporated	ESCA	-1.3%	756.84	3.5%	Consumer Discretionary	Leisure Products
DMC Global Inc.	BOOM	-9.0%	294	1.3%	Energy	Energy Equipment & Services
Ennis, Inc.	EBF	-9.8%	295.26	1.2%	Industrials	Commercial Services & Supplies
Nortech Systems Incorporated	NSYS	-11.4%	493.92	negative earnings	Information Technology	Electronic Equipment, Instruments & Components
Smith Douglas Homes Corp.	SDHC	-13.4%	0	2.0%	Consumer Discretionary	Household Durables
Clarus Corporation	CLAR	-13.4%	293.15	negative earnings	Consumer Discretionary	Leisure Products
Alpha Pro Tech, Ltd.	APT	-16.1%	539.58	2.2%	Industrials	Building Products
Hooker Furnishings Corporation	HOFT	-17.6%	210.15	negative earnings	Consumer Discretionary	Household Durables
Covenant Logistics Group, Inc.	CVLG	-18.1%	1,144.71	4.5%	Industrials	Ground Transportation
Park-Ohio Holdings Corp.	PKOH	-18.3%	840.64	3.3%	Industrials	Machinery
Amplify Energy Corp.	AMPY	-23.8%	468	1.7%	Energy	Oil, Gas & Consumable Fuels
Castor Maritime Inc.	CTRM	-24.7%	310.75	1.1%	Industrials	Marine Transportation
Lakeland Industries, Inc.	LAKE	-65.2%	1,022.00	1.7%	Consumer Discretionary	Textiles, Apparel & Luxury Goods

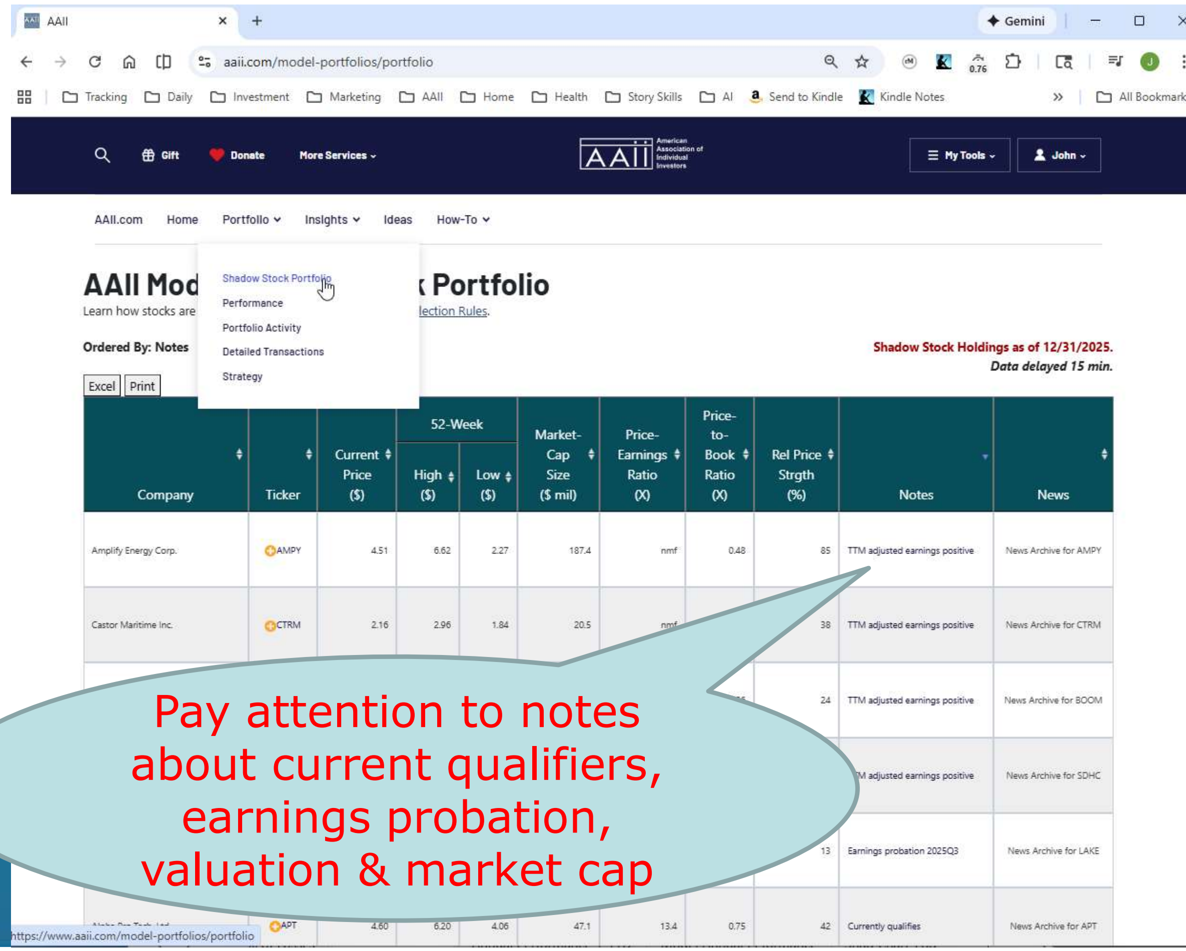
- Home page for AAII Model Shadow Stock Portfolio



