HOOD RIVER
CAPITAL MANAGEMENT

# International Opportunity Fund Commentary
## December, 31 2025

As we turn the page on 2025, it's clear that U.S. equities took a back seat to global markets. Japan, Asia-Pacific, and the UK delivered roughly twice the returns of the U.S., while Europe and emerging markets outpaced it by closer to two-and-a-half times. After years of leading the way, the U.S. has lagged behind its international peers, especially Europe, Japan, and emerging markets. Looking ahead, market leadership appears to be broadening beyond the U.S., possibly opening fresh opportunities for investors seeking to diversify their portfolios.

What makes this shift particularly notable is how few investors anticipated it. U.S. policy discussions emphasized domestic strength, the UK continued to navigate well-known economic challenges, and export-oriented emerging markets were widely expected to struggle amid trade tensions. Europe, meanwhile, faced political fragmentation, regulatory complexity, and a major conflict close to home. Despite these headwinds, international markets quietly outperformed, surprising many investors.

In the fourth quarter, the Hood River International Opportunity Fund again outpaced its MSCI All Country World ex USA Small Cap index by +3.70%, posting a total return of +6.66% versus the benchmark's +2.96%. Stock selection remained the primary driver of relative performance, contributing +3.06% to relative returns. Outperformance was broad-based, with information technology generating a significant portion of the contribution. Small detractors for the quarter included industrials (-0.30%), energy (-0.23%), and staples (-0.05%), while leading contributors were information technology (+2.36%), health care (+1.04%), and materials (+0.79%). Exposure to both developed and emerging markets also added to relative performance. For the year-end 2025, the Hood River International Opportunity fund returned +41.49%, besting the index by +12.23%.

International markets, including emerging ones, remain highly diverse. Differences across countries and industries create a wide range of opportunities rather than a single dominant theme. Artificial intelligence continues to be a potentially powerful long-term growth driver, presenting opportunities across multiple non-U.S. markets. Importantly, these opportunities extend beyond well-known semiconductor leaders in Taiwan and South Korea, with attractive exposure developing across broader segments of the AI supply chain.

We recently added a compelling new holding to the fund in Circus SE, a German-based company developing AI-driven robotics that automate food preparation and logistics across both commercial and defense markets. The company has gained early traction through partnerships such as its collaboration with Meta Germany and agreements with military branches to deliver its technology directly to troops, highlighting the real-world value of its platform. While current market expectations take a conservative view of future profitability, we believe Circus SE's long-term earnings potential is meaningfully undervalued as adoption broadens and the business scales.

Another new addition is Chrysos, an Australian mining technology company focused on improving the analysis of gold, silver, copper, and other critical metals. Its proprietary PhotonAssay technology allows miners to test ore samples faster, safer, and more consistently than traditional methods. Chrysos is steadily expanding its installed base with large mining operators and global laboratory partners, embedding its systems directly into customer workflows. In our view, investors are undervaluing both the durability of its business model and the earnings potential from broader industry adoption.

From a country-specific perspective, policy conditions across international markets are increasingly supportive. Many central banks have eased monetary policy to bolster domestic demand, a trend we expect to continue into 2026. In China, government efforts to reduce excessive price competition and industrial overcapacity are still early but may gradually improve earnings quality and capital discipline in certain sectors. We are identifying select opportunities and

have been deliberate in adding exposure, focusing on companies with strong fundamentals and improving policy alignment. As investor attention broadens, the gap between fundamentals and market pricing may begin to narrow.

In India, we are selectively building exposure as consumption-focused policy measures start to show results. As we move into 2026, the benefits of these reforms are expected to become more evident in corporate earnings, strengthening the longer-term outlook.

From our perspective, the current environment increasingly favors a selective, active approach, particularly outside the U.S., where market inefficiencies are more pronounced. Over the past decade, U.S. equity returns were dominated by a narrow group of mega-cap companies, making consistent outperformance difficult. As leadership broadens and attention shifts from a handful of hyperscalers to a wider set of companies benefiting from global innovation and AI adoption, international markets increasingly offer a compelling backdrop for identifying potential long-term winners.

Looking ahead to 2026, we see compelling opportunities emerging outside the U.S., where valuations are more reasonable, policy conditions are improving, and market leadership is broadening. Across regions such as China, India, Europe, and parts of Asia, we are finding differentiated opportunities tied to tailwinds like innovation, domestic consumption, and industrial transformation. These markets are less efficient and more fragmented, placing a premium on disciplined stock selection. In closing, we thank prospective investors for their consideration and our current partners for their continued confidence. We look forward to the conversations and opportunities that 2026 will bring.

Lance Cannon, Brian Smoluch, David Swank

| International Opportunity Fund Performance as of 12/31/25 | 1 Year | 3 Year | Since Inception |
|---|---|---|---|
| **HR International Opportunity Fund (Inst)** | 41.49% | 31.42% | 13.95% |
| **MSCI All Country World ex US Small Cap Index** | 29.26% | 15.61% | 5.28% |

***Institutional Share Class inception date: 9/28/21***

**Performance quoted represents past performance for the Fund's institutional class shares and there is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. Current performance may be higher or lower than the performance data quoted above. Please call 800-497-2960 to obtain current and the most recent month-end performance data. The Institutional Share Class gross expense ratio: 2.12%; net expense ratio (contractual through 11/30/26): 1.25%.**

**Investment Considerations:**
**All investing includes risk, including the loss of principal. The Fund invests in small-cap securities which present a greater risk of loss than large-cap securities, and in growth companies which can be more sensitive to the company's earnings and more volatile than the stock market in general. The Fund also invests in foreign securities which are subject to risks including currency fluctuations, economic and political change and differing accounting standards. The Fund may invest in derivatives and IPOs, which are highly volatile. Additional risk information may be found in the prospectus.**

*All information in this report is as of December 31, 2025 unless otherwise indicated. The benchmark is the MSCI ACWI ex US Small-Cap Index, defined as a stock market index comprising of non-U.S. stocks from 22 of 23 developed markets and 26 emerging markets. The MSCI ACWI Ex-U.S. index is made up of 2,361 constituents, which is 85% of the global equity market aside from the U.S. Investors cannot directly invest in an index.

***Investors should carefully consider the Fund's investment objective, risks, charges, and expenses before investing. For a prospectus, which contains this and other important information about the Fund, please call 800-497-2960. Please read the prospectus carefully before investing or sending money.***

**Diversification does not assure a profit, nor does it protect against a loss.**

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