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# CollegeCounts Alabama's 529 Fund - Advisor Plan U.S. Small Cap Value Equity Fund Search

November 2025

## U.S. Small Cap Value Equity Funds for Consideration

Manager	Fund Name	Wilshire Rating
American Century	Avantis U.S. Small Cap Value	2 <sup>nd</sup> decile
Boston Partners Global Investors	Small Cap Value II	2 <sup>nd</sup> decile
Diamond Hill Capital Management	Small Cap	2 <sup>nd</sup> decile
Dimensional Fund Advisors	DFA U.S. Small Cap Value	3 <sup>rd</sup> decile
PIMCO	PIMCO RAE US Small	3 <sup>rd</sup> decile
Royce Investment Partners	Small-Cap Total Return	2 <sup>nd</sup> decile
Vaughan Nelson Investment Management	Small Cap Value	2 <sup>nd</sup> decile
Northern Trust*	Northern Small Cap Value	4 <sup>th</sup> decile

\*Note: Current manager

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# Fund Details

## Fund Details

Manager	Fund Name	Ticker	Fund Assets	Expense Ratio
American Century	Avantis U.S. Small Cap Value	AVUVX	\$1.2 billion	25 bps
Boston Partners Global Investors	Small Cap Value II	BPSIX	\$0.6 billion	99 bps
Diamond Hill Capital Management	Small Cap	DHSIX	\$0.2 billion	97 bps
Dimensional Fund Advisors	DFA US Small Cap Value	DFSVX	\$15.9 billion	31 bps
PIMCO	PIMCO RAE US Small	PMJIX	\$2.7 billion	50 bps
Royce Investment Partners	Small-Cap Total Return	RTRIX	\$0.9 billion	102 bps
Vaughan Nelson Investment Management	Small Cap Value	VSCNX	\$1.3 billion	95 bps
Northern Trust	Northern Small Cap Value	NOSGX	\$0.7 billion	51 bps

## Fund Details

Manager	Fund Name	Portfolio Managers	Investment Approach	Number of Holdings
American Century	Avantis U.S. Small Cap Value	Team-Managed	Systematic, bottom-up	500-800
Boston Partners Global Investors	Small Cap Value II	George Gumpert	Fundamental, bottom-up	150-200
Diamond Hill Capital Management	Small Cap	Aaron Monroe	Fundamental, bottom-up	50-80
Dimensional Fund Advisors	DFA U.S. Small Cap Value	Team-Managed	Systematic, bottom-up	1,000+
PIMCO	PIMCO RAE US Small	Rob Arnott	Systematic, bottom-up	200-400
Royce Investment Partners	Small-Cap Total Return	Miles Lewis, Joe Hintz, Jag Sriram	Fundamental, bottom-up	50-90
Vaughan Nelson Investment Management	Small Cap Value	Chris Wallis, James Eisenman	Fundamental, bottom-up	55-85
Northern Trust	Northern Small Cap Value	Team-managed	Systematic, bottom-up	400-600

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# Active Fund Summaries

# Active Fund Summaries

Manager	Fund Name	Fund Summary
American Century	Avantis U.S. Small Cap Value	<p>The Avantis Small Cap Value strategy utilizes a highly diversified, systematic, process-driven investment approach which seeks to outperform the Russell 2000 Value Index by 200-250 bps with expected tracking error of 350-450 bps. The firm’s investment philosophy is based on well-regarded academic research which results in a portfolio which seeks exposure to investment characteristics which are expected to lead to higher expected returns, specifically value and profitability metrics. The strategy will also incorporate a momentum signal in an effort to further enhance returns. The resulting portfolio is expected to hold around 500-800 securities with low portfolio turnover (15-30%). While the track record for this strategy is short, the team utilizes many of the same investment concepts as their predecessor firm, DFA, while also making modest enhancements to the systematic process that appear compelling. It should also be noted that the strategy is offered with very attractive fees, which is viewed positively. This strategy is an attractive investment option for investors looking for broadly diversified deep value equity exposure.</p>
Boston Partners	Small Cap Value II	<p>The Boston Partners Small Cap Value II strategy is an attractive investment option for investors seeking a broadly diversified (150-200 securities) all-weather investment approach with an emphasis on investing in both small and micro-cap securities. The strategy is managed by George Gumpert, who is supported by two dedicated small cap analysts as well as a deep research analyst team. The investment process is based on the firm’s three circle stock selection criteria: valuation, business fundamentals, and momentum/catalyst with thorough fundamental research utilized to identify attractive investment opportunities. The strategy has produced attractive investment results relative to the Russell 2000 Value Index primarily through strong stock selection. It should be noted that the strategy has developed a successful track record of being able to protect capital on the downside, yet still participate nicely on the upside. However, investors should recognize the strategy’s potential exposure to micro-cap securities which can create additional volatility for the strategy at times.</p>