www.aaii.com/model-portfolios

Actual AAII Model Shadow Stock Portfolio

- "Actual Portfolio" section updated monthly & lists current portfolio holdings
- Current price to book & market cap
- Special notes (e.g., currently qualifies, earnings probation)



Pay attention to notes about current qualifiers, earnings probation, valuation & market cap

Current AAII Model Shadow Stock Portfolio

(Ranked by P/Book Ratio)

Company	Ticker	Price	52-Week High	52-Week Low	Market Cap (Mil)	P/E Ratio(X)	P/Book Ratio(X)	26-Wk Rel Price Rank	Sector	Notes
Castor Maritime Inc.	CTRM	$2.17	$2.96	$1.84	$21	nmf	0.04	65%	Industrials	TTM adjusted EPS positive
Regis Corporation	RGS	$26.21	$31.50	$15.00	$66	0.6	0.35	64%	Consumer Disc	Currently qualifies
StealthGas Inc.	GASS	$7.17	$8.18	$4.90	$260	3.7	0.42	85%	Energy	Currently qualifies
Saga Communications, Inc.	SGA	$11.50	$14.27	$10.80	$73	239.5	0.46	42%	Comm Services	
Amplify Energy Corp.	AMPY	$4.42	$6.62	$2.27	$187	nmf	0.48	42%	Energy	TTM adjusted EPS positive
DMC Global Inc.	BOOM	$7.12	$9.92	$5.46	$141	nmf	0.56	35%	Energy	TTM adjusted EPS positive
Oil States International	OIS	$7.32	$7.19	$3.08	$422	18.6	0.61	93%	Energy	
Lakeland Industries, Inc.	LAKE	$9.03	$27.28	$7.77	$87	nmf	0.64	38%	Consumer Disc	Earnings probation 2025Q3
FONAR Corporation	FONR	$18.53	$18.86	$12.00	$121	17.1	0.69	13%	Health Care	Currently qualifies
Alpha Pro Tech, Ltd.	APT	$4.56	$6.20	$4.06	$47	13.4	0.75	90%	Industrials	Currently qualifies
Park-Ohio Holdings Corp.	PKOH	$21.05	$26.31	$15.52	$286	10.0	0.76	59%	Industrials	Currently qualifies
NACCO Industries, Inc.	NC	$46.32	$53.88	$30.00	$357	12.3	0.84	67%	Energy	Currently qualifies
Olympic Steel, Inc.	ZEUS	$45.24	$45.41	$26.32	$491	37.5	0.85	81%	Materials	
Rocky Brands, Inc.	RCKY	$29.09	$33.40	$11.93	$215	10.5	0.87	29%	Consumer Disc	Currently qualifies
NCS Multistage Holdings	NCSM	$39.70	$53.69	$23.89	$101	8.7	0.91	73%	Energy	
Euroseas Ltd.	ESEA	$54.20	$66.00	$26.30	$380	2.9	1.01	76%	Industrials	
Friedman Industries, Inc	FRD	$20.33	$23.50	$12.24	$144	12.4	1.03	61%	Materials	
Pangaea Logistics Solutions	PANL	$6.74	$7.42	$3.93	$434	25.0	1.04	79%	Industrials	
Core Molding Tech	CMT	$19.42	$22.29	$12.25	$167	21.0	1.07	27%	Materials	
Escalade, Incorporated	ESCA	$13.85	$16.99	$11.41	$189	14.9	1.10	85%	Consumer Disc	
Kimball Electronics, Inc.	KE	$29.42	$33.19	$12.41	$701	30.0	1.21	73%	Information Tech	
Covenant Logistics Group	CVLG	$22.76	$29.47	$17.46	$559	20.8	1.32	82%	Industrials	
Ennis, Inc.	EBF	$18.20	$22.01	$16.30	$461	11.1	1.51	80%	Industrials	
Vishay Precision Group	VPG	$40.17	$40.32	$18.57	$522	65.7	1.54	30%	Information Tech	
Natural Gas Services Group	NGS	$34.57	$34.57	$16.73	$432	23.4	1.59	71%	Energy	
Mistras Group, Inc.	MG	$13.75	$13.43	$7.06	$408	22.7	1.79	76%	Industrials	
Smith Douglas Homes	SDHC	$17.54	$26.12	$15.00	$152	nmf	1.85	24%	Consumer Disc	TTM adjusted EPS positive
Gilat Satellite Networks	GILT	$13.89	$15.24	$5.30	$862	34.1	2.43	68%	Information Tech	Approaching value limit
Portfolio Average					**$296**	**28.5**	**0.99**	**61%**		

