

# Upside Plus

## SMALL & MIDCAP STRATEGY

As of December 31, 2024

**Inception Date:** ..... 11/30/2003  
**Number of Equity Holdings:** ..... 27  
**Benchmark:** ..... Russell 2000 Index

**Strategy Description:** The Upside Plus strategy is an all-equity portfolio consisting of Horizon's favorite small and midcap stocks that Horizon believes offer the best total-return potential over the next 12 months. Initial individual positions are approximately equal-weighted and typically are not allowed to account for more than 5% of an investor's portfolio. Certain sectors are overweighted or underweighted in the portfolio based on opportunities available in individual stocks, although it is unlikely that one sector will account for more than 40% of the total portfolio. While the portfolio may be 100% invested in stocks, cash and fixed-income investments may be held depending on macro market conditions and the availability of attractive stock opportunities.

**Strategy Methodology:** First, stocks must clear certain threshold scores in Horizon's Quadrix® stock-rating system (usually top quintile) — providing what Horizon believes is a consistent and disciplined approach to evaluating a large opportunity set of stocks. The Quadrix numbers are verified by Horizon to make sure things like outlier effects and other mathematical quirks, that are part of all quant models, are not distorting the numbers. Industry and company prospects are evaluated. This is the "look-forward" piece of the analysis. Quadrix scores are designed to indicate how a company has done. In this step, Horizon tries to project whether the company can continue to replicate its success. The final steps are reconsider valuation and search for a catalyst.

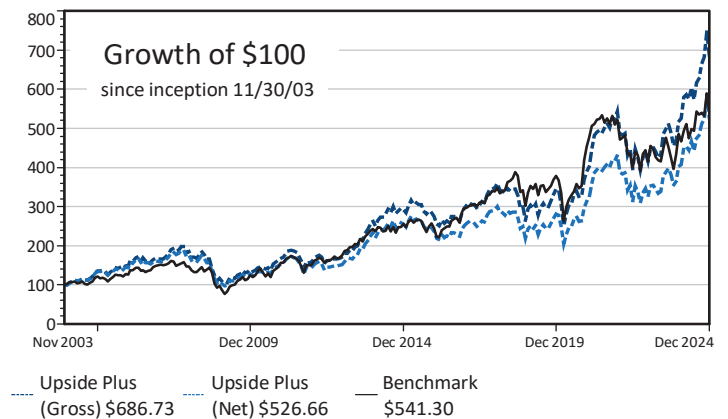
## Portfolio Allocations

Sector	% Equity Assets	Market Capitalization	% Equity Assets
Consumer Discretionary	11%	Large Cap	0%
Financials	27%	Midcap	28%
Health Care	12%	Small Cap	72%
Industrials	40%		
Information Technology	10%		

## Performance Summary

	Annualized				Since Incept.	Cum. Since Incept.
	1 Yr.	3 Yr.	5 Yr.	10 Yr.		
Upside Plus (Gross)	32.6%	8.2%	14.8%	8.9%	9.6%	586.7%
Upside Plus (Net)	31.0%	6.8%	13.4%	7.5%	8.2%	426.7%
Benchmark	11.5%	1.2%	7.4%	7.8%	8.3%	441.3%

## Cumulative Return History



## Annualized Statistics (since inception)

	Standard Deviation	Sharpe Ratio
Upside Plus (Gross)	18.0%	0.44
Upside Plus (Net)	18.0%	0.37
Benchmark	19.9%	0.34

## Risk Analysis (vs. Benchmark since inception)

	Alpha	Beta	R <sup>2</sup>	Up Capture	Down Capture
Upside Plus (Gross)	2.8%	0.80	78%	82%	80%
Upside Plus (Net)	1.5%	0.80	78%	79%	82%
Benchmark	0.0%	1.00	100%	100%	100%

An investment in this strategy involves the risk of loss. Investment return and principal value will fluctuate so that the investment, when redeemed, may be worth more or less than the original investment.

