



Small Cap Growth Fund Commentary
March 31, 2026

The first quarter of 2026 presented a notably different backdrop compared to the constructive environment that defined much of 2025. While the quarter began with a relatively stable, fundamentals-driven market, conditions shifted meaningfully as geopolitical developments and energy price volatility introduced renewed uncertainty. Investor sentiment became increasingly influenced by macro headlines, with markets reacting sharply to incremental developments rather than underlying company fundamentals.

Our approach, however, remained consistent. 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 process. While macro developments can influence short-term market behavior, we believe long-term outcomes are ultimately driven by company execution and fundamental progress.

Despite the late-quarter volatility, the Hood River Small Cap Growth Fund (Institutional Share Class) rose +5.38% over the first three months of 2026, 819 basis points (“bps”) ahead of the Russell 2000® Growth Index’s -2.81% decline. A table of longer-term performance is provided below.

Consistent with our fundamental research process, stock selection was the primary driver of outperformance during the quarter (+924 bps). Sectors contributing the most to stock selection were information technology (+458 bps), industrials (+420 bps), and consumer discretionary (+55 bps). These were partly offset by consumer staples (-48 bps), materials (-19 bps), and utilities (-9 bps). The quarter was characterized by an asymmetric return profile, with a breadth of contributing positions outpacing a relatively contained list of detractors.

From a positioning standpoint, our largest sector overweight is industrials (+639 bps), driven in part by the appreciation of long-term winners as well as the sector serving as a broad classification for companies that do not fit neatly into other categories. All other sectors are within approximately 500 bps of the benchmark’s weightings.

	Annualized, as of 3/31/26				
	1 Year	3 Year	5 Year	10 Year	Since Inception
Small-Cap Growth Fund (Inst)	53.72%	26.46%	11.46%	17.66%	13.90%
Russell 2000® Growth Index	23.58%	12.27%	1.62%	9.79%	9.91%
HRSMX vs Benchmark	30.14%	14.19%	9.84%	7.87%	3.99%

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

The geopolitical backdrop that emerged late in the quarter is top of mind for many investors. The conflict with Iran has introduced a new dimension of uncertainty that markets are still processing, with oil prices responding sharply. While the downstream effects on inflation and consumer demand bear monitoring, we believe context is important. Energy as a share of consumer spending remains near historical lows, the United States maintains a meaningful

structural advantage in domestic energy production, and elevated oil prices have not materially altered hyperscaler capital expenditure plans that are likely to underpin a meaningful portion of 2026 GDP growth. It is also worth noting that the consumer was already showing signs of softness heading into the year, a trend we highlighted in our Q4 commentary.

Our positioning reflects a measured response to this environment. Rather than attempting to reposition the portfolio around short-term macro developments, we are focused on evaluating how individual businesses are navigating the current landscape. We have not made material changes to portfolio construction in response to recent events and do not intend to chase tactical shifts in areas such as energy. Instead, we remain grounded in our research process and continue to prioritize companies with strong execution, pricing power, and resilience across a range of potential outcomes.

The primary downside risk we are monitoring is a further escalation in the Strait of Hormuz, which could push oil prices meaningfully higher and create broader downstream impacts for industries reliant on petroleum-based inputs. The longer elevated energy prices persist, the longer it will take for the economy to normalize.

Within the technology sector, our positioning continues to be rewarded. Heading into 2026, our research suggested that growth in traditional software was decelerating, that many software companies had limited direct exposure to AI tailwinds, and that valuations in the space were not compelling. As a result, we maintained low exposure to traditional software and remained overweight companies that are direct beneficiaries of AI-related capital expenditure. This proved prescient, as the software segment experienced continued multiple compression during the quarter while our AI-levered holdings generated solid returns.

More broadly, the AI adoption cycle is maturing in encouraging ways. In our hundreds of conversations with management teams this quarter, companies are no longer simply evaluating AI -- they are actively implementing it across their organizations. Use cases are expanding from early experimentation into tangible operational improvements: optimizing sales processes, enhancing customer interactions, and improving workforce productivity. While we do not yet see widespread headcount reductions, companies are hiring fewer incremental employees for each unit of growth, which should be a tailwind for margins over time. Importantly, we believe AI will be a net job creator over the longer term, though the transition will take time to fully work through. We also continue to see companies evaluating ways to reduce their reliance on incumbent software vendors, which creates both winners and losers -- an environment that we believe can reward careful, bottom-up analysis.

Regarding valuations, the S&P 500® Index is currently trading at approximately 18.7x 2027 earnings, while the Russell 2000® Growth Index trades at roughly 19.8x 2027 earnings -- a modest premium to the large-cap benchmark but well below the 20% premium that small caps have historically commanded. Stocks as a whole are less expensive than they were at the start of the year, though the relative valuation gap has narrowed somewhat as small caps have outperformed. Expected Federal Reserve rate cuts appear to have been taken off the table for 2026, which removes one potential catalyst but does not, in our view, alter the fundamental attractiveness of the companies we own.

As we move deeper into 2026, we are finding a broad set of compelling, bottom-up investment opportunities driven by powerful secular trends. The current environment -- characterized by elevated dispersion, macro-driven volatility, and a market that is periodically disconnected from fundamentals -- is precisely the type of backdrop in which our research-intensive process has historically thrived. We remain focused on seeking to identify mispriced opportunities, carefully managing risk, and building a portfolio of companies with strong execution, durable competitive advantages, and attractive risk-adjusted return profiles.

Lastly, we have welcomed several new members to the Hood River investment team this year, reflecting our continued commitment to reinvesting in our research capabilities. These additions will expand the depth and

breadth of our coverage, ensuring we remain well-equipped to identify the most compelling opportunities across the small-cap growth universe.

As always, we are grateful for your continued trust and partnership. We look forward to connecting should you wish to discuss these views in more detail.

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 March 31, 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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