Data as of 1/2/2026

- "Shadow Stock Ideas" list is updated **daily** and lists all stocks currently passing initial buy rules
- You will need to monitor any stocks purchased from this list since they may not be part of our model portfolio

AAII.com Home Portfolio Insights Ideas How-To

Shadow Stock Ideas

We run AAII's Shadow Stock selection methodology daily against a universe of over 6,000 stocks to uncover specific companies that meet our selection criteria.

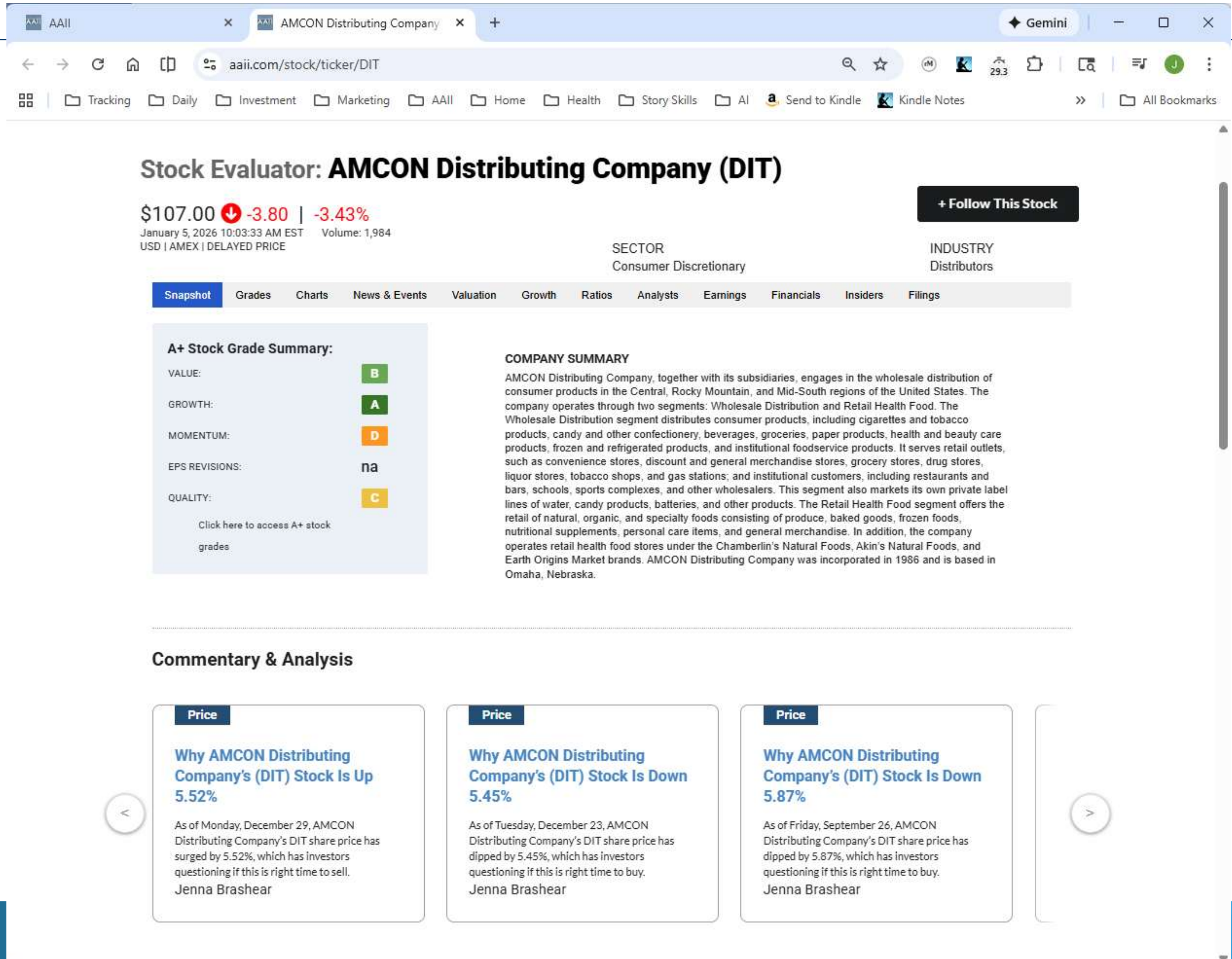
Ordered By: Company

Passing Companies as of 1/2/2026.
Data delayed 15 min.

Excel Print

Company	Ticker	Current Price ($)	52-Week		Market-Cap Size ($ mil)	Price-Earnings Ratio (X)	Price-to-Book Ratio (X)	Rel Price Strgth (%)	Industry	Held in Tracking Portfolio
			High ($)	Low ($)						
Alpha Pro Tech, Ltd.	APT	4.60	6.20	4.06	47.1	13.40	0.75	42	Building Products	✓
AMCON Distributing Company	DIT	107.00	156.99	94.92	72.1	120.40	0.62	40	Distributors	
Auna S.A.	AUNA	4.83	9.24	4.48	352.3	6.50	0.74	19	Health Care Providers & Services	
Bassett Furniture Industries, Incorporated	BSET	16.57	19.75	13.62	144.1	18.50	0.87	52	Household Durables	
