

International Opportunity Fund Commentary
June 30, 2026

For much of the last decade, investing outside the United States often felt like an exercise in patience. Dominant U.S. technology companies captured investors' attention, domestic markets led economic growth, and international equities frequently struggled to keep pace. We believe that dynamic is beginning to shift.

Today, the opportunity set beyond U.S. borders appears increasingly compelling. Not because every international market is thriving, but because the drivers of return are becoming more diverse, company-specific, and less dependent on a narrow group of market leaders. Perhaps the most overlooked opportunity lies within international smaller-cap equities. Compared to their large-cap counterparts, these companies typically receive far less analyst coverage and institutional attention. Many generate a significant portion of their revenues from local economies, providing exposure to growth trends often unavailable through multinational corporations. As research coverage declines and information becomes scarcer, market inefficiencies tend to increase. For active managers, that creates an environment where fundamental research can have an even greater impact on investment outcomes.

In the second quarter, the Hood River International Opportunity Fund extended its outperformance versus the MSCI All Country World ex USA Small Cap index by +19.14%, posting a total return of +28.76% versus the benchmark's +9.62%. Stock selection, as is typical, was the primary source of alpha, contributing +1,152 bps. Every sector was additive to relative performance, with information technology as the standout at +12.48%. The next top contributors included industrials (+2.18%) and materials (+1.78%). The lowest contributors were consumer discretionary (+0.08%), communication services (+0.09%) and utilities (+0.27%).

One of the most notable developments has been the increasing differentiation among regions and countries. International investing is no longer a single macroeconomic story. Japan faces a different set of opportunities than Europe. South Korea and Taiwan are benefiting from trends distinct from those influencing China. India continues to chart its own course, while Latin America remains driven by country-specific policy, commodity markets, and currency movements. Increasingly, it appears that investors are being rewarded for stock selection rather than broad geographic exposure.

Japan remains one of the more compelling markets within our opportunity set, contributing +6.15% to relative performance during the quarter. Corporate governance reforms continue to improve capital allocation, wage growth has strengthened, and companies are becoming more focused on shareholder returns. While the normalization of monetary policy has introduced some uncertainty, it also reflects a healthier economy than investors have seen in decades.

Europe presents a more balanced picture. Economic growth remains modest, but continued investment in infrastructure, defense, and industrial capacity is creating attractive opportunities beneath the surface. Many European businesses continue to lead their industries globally yet still trade at meaningful discounts to comparable U.S. companies, making the region an attractive hunting ground for active managers.

China remains a market of contrasts. Export activity has held up better than expected, reflecting the country's continued importance within global manufacturing and technology supply chains. At the same time, weak domestic demand and ongoing property market challenges continue to weigh on sentiment. Rather than viewing China as a broad investment opportunity, we believe success will come from identifying businesses capable of navigating these uneven conditions.

Across the rest of emerging markets, the opportunity set is equally diverse. Taiwan and South Korea continue to benefit from semiconductor and AI-related investment, while India remains supported by favorable demographics and expanding domestic demand. Latin America offers selective opportunities, though outcomes remain heavily influenced by political developments, commodity prices, and currency movements. The growing dispersion across countries reinforces our view that company-specific research, rather than broad regional positioning, is becoming increasingly important.

Artificial intelligence remains an important theme globally, but the investment opportunity extends far beyond the handful of companies that have dominated headlines. Increasingly, the beneficiaries are being found throughout the broader ecosystem: semiconductor equipment providers, industrial automation companies, power infrastructure suppliers and businesses helping organizations improve productivity and efficiency. Many of these companies are located outside the United States, and many fall within the small- and mid-cap universe where market attention remains limited.

Several of the quarter's top contributors help illustrate this point. Kioxia Holdings was the Fund's top contributor, benefiting from its position as a leading global supplier of NAND flash memory and solid-state drives. The company also remains closely tied to SanDisk through long-running NAND manufacturing partnerships, including the Yokkaichi joint venture. With demand for advanced memory increasingly supported by AI, data center and enterprise storage needs, the setup has become unusually favorable: stronger pricing and improving volumes at the same time. In our view, this is exactly the type of business that can be misunderstood when investors treat it as a cyclical memory stock rather than a company participating in a more durable shift in storage demand.

MDA Space also contributed meaningfully during the quarter. The Canadian space technology company manufactures satellites and space systems, with revenue exposure that extends well beyond Canada. One of the more important opportunities is its work with Globalstar, where MDA is building more than 50 software-defined low-earth-orbit satellites. That relationship became even more notable after Amazon announced an agreement to acquire Globalstar and partner with Apple to support satellite-enabled services such as Emergency SOS and direct-to-device connectivity. The market has tended to focus on the headline space race between Starlink, Amazon and other launch platforms, but we believe the better opportunity may be in the enabling of companies quietly supplying the infrastructure behind those networks.

The portfolio has also become more constructive on select consumer businesses, with consumer exposure moving to a modest overweight after previously being underweight. That shift has been funded in part by trimming technology exposure and reallocated capital into businesses demonstrating stronger fundamentals and diversified growth potential based on our research.

Two examples are Super Group and eDreams ODIGEO. Super Group operates Betway and Spin, providing online sports betting and casino offerings across Africa, Europe, the Americas and other international markets. The company recently reorganized its reporting segments around Africa and International, reflecting the importance of its African business, and reported strong first-quarter growth in revenue, EBITDA (earnings before interest, taxes, depreciation and amortization) and active customers. The World Cup should provide an additional customer acquisition opportunity, but the more important long-term question is whether those customers retain and monetize over time. We believe the market may still underappreciate the durability of leading online betting brands in attractive international markets.

eDreams ODIGEO is another example of a consumer business where the story is more interesting than a simple online travel label suggests. The company has built Prime, a flat-fee subscription model that gives members access to discounted travel, creating something closer to a “Costco for travel” than a traditional booking platform. The company recently expanded Prime into Latin America, including Mexico and Argentina, and continues to target long-term subscriber growth. After being out of the portfolio, the company was added back during the quarter as subscription momentum improved and the opportunity to expand beyond its core European markets became more visible.

Looking ahead, we believe international equities are entering a period where active management may become increasingly valuable. Valuations remain attractive relative to U.S. markets, earnings outcomes are becoming more dispersed, and regional differences are creating a wider range of potential winners and losers. In such an environment, broad market exposure alone may be less effective than identifying businesses with durable competitive advantages, strong management teams, and improving fundamentals.

The international market may no longer be the forgotten corner of investors' portfolios. We believe it may be one of the most interesting places to look for opportunity.

Lance Cannon, Brian Smoluch, David Swank

<u>International Opportunity Fund Performance as of 6/30/26</u>	1 Year	3 Year	Since Inception
HR International Opportunity Fund (Inst)	81.03%	39.01%	20.60%
MSCI All Country World ex US Small Cap Index	19.83%	16.42%	6.53%
<i>Institutional Share Class inception date: 9/28/21</i>			

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 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 June 30, 2026, 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.

Top ten holdings for the quarter ended June 30, 2026 comprise 27.76% of the portfolio. Holdings are subject to change and should not be considered a recommendation to purchase or sell. Please [click here](#) to view the Fund’s top ten holdings.

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.

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