



William Schaff
CEO, Portfolio Manager



Steve Block
Portfolio Manager

Phocas Small Cap Value

Discipline

Embracing a patient, value oriented approach means rigorous and intensive bottom-up fundamental analysis aiming to capture value in mispriced securities. We search for companies that trade at discounts to their peer group.

Research

Using proprietary tools and research models that account for quantitative and qualitative factors, we seek the management teams and strategies we believe will deliver the best risk-adjusted returns to shareholders, while maintaining price and value discipline.

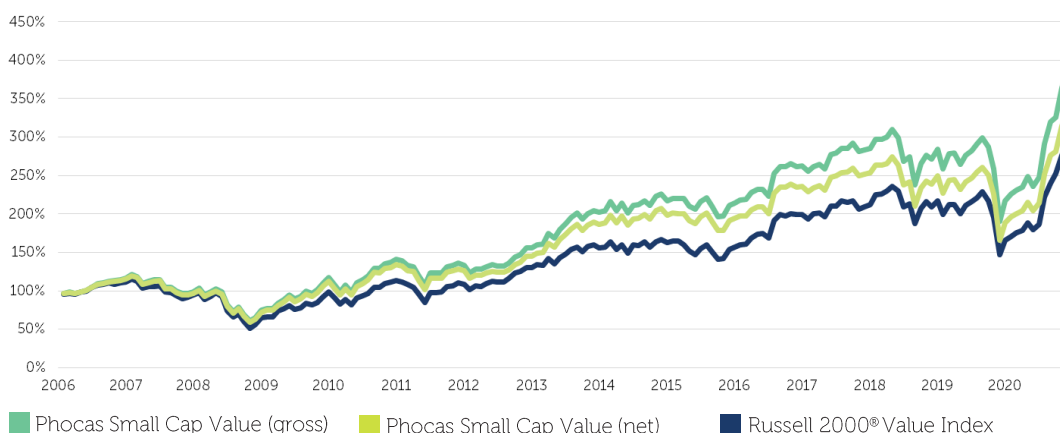
Balance

We don't try to hit home runs. Our goal is to deliver returns that exceed our benchmark, after fees, without assuming the risk inherent in swinging for the fences. We believe our emphasis on fundamental investment value enable us to serve our clients well over the long term.

Investment Philosophy

We believe deep value stocks with improving fundamentals and clearly identified stock price catalysts will outperform their respective GICS peers over a three- to five-year market cycle. The strategy is very much bottom-up and attempts to isolate security selection, rather than sector or macroeconomic selection, as the primary determinant in performance relative to the benchmark.

Performance (%) as of 3/31/21



Inception date
5/1/06

Number of holdings
100-120

Geography
U.S.

Benchmark
Russell 2000® Value Index

Total assets
Firm: \$840 MM
Strategy: \$659 MM

Annualized Returns

	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Phocas Small Cap Value (Gross)	19.6%	101.3%	10.6%	12.6%	10.8%	9.4%
Phocas Small Cap Value (Net)	19.4%	100.3%	9.6%	11.6%	9.8%	8.4%
Russell 2000® Value Index	21.2%	97.1%	11.6%	13.6%	10.1%	7.4%

Calendar Returns

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Phocas Small Cap Value (Gross)	7.1%	25.5%	-16.7%	9.4%	24.3%	-3.3%	8.1%	47.5%	10.6%
Phocas Small Cap Value (Net)	6.1%	24.5%	-17.7%	8.4%	23.3%	-4.3%	7.1%	46.5%	9.6%
Russell 2000® Value Index	4.6%	22.4%	-12.9%	7.8%	31.7%	-7.5%	4.2%	34.5%	18.1%

Data presented reflects past performance, which is no guarantee of future results.

Net performance shown reflects the deduction of a maximum annual investment management fee of 1.00% of assets under management and includes income, dividends, as well as realized capital gains. Performance returns may reflect the effect of material economic and market factors not anticipated by Phocas. Clients' returns will be reduced by advisory fees and other expenses incurred in the management of the client's account.

The charts and graphs above are provided for illustrative purposes only.

The Phocas Small Cap Value composite contains all assets under management from discretionary portfolios that are fully invested in the Company's Small Cap Value investment strategy since May 2006.

There is inherent risk with investing in the stock market which may result in a loss of principal. Investment strategy, market conditions, composition of portfolios, and calculation methods are variables that can and will affect the performance of a portfolio.

The benchmark for the Phocas' Small Cap Value Strategy is the Russell 2000® Value Index ("R2V") as it relates closely to the strategy. The R2V measures the performance of approximately 1300 small capitalization stocks.

Please see [Phocas' Form ADV Part 2](#) for additional fee information.

Interested in
more information?

Visit Phocas at
phocasfinancial.com
or give us a call at
510-523-5800.

Key Differentiators

Approximately 40% of the benchmark is allocated to the Financial and REIT sectors. One of our competitive advantages is our ability to analyze financial companies, including REITs.