CEA Industries Inc.	BNC	6.37	82.88	4.65	283.3	0.30	0.60	12	Building Products	
Flanigan's Enterprises, Inc.	BDL	29.65	35.98	22.61	55.1	10.90	0.85	76	Hotels, Restaurants & Leisure	
FONAR Corporation	FONR	18.52	18.86	12.00	121.3	17.10	0.69	71	Health Care Equipment & Supplies	✓
GD Culture Group Limited	GDC	4.65	9.92	1.03	264.8	11.00	0.30	80	Media	
KNOT Offshore Partners LP	KNOP	10.34	10.99	5.29	358.8	8.80	0.65	87	Oil, Gas & Consumable Fuels	
Live Ventures Incorporated	LIVE	16.03	25.88	6.25	48.3	3.20	0.51	27	Household Durables	
NACCO Industries, Inc.	NC	45.94	53.88	30.00	357.3	12.30	0.84	65	Oil, Gas & Consumable Fuels	✓
Nexxen International Ltd.	NEXN	6.25	12.60	6.08	358.7	12.40	0.78	12	Media	
Park-Ohio Holdings Corp.	PKOH	21.18	26.31	15.52	285.6	10.00	0.76	59	Machinery	✓
Perion Network Ltd.	PERI	9.74	11.79	7.00	382.4	37.40	0.58	28	Media	
Portillo's Inc.	PTLO	4.74	15.78	4.50	330.2	13.00	0.72	5	Hotels, Restaurants & Leisure	
RCI Hospitality Holdings, Inc.	RICK	23.93	57.99	21.88	183.0	12.60	0.76	10	Hotels, Restaurants & Leisure	
Regis Corporation	RGS	26.43	31.50	15.00	66.3	0.60	0.35	68	Diversified Consumer Services	✓
	RCKY	29.24	33.40	11.93	214.8	10.50	0.87	73	Textiles, Apparel & Luxury Goods	✓