# Active Fund Summaries

Manager	Fund Name	Fund Summary
Diamond Hill	Small Cap	<p>The Diamond Hill Small Cap strategy emphasizes bottom-up fundamental research with a focus on identifying companies currently trading at a discount to intrinsic value. Five-year discounted cash flow analysis is the primary valuation method utilized within the investment research process. The strategy is moderately concentrated, typically holding 50-80 securities, and the portfolio construction constraints are intentionally wide allowing for the portfolio managers and the team to reflect their highest conviction stock specific views within the strategy. The team is however aware of portfolio risks and seeks to maintain a well-diversified portfolio with tracking error that tends to range between 3-6%. The investment team takes a long-term approach with annual portfolio turnover less than 30% on average. Since taking over the strategy, the current PMs have notably improved performance relative to the benchmark and peer group which has been primarily driven by strong stock selection. The strategy has historically outperformed during down market periods and produced attractive risk-adjusted returns over full market cycles.</p>
Dimensional Fund Advisors	DFA U.S. Small Cap Value	<p>Dimensional Fund Advisors (DFA) manages a distinctive small cap value strategy that offers a process-driven, systematic approach to small cap value investing. The investment team is very experienced and is further supported by well-regarded academic researchers. The firm’s overarching investment philosophy is utilized across all of the firm’s equity strategies and is largely driven by the academic research of Eugene Fama and Ken French. This philosophy focuses on constructing well-diversified, asset class pure portfolios with exposure to enduring factor premiums, which are primarily defined as value, size, and profitability. DFA is also cognizant of trading costs and has developed robust implementation capabilities in an effort to reduce trading costs. Overall, the strategy follows a very disciplined, systematic approach, which has generated consistent and predictable investment results.</p>

# Active Fund Summaries

Manager	Fund Name	Fund Summary
PIMCO	RAE U.S. Small	<p>The PIMCO RAE U.S. Small strategy, managed by Research Affiliates, provides clients with a quantitative, rules-based small cap U.S. equity product, which incorporates the firm’s fundamental-weighting investment approach. The investment team is led by Co-Portfolio Managers, Rob Arnott and Chris Brightman. The investment philosophy focuses on identifying securities which have high RAE scores as measured by a combination of valuation, quality, and momentum factors. The top scoring 50% of stocks by cumulative fundamental weight are selected for the portfolio. Final portfolio security weights are based on each security’s RAE score multiplied by its fundamental weight, which measures the size of a company based on book value, cash flow, dividends, and sales. The process results in a highly diversified portfolio of 200-400 securities. The strategy is designed to deliver 1.5-2.5% of excess return over the Russell 2000 Value Index with an expected tracking error range of 2-4% over a full market cycle. It is important to note that the strategy’s tracking error and value exposure within the portfolio will dynamically adjust. When security prices deviate substantially from company fundamentals, the strategy will exhibit higher tracking error and increased value exposure, and the reverse of this will take place during periods where there is less deviation between security prices and company fundamentals.</p>
Royce	Small-Cap Total Return	<p>The Royce Small Cap Quality Value strategy (including the Small Cap Total Return fund) seeks to invest in high quality, dividend-paying small cap securities which are also trading at a discount to intrinsic value due to temporary or cyclical reasons. The strategy typically holds between 50-90 securities and takes a long-term investment approach resulting in annual portfolio turnover which is generally less than 20%. The strategy is constructed in a benchmark agnostic manner and will typically have limited exposure to the REITs, Utilities, and Energy sectors. Given the strategy’s higher quality dividend-oriented approach, the portfolio is expected to have lower volatility when compared to the Russell 2000 Value Index and is also expected to outperform during down market periods.</p> <p>The strategy was historically managed utilizing a sleeve approach. However, during May 2021, Miles Lewis became the lead PM of the strategy and is now responsible for all investment decisions within the portfolio. As part of this transition, the benchmark of the strategy was formally changed to the Russell 2000 Value Index, and the number of names was reduced from over 200 to the current 50-90 range.</p>