As a fiduciary adviser, Horizon is legally and ethically bound to act in the best interests of their clients.

The Quadrix® stock-rating system is a proprietary product wholly-owned by Horizon Publishing Company, Horizon Investment Services' sister company. Horizon Investment Services has contracted with Horizon Publishing Company to use the Quadrix stock-rating system for its stock-screening processes. No formula or other device being offered can, in and of itself, be used to determine which securities to buy or sell.

"Number of Equity Holdings" and "Portfolio Allocations" are based on the equity holdings of an actual representative client account invested in the Upside Plus strategy. The remainder of the account is comprised of fixed-income and money market funds. Other account holdings may differ as a result of market conditions, client restrictions, and any number of other factors.

Portfolio Allocations (Sector and Market Capitalization) may not add up to 100% due to rounding.

Informa Investment Solutions/Zephyr StyleADVISOR is a software program that uses returns-based style analysis to quickly seek to ascertain a manager's style and creates a unique style benchmark that seeks to reflect that style. Source: www.styleadvisor.com. StyleADVISOR annualized returns may differ immaterially from Horizon Fact Sheet returns due to rounding.

#### Glossary of Statistics

**Alpha** measures nonsystematic return, or the return that cannot be attributed to the market. Thus, it can be thought of as how the manager performed if the market has had no gain or loss. In contrast, beta measures the return that is attributable to the market and is a measure of the portfolio's overall volatility. If the market's return as measured by an index was equal to the risk-free rate, the manager's expected excess return would be alpha.

**Beta** measures the risk level of the manager. Beta measures the systematic risk, or the return that is attributable to market movements. In contrast, alpha measures the nonsystematic return of the portfolio, and standard deviation measures the volatility of a portfolio's returns compared to the average return of the portfolio. A beta equal to one indicates a risk level equivalent to the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels. Beta is estimated by the slope of the best fit line based on the ordinary least squares regression using the market's quarterly return less the risk-free rate as the independent variable and the manager's quarterly return less the risk-free rate as the dependent variable.

**Down Capture** is a measure of how badly the manager was affected by phases of negative benchmark returns.

**R-Squared (R<sup>2</sup>)** is a statistic that measures the reliability of alpha and beta in explaining the return of a manager as a linear function of the market. It is produced by regression analysis. If you are searching for a manager with a particular style, for example a growth manager, you would expect that manager to have an R-Squared that is high relative to a growth index if the manager has a diversified portfolio. If the manager's return is explained perfectly, the R-Squared would equal 100, while an R-Squared of 0 would indicate that no relationship exists between the manager and the linear function. Higher R-Squared values indicate more reliable alpha and beta statistics and are useful in assessing a manager's investment style.

**Sharpe Ratio** is one of two alternative, yet similar, methods of measuring excess return per unit of risk. In the case of the Sharpe Ratio, risk is measured using the standard deviation of the returns in the portfolio. The Sharpe Ratio relates the difference between the portfolio return and the risk-free rate to the standard deviation of that difference for a given time period.

**Standard Deviation** of return measures the average deviations of a return series from its mean, and is often used as a measure of risk. A large standard deviation implies that there have been large swings in the return series of the manager.

**Up Capture** is a measure of how well a manager was able to replicate or improve on phases of positive benchmark returns.