https://www.aaii.com/model-portfolios/ideas


AAII
AMCON Distributing Company
Gemini
aaii.com/stock/ticker/DIT
Tracking Daily Investment Marketing AAII Home Health Story Skills AI Send to Kindle Kindle Notes All Bookmarks
Stock Evaluator: AMCON Distributing Company (DIT)
+ Follow This Stock
$107.00 -3.80 | -3.43%
January 5, 2026 10:03:33 AM EST Volume: 1,984
USD | AMEX | DELAYED PRICE
SECTOR
Consumer Discretionary
INDUSTRY
Distributors
Snapshot Grades Charts News & Events Valuation Growth Ratios Analysts Earnings Financials Insiders Filings
A+ Stock Grade Summary:
VALUE: B
GROWTH: A
MOMENTUM: D
EPS REVISIONS: na
QUALITY: C
Click here to access A+ stock grades
COMPANY SUMMARY
AMCON Distributing Company, together with its subsidiaries, engages in the wholesale distribution of consumer products in the Central, Rocky Mountain, and Mid-South regions of the United States. The company operates through two segments: Wholesale Distribution and Retail Health Food. The Wholesale Distribution segment distributes consumer products, including cigarettes and tobacco products, candy and other confectionery, beverages, groceries, paper products, health and beauty care products, frozen and refrigerated products, and institutional foodservice products. It serves retail outlets, such as convenience stores, discount and general merchandise stores, grocery stores, drug stores, liquor stores, tobacco shops, and gas stations; and institutional customers, including restaurants and bars, schools, sports complexes, and other wholesalers. This segment also markets its own private label lines of water, candy products, batteries, and other products. The Retail Health Food segment offers the retail of natural, organic, and specialty foods consisting of produce, baked goods, frozen foods, nutritional supplements, personal care items, and general merchandise. In addition, the company operates retail health food stores under the Chamberlin's Natural Foods, Akin's Natural Foods, and Earth Origins Market brands. AMCON Distributing Company was incorporated in 1986 and is based in Omaha, Nebraska.
Commentary & Analysis
Price
Why AMCON Distributing Company's (DIT) Stock Is Up 5.52%
As of Monday, December 29, AMCON Distributing Company's DIT share price has surged by 5.52%, which has investors questioning if this is right time to sell.
Jenna Brashear
Price
Why AMCON Distributing Company's (DIT) Stock Is Down 5.45%
As of Tuesday, December 23, AMCON Distributing Company's DIT share price has dipped by 5.45%, which has investors questioning if this is right time to buy.
Jenna Brashear
Price
Why AMCON Distributing Company's (DIT) Stock Is Down 5.87%
As of Friday, September 26, AMCON Distributing Company's DIT share price has dipped by 5.87%, which has investors questioning if this is right time to buy.
Jenna Brashear

Keep a Long-Term Perspective

- Micro-cap stocks tend to have consecutive periods of overperformance and then underperformance
- Micro-cap stocks have more volatility than large-cap stocks; important to maintain diversified portfolio and consider all asset classes and foreign markets as well as domestic markets
- Maintain reasonable expectations
- Market is reasonably efficient, but not in the academic sense that all information is instantaneously reflected in prices of all stocks. Nevertheless, information will eventually lead to stock price adjustments
  - Adjustments quicker for large caps than micro caps

Keys to Long-Term Success

- To succeed with the Shadow Stock approach:
  - Need enough time to manage a stock portfolio
    - Approach designed so that it only needs a careful examination quarterly, perhaps an 8-hour commitment
    - If one has time, the portfolio can be reviewed monthly to keep up to date on earnings and company news
  - Need an interest in managing a portfolio—in good times and bad
  - Need discipline to follow the program once you have committed to it
  - Important to control turnover with micro-cap stocks

Model Portfolio Review Week Offer!

All webinar attendees can get $50 off a one-year premium product subscription when they use the promo code **WEBINARWEEK50** at checkout.

Visit www.aaii.com/webinar-week to claim this exclusive offer.

Questions?