## Active Fund Summaries

Manager	Fund Name	Fund Summary
Vaughan Nelson	Small Cap Value	Vaughan Nelson Small Cap Value is an absolute return-oriented strategy that seeks to identify companies with 50% return potential over the next three-year period of time by exploiting inefficiencies within the small cap value universe. The team’s disciplined approach to valuation leads to thorough analysis of a respective company’s financial statements and business model with an emphasis on discounted cash flow analysis (DCF) and return on invested capital (ROIC). The investment team seeks portfolio diversification by investing in three types of companies: undervalued growth, undervalued assets, and undervalued dividend with the goal of providing an all-weather investment strategy of approximately 55-85 securities. The team is highly experienced and has developed a collaborative investment environment in order to manage equity strategies across the market capitalization spectrum. It should be noted that the firm’s absolute value, DCF focused approach may lead the strategy to look core at times compared to more traditional valuation metrics. The strategy has produced attractive excess returns relative to the Russell 2000 Value Index over long-term periods.
Northern Trust	Quality Small Cap Value	Northern Trust offers a quantitative Quality Small Cap Value strategy which is broadly diversified by number of holdings (400-600) and remains largely sector neutral which allows for stock selection to drive the alpha potential of the strategy. The Northern Trust quantitative platform is more simplistic than many of its quantitative peers. However, the process has historically led to a high level of repeatability as well as the ability to focus on minimizing transaction costs. The strategy has a long-term holding period with annual turnover of around 20-30%. The strategy tends to outperform during down markets given its quality focus but has produced competitive investment results in a variety of market environments. Overall, the strategy is suitable for investors that are looking for a diversified, low turnover quantitative strategy which has historically produced modest excess returns over long-term periods.

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Performance

# Performance

	Quarter		One Year		Three Years		Five Years		Ten Years	
	Return (%)	Rank	Return (%)	Rank	Return (%)	Rank	Return (%)	Rank	Return (%)	Rank
<i>as of 9/30/2025</i>										
American Century Avantis	9.90	32	5.91	48	17.03	29	20.71	11	---	---
Boston Partners	7.46	59	12.22	15	17.40	26	16.93	39	10.55	36
Diamond Hill	8.17	51	8.74	30	17.92	22	17.54	30	9.25	72
DFA	8.72	45	5.33	53	16.03	45	20.01	13	10.72	33
PIMCO	9.27	39	6.09	45	20.50	12	22.35	6	13.18	7
Royce	5.17	84	6.66	43	16.98	30	14.94	62	10.77	31
Vaughan Nelson	8.78	44	5.75	50	16.25	41	17.49	30	10.79	30
Northern Trust	10.01	30	5.45	52	14.00	61	14.64	67	8.92	84
<i>Russell 2000 Value Index</i>	<b>12.60</b>	<b>13</b>	<b>7.88</b>	<b>34</b>	<b>13.56</b>	<b>66</b>	<b>14.59</b>	<b>69</b>	<b>9.23</b>	<b>73</b>

