Small Cap Growth Fund Commentary
June 30, 2026

The second quarter of 2026 unfolded against a generally constructive economic backdrop, despite continued geopolitical uncertainty and a late-first-quarter increase in crude oil prices tied to the conflict with Iran. To date, companies have broadly managed the resulting cost pressures well. Our conversations with management teams suggest that the effect on inflation has been manageable and, in many cases, temporary or pass-through in nature. While energy prices and related consumer impacts remain important to monitor, underlying demand and corporate execution have generally remained resilient.

We continue to focus on our core competency: seeking to identify businesses with durable growth profiles, improving fundamentals, and attractive valuations through a disciplined, bottom-up research process. While macroeconomic developments can influence market behavior in the near term, we believe long-term investment outcomes are ultimately driven by company execution, earnings power, and fundamental progress.

For the quarter ended June 30, 2026, the Hood River Small Cap Growth Fund (Institutional Share Class) returned +30.34%, +463 basis points (“bps”) ahead of the Russell 2000® Growth Index’s +25.71% return. That places the fund up +37.35% year-to-date, or +1,517 bps ahead of the benchmark. A table of longer-term performance is provided below.

	Annualized, as of 6/30/26				
	1 Year	**3 Year**	**5 Year**	**10 Year**	**Since Inception**
Small-Cap Growth Fund (Inst)	71.52%	34.59%	15.69%	20.80%	15.04%
Russell 2000® Growth Index	38.74%	18.44%	5.57%	11.97%	10.87%
HRSMX vs Benchmark	32.78%	16.15%	10.12%	8.83%	4.17%

Performance quoted represents past performance for the Fund’s institutional class shares and there is no guarantee of future results. Short-term performance may reflect conditions that are unsustainable and may not be repeated or consistently achieved in the future. 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: 1.07%; net expense ratio: 1.07%. Performance would have been lower without limitations in effect. Fund inception: 01/02/2003

Stock selection contributed +131 bps to alpha for the quarter and +1,299 bps year-to-date. For Q2, the largest contributors to stock selection were information technology (+435 bps), financials (+114 bps), and communication services (+22 bps). These were partially offset by health care (-217 bps), consumer discretionary (-113 bps), and industrials (-89 bps). Year-to-date, the sectors with the largest contributors to stock selection were information technology (+1,034 bps), industrials (+434), and financials (+119 bps). Slightly offsetting this were health care (-188 bps), consumer staples (-80 bps), and consumer discretionary (-52 bps). For both the second quarter and year-to-date periods, the portfolio’s return profile reflected a broad set of contributing positions alongside a relatively contained and idiosyncratic group of detractors.

The macro backdrop evolved in one important respect during the quarter as Federal Reserve communication from the new Chair became incrementally more hawkish. Inflation has moved modestly higher, and market expectations have shifted away from the easing cycle that many investors had anticipated earlier in the year. While the possibility of a measured rate increase has entered the discussion, we do not view a more aggressive tightening cycle as the most likely outcome. More importantly, labor costs remain manageable, and corporate guidance has generally remained constructive. We are not repositioning the portfolio around a particular macro forecast; instead, we continue to assess how individual businesses are executing across a range of potential economic outcomes.

Technology remained an important contributor to both portfolio performance and idea generation. We continue to believe that a meaningful portion of growth in the market and broader economy is tied to artificial intelligence capital expenditure, with the most direct benefits accruing to companies participating in the infrastructure buildout. This dynamic has continued to favor certain areas of technology and industrials over lower-growth, more consumer-sensitive parts of the market.

Our emphasis remains on businesses with tangible exposure to AI-related demand rather than broad thematic exposure. As AI adoption broadens across industries, we believe careful bottom-up work is essential to distinguishing durable beneficiaries from companies whose expectations have moved ahead of underlying earnings power. We have stayed disciplined in managing exposure where valuations and expectations have grown more elevated, and while the portfolio retains meaningful participation in the AI infrastructure theme, that exposure is selective and grounded in company-specific research. Our confidence in this positioning rests in part on continued hyperscaler capital expenditure, which remains an important area of ongoing diligence.

Within industrials, defense-oriented businesses illustrate our focus on companies benefiting from structural changes in government procurement and defense spending. While several holdings appreciated significantly into year-end 2025 yet have since experienced valuation compression, their underlying businesses have continued to develop favorably. Replenishment demand following recent global conflicts may provide support over time, while longer-term defense budgets increasingly reflect investment in drones, hypersonics, space-based systems, and other next-generation capabilities. We believe this environment may create opportunities for more innovative suppliers that can compete alongside established defense incumbents.

The Russell 2000® Growth Index underwent its reconstitution during the quarter, and this year's update was unusually large, with roughly 32% of the old index’s weight leaving. Notably, we did not sell holdings simply because of the rebalance, so our sector weights now sit somewhat wider than we have typically carried. This is by design: we are stock pickers, not sector timers, and we are not inclined to let an index reconstitution dictate portfolio decisions that should be driven by fundamentals.

Heading into Q3, our largest overweight relative to the index is industrials (+1,065 bps) and our largest underweight is health care (-793 bps). Again, these aren't sector calls -- simply the result of holding our best ideas through the reconstitution.

Valuations have firmed modestly over the past three months. The Russell 2000® Growth Index now trades at approximately 22.8x 2027E and 18.7x 2028E earnings (for positive-earners), representing a modest premium to the S&P 500® Index’s 19.8x and 17.6x multiples. This relative premium remains below the level small cap growth stocks have historically commanded.

This valuation environment reinforces the importance of selectivity. We have seen some multiple compression in recent weeks, which contributed to a period of relative underperformance for the strategy. However, we continue to identify company-specific opportunities where our estimates differ meaningfully from consensus expectations.

As we move into the second half of 2026, we remain grounded in our research-intensive process. Elevated dispersion, an AI-driven concentration of growth, and periodic disconnects between share prices and business fundamentals create a backdrop in which active, bottom-up stock selection can be especially valuable. Our team continues to engage extensively with management teams, evaluate changing industry conditions, and seek to identify mispriced opportunities with durable growth potential.

We appreciate your ongoing trust and partnership and welcome the opportunity to discuss these views with you in greater depth.

Brian Smoluch & David Swank

Basis Points ("bps") is a unit of measure used to describe the percentage change in the value of an investment. **Earnings** are a company's profit after taxes. **Valuation** is the analytical process of determining the current or projected worth of an asset or company. The **S&P 500 Index** is a market-capitalization weighted index of 500 leading publicly traded companies in the U.S. This commentary may contain forward-looking statements, which are not guarantees of future performance and are subject to risks and uncertainties.

Investment Considerations:
All investing includes risk, including the loss of principal. There can be no guarantee that any strategy (risk management or otherwise) will be successful. 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 Russell 2000® Growth Index, defined as an unmanaged, capitalization weighted index of those Russell 2,000 companies with higher price-to-book ratios and higher forecasted growth values. Index returns include dividends and/or interest income and do not reflect fees or expenses. In addition, unlike the composite, which periodically maintains a cash position, the Russell 2000® Growth Index is fully invested. 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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