Visit: aaii.com/webinar-week

Addendum

Time Frame and Performance

	Percentage of Holding Periods That Resulted in Better Performance			
	(1926 to 2019)		(2000 to 2019)	
Holding Period	**Small Cap Outperform**	**Large Cap Outperform**	**Small Cap Outperform**	**Large Cap Outperform**
1 Month	50% (563)	50% (565)	52% (125)	48% (115)
5 Year	56% (598)	44% (471)	59% (106)	41% (75)
10 Year	68% (686)	32% (323)	74% (89)	26% (32)
20 Year	88% (779)	12% (110)	100% (1)	0% (0)
30 Year	96% (740)	4% (29)		

Source: Morningstar, "Stocks, Bonds, Bills and Inflation," Chicago.

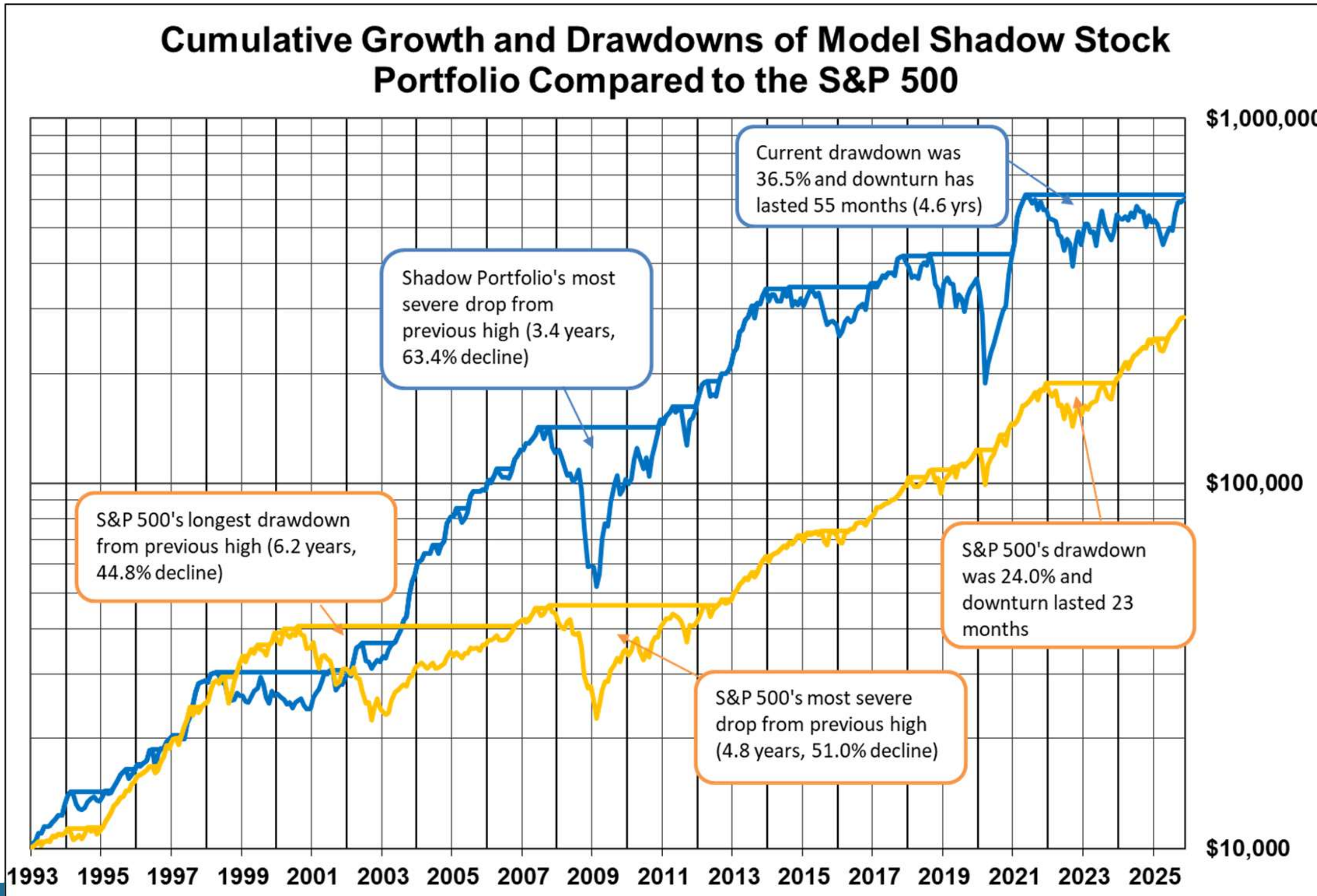
Annual Total Return Performance

	Model Shadow Stock Portfolio						Vanguard 500 Index (VFINX)					
Year	Best Month (%)	Worst Month (%)	Always Invested (%)	Skip Best & Worst Month (%)	Skip Best Month (%)	Skip Worst Month (%)	Best Month (%)	Worst Month (%)	Always Invested (%)	Skip Best & Worst Month (%)	Skip Best Month (%)	Skip Worst Month (%)
1993	7.3	(0.0)	32.3	23.3	23.3	32.4	3.8	(2.4)	9.9	8.5	5.9	12.6
1994	5.4	(5.6)	2.0	2.5	(3.2)	8.0	4.1	(4.4)	1.2	1.7	(2.8)	5.8
1995	4.4	(5.8)	20.7	22.7	15.6	28.1	4.4	(0.4)	37.4	32.2	31.7	37.9
1996	9.5	(11.5)	22.3	26.2	11.8	38.2	7.6	(4.4)	22.9	19.5	14.2	28.5
1997	10.9	(2.7)	44.3	33.6	30.1	48.2	8.0	(5.6)	33.2	30.7	23.4	41.1
1998	5.7	(9.6)	(8.9)	(4.7)	(13.8)	0.7	8.2	(14.5)	28.6	39.0	18.9	50.4
1999	8.1	(7.8)	(0.0)	0.3	(7.5)	8.4	6.3	(3.1)	21.1	17.5	13.9	25.0
2000	3.6	(4.1)	(7.7)	(7.2)	(11.0)	(3.8)	9.8	(7.9)	(9.1)	(10.1)	(17.1)	(1.3)
2001	7.2	(10.4)	21.4	26.3	13.2	35.4	7.8	(9.1)	(12.0)	(10.2)	(18.4)	(3.2)
2002	10.9	(10.8)	10.8	12.0	(0.0)	24.2	8.8	(10.9)	(22.1)	(19.7)	(28.4)	(12.6)