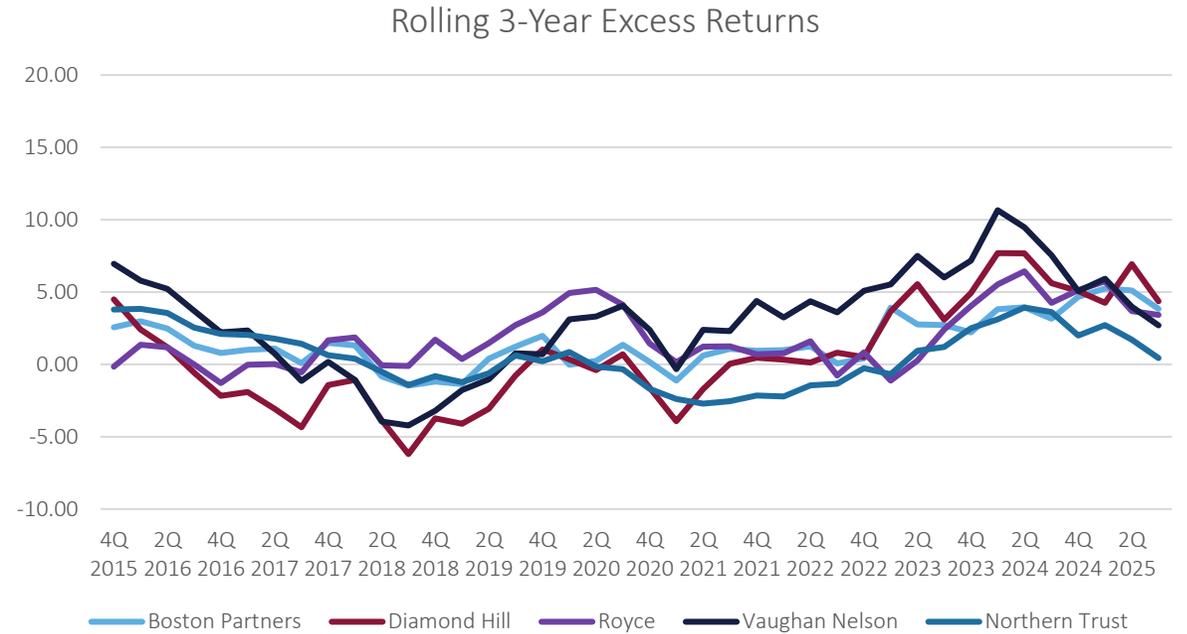
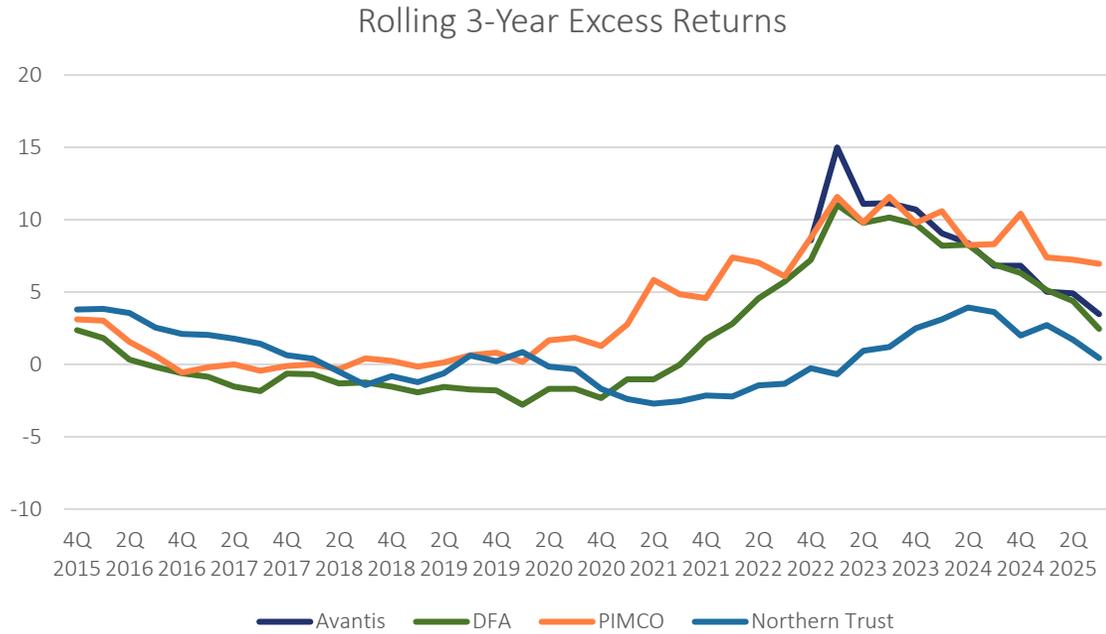
Note: Gross of fee performance sourced from eVestment

# Tracking Error

	Quarter		One Year		Three Years		Five Years		Ten Years	
	Tracking Error (%)	Rank								
<i>as of 9/30/2025</i>										
American Century Avantis	2.92	18	4.41	23	4.68	20	4.74	15	---	---
Boston Partners	1.49	3	5.22	38	5.19	32	5.25	23	4.56	22
Diamond Hill	9.34	86	8.07	78	6.72	62	7.15	64	6.51	65
DFA	5.66	56	4.46	24	4.34	15	4.40	10	4.05	11
PIMCO	1.91	7	5.70	51	7.53	73	7.59	72	5.73	49
Royce	6.14	63	6.50	61	5.87	44	6.53	52	5.62	46
Vaughan Nelson	8.44	81	5.52	46	7.25	69	6.93	58	6.25	58
Northern Trust	1.42	3	2.54	1	3.27	2	3.70	3	3.08	2