### Horizon Investment Services, LLC Upside Plus Composite GIPS® Composite Report

Year End	Total Firm Assets (millions)	Composite Assets		Annual Performance Results				3 Yr. Standard Deviation	
		(USD) (millions)	Number of Accounts	Benchmark	Gross Composite	Net Composite	Composite Dispersion	Benchmark	Composite
2024	316.0	5.8	10	11.5%	32.6%	31.0%	0.9%	23.3%	22.8%
2023	258.2	6.8	10	16.9%	24.8%	23.2%	1.0%	21.1%	21.5%
2022	224.0	5.3	9	(20.4)%	(23.5)%	(24.4)%	0.5%	26.0%	25.1%
2021	281.2	10.7	11	14.8%	39.3%	37.7%	2.0%	23.4%	21.5%
2020	215.3	6.7	9	19.9%	13.0%	11.6%	0.9%	25.3%	23.3%
2019	198.8	6.9	13	25.5%	29.8%	28.2%	1.6%	15.7%	16.3%
2018	193.9	5.8	16	(11.0)%	(23.8)%	(24.8)%	0.4%	15.8%	14.8%
2017	295.5	13.4	60	14.7%	17.9%	16.4%	0.7%	13.9%	12.4%
2016	265.7	11.8	59	21.3%	7.3%	5.9%	0.9%	15.8%	13.6%
2015	320.0	14.3	79	(4.4)%	(5.9)%	(7.2)%	0.6%	14.0%	13.4%

**Upside Plus Composite** contains fully discretionary Upside Plus commission and bundled fee-paying accounts and, for comparison purposes, is measured against the Russell 2000 Index. The Upside Plus strategy is an all-equity portfolio consisting of Horizon's favorite small and midcap stocks that Horizon believes offer the best total-return potential over the next 12 months. Initial individual positions are approximately equal-weighted and typically are not allowed to account for more than 5% of an investor's portfolio. Certain sectors are overweighted or underweighted in the portfolio based on opportunities available in individual stocks, although it is unlikely that one sector will account for more than 40% of the total portfolio. While the portfolio may be 100% invested in stocks, cash and fixed-income investments may be held depending on macro market conditions and the availability of attractive stock opportunities. The Russell 2000 Index is an unmanaged total-return index designed to measure the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 publicly held U.S. companies in terms of market capitalization.

Horizon Investment Services, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Horizon Investment Services, LLC has been independently verified for the periods September 1, 2000 through December 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 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 Upside Plus composite has had a performance examination for the periods November 30, 2003 through December 31, 2024. The verification and performance examination reports are available upon request.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Horizon Investment Services, LLC is a registered investment adviser with the United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. The firm maintains a complete list of composite descriptions, which is available upon request.

The composite performance returns include all fully discretionary active and terminated commission and bundled fee-paying accounts for the strategy and exclude any accounts with significant client-imposed investment restrictions.

The U.S. Dollar is the currency used to express performance. All composite performance returns include the reinvestment of all income. Gross composite performance returns are asset-weighted total-return figures. Beginning in October 2019, gross composite performance returns reflect accounts that do not pay any brokerage commissions. Prior to October 2019, gross composite performance returns were after brokerage commissions paid or the highest asset-based brokerage fee of 0.20%, applied monthly; which include brokerage commissions and custodial service fees, but do not reflect the payment of management fees. Net composite performance returns are further reduced by the highest applicable annual management fee ranging from 1.25% to 1.75% if referral fees are applicable, applied monthly. Prior to October 2019, bundled accounts paid a fee based on a percentage of assets under management which includes all charges for trading costs, portfolio management, custody, and other administrative fees. Beginning in October 2019, the asset-based brokerage fee portion of the bundled accounts only impact the billable mutual fund holdings in the strategy which make up an immaterial part of the strategy. The annual composite dispersion presented is equal-weighted standard deviation of gross returns calculated for the accounts in the composite the entire year. The 3-year standard deviation is the equal-weighted ex-post standard deviation of gross returns annualized over three years. Policies for valuing investments, calculating performance, and preparing GIPS® Reports are available upon request.

The investment management fee schedule for the composite is 1.25% on the first \$2 million, 1.10% on the next \$2 million, 0.95% on the next \$2 million and 0.80% on the remainder. Actual investment advisory fees incurred by clients may vary depending on solicitation fees, fee schedule, and portfolio size. Management fee schedules are available upon request or may be found in Part 2A of Horizon Investment Services' Form ADV.

The Upside Plus Composite was created and incepted November 30, 2003.

Past performance is no guarantee of future results.