



International Opportunity Fund Commentary

March, 31 2026

Non-U.S. equity markets came into the year with real momentum. In our view, investors were beginning to look beyond the narrow leadership in U.S. mega-caps, and capital was steadily rotating toward international markets where valuations have generally been more attractive and the opportunity set has been broader. That shift was especially evident in smaller companies, where improving economic activity and the prospect of easier policy created a more supportive backdrop. While the escalation of the Iran conflict interrupted that trend and led to a pullback in March, it has done little to change the underlying case. Instead, it has introduced short-term volatility tied to higher energy prices, a stronger dollar, and tighter financial conditions, all of which have weighed more heavily on non-U.S. markets and smaller companies.

The conflict has led to a heightened uneasiness outside the U.S, with higher energy costs weighing disproportionately on import-dependent regions such as Europe and parts of Asia. The impact of these factors on smaller companies is widely understood, as they typically lack pricing power and rely more heavily on external financing, which has become more expensive and less available amid tighter liquidity conditions. Emerging markets have also seen a widening divergence, with commodity exporters holding up better while importers and more levered economies face currency pressure and capital outflows. With that said, our conversations with management teams broadly suggest that a pause in their current initiatives is not imminent.

In the first quarter, the Hood River International Opportunity Fund extended its outperformance versus the MSCI All Country World ex USA Small Cap index by +11.50%, posting a total return of +10.79% versus the benchmark's -0.48%. As is typical, security selection accounted for the bulk of alpha during the period. Outperformance was fairly broad-based, with information technology, industrials, and materials paving the way. Sectors that detracted for the quarter included consumer discretionary, staples, and utilities. Exposure to both developed and emerging markets were additive to relative performance.

The quarter offered a healthy reminder that opportunity sets outside the U.S. are both broad and evolving, with performance across developed and emerging markets reflecting a mix of macro and idiosyncratic drivers. While parts of Europe and Japan saw more muted returns amid currency volatility and uneven industrial demand, several emerging markets, particularly in Asia, benefited from improving capital flows and renewed investor interest in structural growth themes. Against that backdrop, our bottom-up process and valuation discipline led us to modestly reduce exposure to Japan, where we've found fewer compelling risk-reward setups, while incrementally increasing exposure to Australia and India. In both markets, we're seeing early but tangible signs of investment tied to the growing global need for power infrastructure and data center capacity - opportunities that, in many ways, resemble what we observed in the U.S. in the earlier innings of the buildout. As always, we're spending a great deal of time with management teams, particularly assessing their ability to navigate potentially higher input costs stemming from the Iranian conflict. Encouragingly, what we've witnessed across regions is a diverse and expanding set of fundamental opportunities, reinforcing our confidence in staying disciplined and letting the process guide us.

That bottom-up perspective is especially valuable in today's environment, where broader market conditions are creating meaningful inefficiencies across non-U.S. smaller-cap equities. Declining earnings visibility and heightened macro uncertainty historically lead the sell-side to adopt a more conservative stance, often resetting growth expectations below what ultimately materializes. We're beginning to see this dynamic unfold internationally, resulting in a wider gap between market expectations and underlying fundamentals. In these environments, maintaining discipline and focusing on company-level execution, rather than short-term noise, becomes even more critical.



Zedcor, headquartered in Canada, is a name where expectations appear too low relative to what's actually happening on the ground. The company rents out mobile, AI-enabled security towers, and demand has been strong as customers look for more cost-effective, remote monitoring solutions, particularly across construction, retail and infrastructure. Growth has been impressive over the past year, driven by steady fleet expansion and high utilization, but consensus still seems to be modeling a more gradual ramp. That misses the operating leverage in the model and the contribution from newer deployments, particularly as the company continues to accelerate its U.S. presence. As those units come online and contribute for a full period, we think there's a good setup for upside in the back half of the year.

The pressure created by the Iranian conflict is precisely what is creating the opportunity today. Many high-quality businesses outside the U.S, particularly in the small and mid-cap space, are now trading at more compelling entry points despite fundamentals that remain, in our opinion, intact. These companies tend to be closer to the ground in their local economies, more dynamic in how they grow, and historically more responsive when conditions begin to improve. If the current geopolitical tensions stabilize, even modestly, the setup should be in place for a reacceleration in global markets, with non-U.S. equities well positioned to lead. For long-term investors, this is one of those periods where discomfort and opportunity tend to overlap, and where leaning in rather than pulling back has historically been rewarded.

Lance Cannon, Brian Smoluch, David Swank

<u>International Opportunity Fund Performance as of 3/31/26</u>	1 Year	3 Year	Since Inception
HR International Opportunity Fund (Inst)	78.41%	32.26%	15.21%
MSCI All Country World ex US Small Cap Index	27.82%	13.67%	4.74%
<i>Institutional Share Class inception date: 9/28/21</i>			

Earnings are a company's profit after taxes. **Alpha** refers to an investment strategy's ability to outperform the market, indicating the excess return generated beyond what is expected based on the investment's risk level. **Valuation** is the analytical process of determining the current or projected worth of an asset or company.

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 March 31, 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.

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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