Note: Tracking error sourced from eVestment

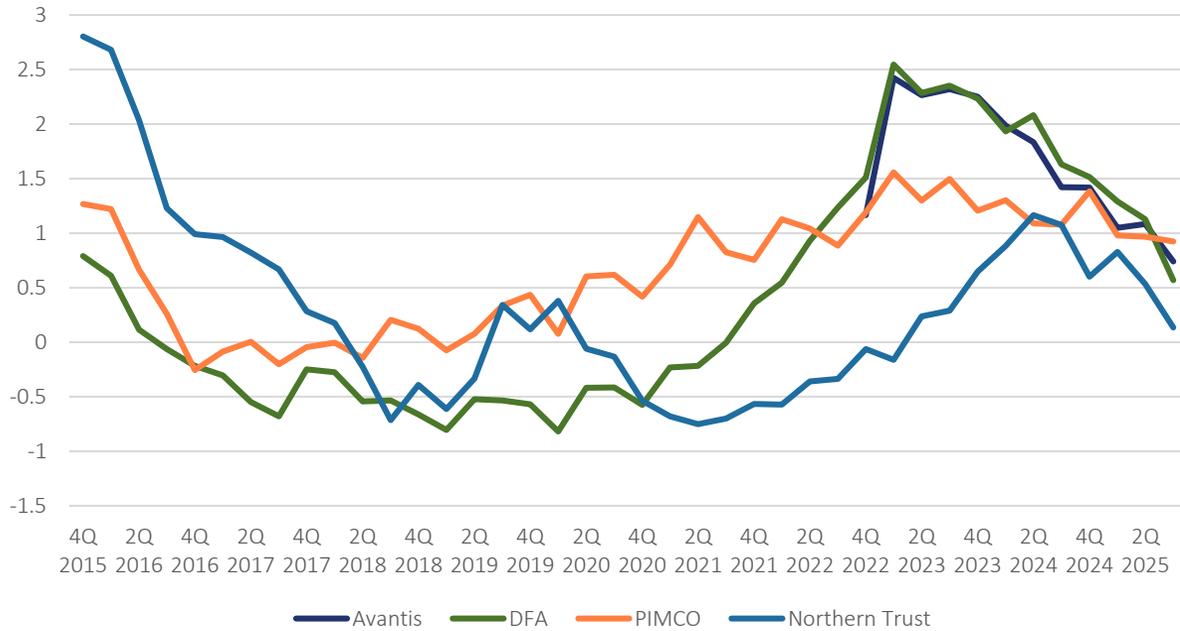
# Performance – Rolling 3-Year Excess Returns



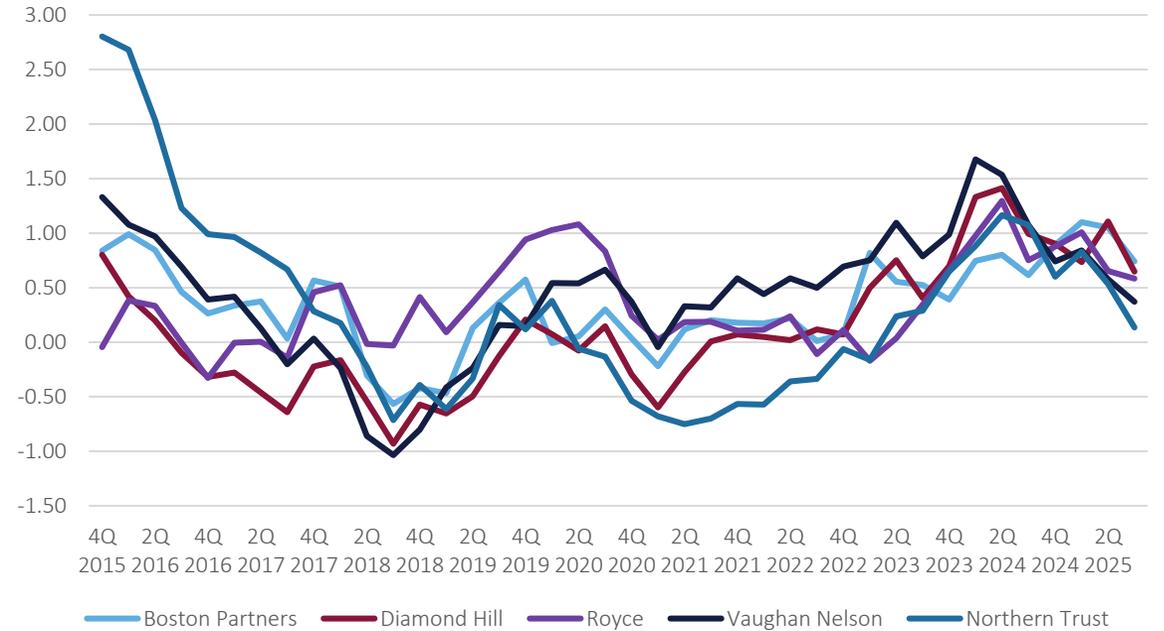
Note: Gross of fee performance sourced from eVestment