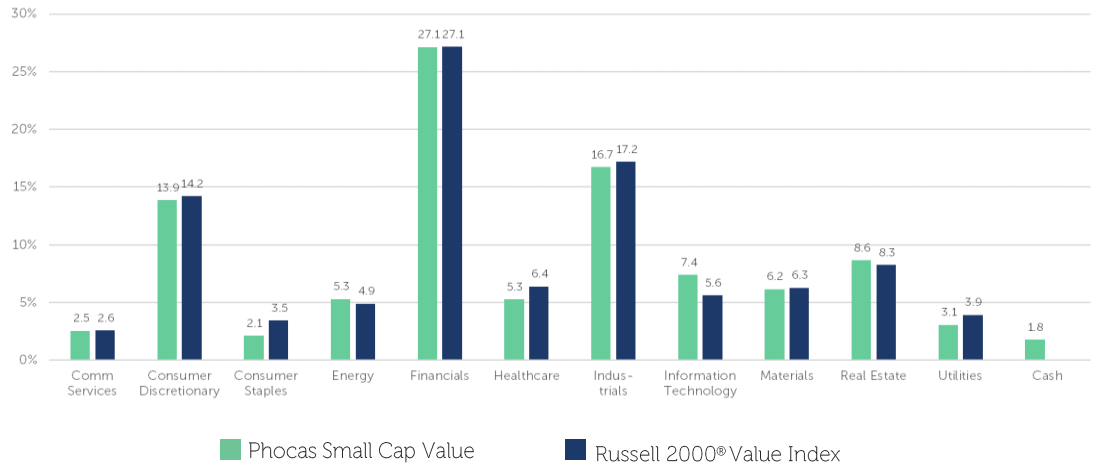
For Financials, we utilize a proprietary valuation model called "liquidation value" that serves as an intense calculation of book value.

For REITs, we have pioneered a three-pronged valuation model based on "adjusted funds from operations," net asset value and cash flows.

Given the combined sizes of these two sectors in the benchmark, successful navigation of the Financials and REIT sectors should provide a greater probability of delivering alpha on behalf of our investors.

"Because small cap stocks are less liquid than larger stocks & increasingly under-followed, inefficiencies arise and create the potential for consistent and substantial outperformance. The price of many small cap companies reflect their current environment rather than long-term fundamentals, hereby offering the patient investor uncommon investment opportunities."

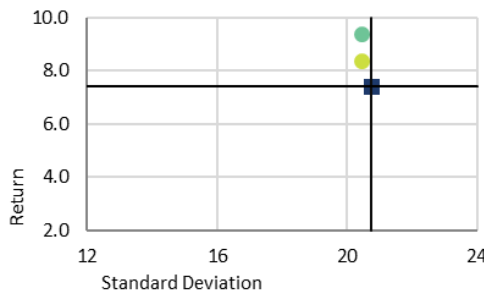
Sector Weightings (%)



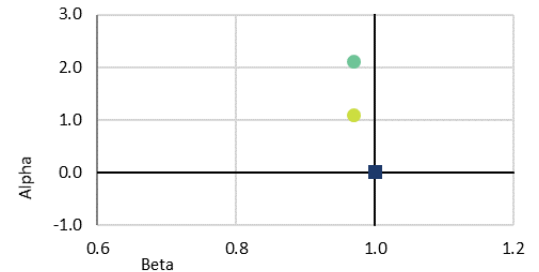
Top 10 Holdings[^]

Champion X Corporation	1.9%
Asbury Automotive Group, Inc.	1.7%
Bancorp Inc.	1.7%
Sterling Bancorp	1.7%
Sterling Construction Company, Inc.	1.7%
Ameris Bancorp	1.6%
Meta Financial Group, Inc.	1.6%
American Eagle Outfitters Inc	1.6%
Nexstar Broadcasting	1.6%
Preferred Bank	1.5%

Risk/Reward 5/1/06 – 3/31/201



Efficiency (Beta/Alpha) 5/1/06 – 3/31/21



● Phocas Small Cap Value (gross) ● Phocas Small Cap Value (net) ■ Russell 2000 Value Index

Portfolio Characteristics*	Phocas	R2V
Price/Earnings Ratio (fwd)	15.2	14.4
Price/Book Ratio	1.88	1.66
Free Cash Flow Yield	8.6%	8.3%
ROE	12.6%	9.6%
Debt-to-Total Capital+	42%	40%
Number of Stocks	104	1,507
Market Cap (\$bn; wtd avg)	\$2.89	\$3.08
Market Cap (\$bn; median)	\$2.64	\$2.61
Turnover	76%	
Yield	1.16%	1.57%

Portfolio Statistics*	Phocas	R2V
Cumulative Return (%)	282.71	190.36
Annualized Return (%)	9.41	7.40
Alpha	2.12	
Sharpe	0.42	0.32
Information Ratio	0.53	-
Up Period (%)	36.0	36.0
Down Period (%)	-19.6	-21.0
Correlation	0.98	1.00
Standard Deviation	20.43	20.74
Beta	0.97	1.00
Active Share (%)	89.2	
Upside Capture Ratio	104.5	100.0
Downside Capture Ratio	101.6	100.0

* Source: Factset and SPAR, 3/31/21
* Time Period: 5/1/06 – 3/31/21

Phocas Financial Corporation (the "Company" or "Phocas"), has been a registered investment advisor with the SEC since 2005. The Company provides investment management services focused on achieving competitive returns utilizing our small cap value investment approach.

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Phocas has prepared and presented this report in compliance with the Global Investment Performance Standards.

[^] Portfolio holdings and composition are subject to change. This information should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the securities holdings listed were or will be profitable, or that investment recommendations or decisions that we make in the future will be profitable. A complete list of holdings for the past twelve (12) months is available upon written request.