2003	14.1	(1.1)	73.1	53.3	51.7	75.0	8.3	(2.6)	28.5	21.9	18.7	32.0
2004	11.5	(4.3)	43.7	34.6	28.9	50.1	4.1	(3.3)	10.8	10.1	6.5	14.6
2005	10.8	(5.4)	17.9	12.6	6.5	24.7	3.8	(2.5)	4.8	3.5	1.0	7.4
2006	7.8	(3.1)	29.4	23.9	20.0	33.6	3.3	(2.9)	15.6	15.3	12.0	19.1
2007	5.0	(10.8)	(1.8)	4.8	(6.5)	10.1	4.4	(4.2)	5.4	5.3	0.9	10.0
2008	5.3	(21.7)	(50.8)	(40.4)	(53.3)	(37.2)	4.9	(16.8)	(37.0)	(27.8)	(39.9)	(24.3)
2009	25.0	(12.0)	72.3	56.8	37.9	95.9	9.6	(10.7)	26.5	29.2	15.5	41.6
2010	13.7	(11.4)	45.4	44.3	27.9	64.0	8.9	(8.0)	14.9	14.7	5.5	24.9
2011	16.3	(11.0)	6.3	2.7	(8.6)	19.4	10.9	(7.0)	2.0	(1.1)	(8.1)	9.7
2012	10.4	(9.0)	33.3	32.8	20.8	46.6	4.5	(6.0)	15.8	18.0	10.9	23.2
2013	10.8	(7.5)	61.0	45.3	45.3	61.0	5.2	(2.9)	32.2	29.4	25.7	36.2
2014	7.4	(11.6)	(5.8)	(0.8)	(12.2)	6.6	4.6	(3.5)	13.5	12.4	8.5	17.6
2015	5.6	(6.9)	(15.2)	(13.8)	(19.7)	(9.0)	8.4	(6.0)	1.3	(0.6)	(6.6)	7.8
2016	12.2	(6.8)	29.8	24.2	15.7	39.3	6.8	(5.0)	11.8	10.2	4.7	17.7
2017	11.0	(3.9)	14.0	6.8	2.7	18.6	4.0	0.1	21.7	16.9	17.0	21.5
2018	8.1	(11.8)	(24.4)	(20.7)	(30.0)	(14.3)	5.7	(9.0)	(4.5)	(0.7)	(9.7)	5.0
2019	15.9	(13.7)	19.6	19.6	3.2	38.5	8.0	(6.4)	31.3	29.9	21.6	40.3
2020	21.9	(35.1)	13.8	43.8	(6.7)	75.2	12.8	(12.4)	18.3	19.6	4.8	35.0
2021	18.2	(6.1)	35.3	22.0	14.5	44.1	7.0	(4.7)	28.6	26.0	20.2	34.9
2022	14.9	(13.3)	(19.7)	(19.3)	(30.0)	(7.4)	9.2	(9.2)	(18.2)	(17.5)	(25.1)	(9.9)
2023	14.6	(8.5)	20.8	15.3	5.4	32.1	9.1	(4.8)	26.1	21.4	15.6	32.4
2024	7.5	(9.0)	(4.7)	(2.7)	(11.4)	4.7	5.9	(4.1)	24.8	23.0	17.9	30.2
2025	12.2	(6.5)	18.8	13.2	5.9	26.9	6.3	(5.7)	17.7	17.4	10.8	24.8
CAGR**			**13.3**	**12.7**	**2.4**	**24.6**			**10.7**	**10.5**	**3.7**	**17.9**