# Performance – Rolling 3-Year Information Ratio

Rolling 3-Year Information Ratio



Rolling 3-Year Information Ratio



Note: Gross of fee performance sourced from eVestment

# Excess Performance – Scenario Analysis

5 Years

	Overall	Russell 2000 Value Index		Russell 2000 Growth – Value		Russell 2000 Dynamic – Defensive		Russell 2500 – Russell Micro Cap	
		Up	Down	Up	Down	Up	Down	Up	Down
American Century	6.81%	10.20%	2.81%	2.13%	12.43%	3.86%	9.46%	10.59%	1.74%
Boston Partners	3.17%	-2.46%	10.49%	5.63%	0.42%	-2.95%	8.84%	8.23%	-3.51%
Diamond Hill	3.79%	0.69%	7.70%	12.75%	-5.59%	1.41%	5.92%	10.29%	-4.68%
DFA	5.65%	6.17%	5.01%	2.33%	9.57%	-0.42%	11.26%	10.48%	-0.77%
PIMCO	7.65%	8.20%	6.99%	6.55%	8.93%	8.88%	6.59%	9.92%	4.56%
Royce	0.67%	-5.15%	8.28%	3.57%	-2.54%	-6.76%	7.66%	7.77%	-8.49%
Vaughan Nelson	3.02%	-3.03%	10.92%	9.81%	-4.23%	-4.54%	10.12%	12.52%	-8.95%
Northern Trust	0.01%	-4.99%	6.48%	-1.08%	1.28%	-8.08%	7.68%	6.32%	-8.20%

10 Years

	Overall	Russell 2000 Value Index		Russell 2000 Growth – Value		Russell 2000 Dynamic – Defensive		Russell 2500 – Russell Micro Cap	
		Up	Down	Up	Down	Up	Down	Up	Down
Boston Partners	1.68%	-1.49%	6.63%	3.97%	-1.55%	-1.67%	5.26%	5.63%	-3.27%
Diamond Hill	0.62%	-4.89%	9.50%	5.57%	-6.14%	-4.23%	5.90%	8.62%	-8.95%
DFA	1.88%	3.58%	-0.60%	-0.25%	5.05%	0.93%	2.88%	3.35%	0.00%
PIMCO	3.93%	4.19%	3.56%	4.16%	3.61%	4.52%	3.33%	5.65%	1.73%
Royce	1.63%	-3.88%	10.49%	4.06%	-1.78%	-5.01%	8.98%	8.88%	-7.13%
Vaughan Nelson	1.33%	-4.97%	11.57%	7.06%	-6.42%	-5.00%	8.33%	10.64%	-9.67%
Northern Trust	-0.12%	-3.58%	5.31%	-0.30%	0.14%	-6.21%	6.59%	5.03%	-6.47%

Note: Gross of fee excess performance sourced from Wilshire MARS. Performance as of June 30, 2025

## Wilshire Thoughts & Recommendation -

- Wilshire recommends replacement of Northern Trust with a higher conviction manager that has the potential to produce higher levels of excess returns.
  - Northern Trust ranks below the peer group median over trailing 3-, 5-, and 10-year annualized periods, which has been a relatively favorable environment for active management within the Small Cap Value peer group.
  - Northern Trust has low tracking error relative to the Small Cap Value peer group, ranking in the top decile (i.e., lower tracking error) over all trailing periods.
  - Northern Trust tends to outperform during down markets and defensive market environments while historically underperforming during up/dynamic market environments (see page 16 Scenario Analysis). A more balanced performance profile may be beneficial.
- There are two highly-rated managers that stand out from a long-term performance and fee standpoint: American Century Avantis and DFA.
- We recommend replacing Northern Trust with the American Century Avantis Small Cap Value Fund given its high qualitative rating, strong investment performance, and low fee. Adding the American Century Avantis Small Cap Value Fund will also provide differentiation from the Direct Plan, which utilizes the DFA Small Cap Value Fund.

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