**Through Dec 31, 2025.*

***CAGR: compound Annual Growth Rate*

American Association of Individual Investors


Cumulative Growth and Drawdowns of Model Shadow Stock Portfolio Compared to the S&P 500
$1,000,000
$100,000
$10,000
Current drawdown was 36.5% and downturn has lasted 55 months (4.6 yrs)
Shadow Portfolio's most severe drop from previous high (3.4 years, 63.4% decline)
S&P 500's longest drawdown from previous high (6.2 years, 44.8% decline)
S&P 500's drawdown was 24.0% and downturn lasted 23 months
S&P 500's most severe drop from previous high (4.8 years, 51.0% decline)
1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017 2019 2021 2023 2025

Time Frame, Losses & Return Extremes
(Rolling Periods 1993 - 2025)

	Model Shadow Stock Portfolio			Vanguard 500 Index (VFINX)		
Holding Period (Years)	**% of Periods Resulting in Losses**	**Highest Annual Return**	**Lowest Annual Return**	**% of Periods Resulting in Losses**	**Highest Annual Return**	**Lowest Annual Return**
1	29%	203.5%	(55.6%)	18%	56.2%	(43.3%)
3	18%	52.8%	(19.7%)	16%	32.7%	(16.1%)
5	5%	44.5%	(11.1%)	15%	28.5%	(6.7%)
10	0%	22.7%	3.0%	9%	16.5%	(3.5%)
15	0%	19.1%	5.6%	0%	15.9%	3.6%
20	0%	17.8%	8.7%	0%	11.1%	4.7%

Data as of 12/31/2025.

Past performance is no guarantee of future results.

Model Shadow Stock Portfolio Turnover Statistics

	Avg Holding Period (Yrs)	Annual Portfolio Turnover	Average Buys/Sells per Year	Average No of Holdings	Ann'l Return
Inception	**4.0**	**25%**	**10**	**30**	**13.1%**
2024	3.1	32%	25	29	(4.7%)
2023	5.7	18%	6	30	20.8%
2022	3.0	33%	10	30	(19.7%)
2021	8.0	13%	20	29	35.3%
2020	5.9	17%	6	29	13.8%
2019	4.2	24%	8	28	19.6%
2018	11.7	9%	4	29	(24.4%)
2017	3.4	30%	9	31	14.0%
2016	6.5	15%	5	31	29.8%
2015	5.1	19%	8	31	(15.2%)
2014	10.4	10%	4	31	(5.8%)
2013	4.3	23%	8	30	61.0%
2012	5.6	18%	7	29	33.3%
2011	5.3	19%	8	27	6.3%
2010	2.9	35%	12	28	45.4%
2009	3.6	27%	11	26	72.3%
2008	3.4	29%	10	29	(50.8%)
2007	1.8	57%	26	30	(1.8%)
2006	3.2	31%	13	33	29.4%
2005	2.9	34%	13	35	17.9%
2004	3.2	31%	13	36	43.7%

Data as of 12/31/2024