

## Small Cap Growth Quarter-End Review—3Q2026

Stocks eked out a small gain during the third quarter, with the S&P 500 returning 2.3%. Energy, Technology, and Health Care outperformed, while Utilities, Industrials, Real Estate, and Consumer Discretionary posted negative returns. The S&P 500 Index ended the quarter just 1.9% below the all-time high reached on August 13, but market breadth during the quarter was extremely narrow. The average stock in the index finished the quarter 20.9% below its 52-week high, and more than 22.9% of index constituents closed at least 30% below their 52-week highs.

The Russell 2000 Growth Index retreated in the third quarter after rallying strongly in the first two quarters this year but remains solidly in positive territory on a year-to-date basis. The Small Cap Growth portfolio also declined in the third quarter and outperformed the Index. All sectors in the Russell 2000 Growth Index declined during the quarter, with Industrials and Real Estate as the worst performers. Industrials saw notable weakness in Construction and Engineering stocks as fears of a slowdown in data center construction weighed on sentiment. Additionally, Airlines were also under pressure from rising oil prices during the quarter. The Health Care sector declined the least as the sector is seen as less cyclical than others, and the Energy sector also experienced a modest decline due to higher oil prices.

The relative outperformance of the Small Cap Growth strategy was led by our stock selection in Information Technology and Health Care. Our stock selection in Software contributed the most to our Technology outperformance as our recent purchase of Zeta Global Holdings added meaningfully during the quarter. Additionally, our underweight position and stock selection in

### SECTOR WEIGHTS & PORTFOLIO CHANGES<sup>(1)</sup>

| Sector                 | Ending Weight <sup>(2)</sup> | Change from 6/30/2026 | Small Cap Growth Additions & (Small Cap Growth Deletions) <sup>(3)</sup> |
|------------------------|------------------------------|-----------------------|--------------------------------------------------------------------------|
| Health Care            | 24.0%                        | 3.9%                  | Veracyte                                                                 |
| Industrials            | 23.5%                        | -6.9%                 | CECO Environmental<br>(Cardinal Infrastructure Group, Brink's)           |
| Information Technology | 22.2%                        | 4.6%                  | MaxLinear                                                                |
| Financials             | 9.9%                         | -0.4%                 | Paymentus<br>(Kinsale Capital)                                           |
| Consumer Discretionary | 7.0%                         | -2.0%                 | Urban Outfitters<br>(Stride, Group 1 Automotive)                         |
| Energy                 | 4.1%                         | 0.3%                  | National Energy Services Reunited<br>(Riley Exploration Permian)         |
| Consumer Staples       | 3.6%                         | 1.5%                  | Vita Coco                                                                |
| Communication Services | 2.3%                         | 0.0%                  |                                                                          |
| Real Estate            | 1.9%                         | -0.1%                 |                                                                          |
| Materials              | 1.1%                         | -0.2%                 |                                                                          |
| Cash                   | 0.5%                         | -0.7%                 |                                                                          |
| Utilities              | 0.0%                         | 0.0%                  |                                                                          |

<sup>(1)</sup>Based on a representative account of the strategy discussed. Portfolio characteristics (e.g., sector weights, valuation, growth rate) are based on a representative account that we believe is illustrative of the strategy. All accounts in the strategy are invested identically in the same securities unless a client has imposed restrictions. Characteristics and/or holdings on a given date may vary due to pending trades.

<sup>(2)</sup>Weights as of the end of the presentation period. Cumulative total weighting may not add up to 100% due to rounding of percentages to the nearest decimal place.

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Source: Renaissance Research, FactSet

# Small Cap Growth

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### CONTRIBUTORS TO RETURN<sup>(1)(2)</sup>

| Ticker | Company Name | Average Weight <sup>(3)</sup> | Contribution to Return |
|--------|--------------|-------------------------------|------------------------|
|--------|--------------|-------------------------------|------------------------|

#### TOP FIVE CONTRIBUTORS—SMALL CAP GROWTH

|      |                  |       |       |
|------|------------------|-------|-------|
| HURN | Huron Consulting | 2.00% | 1.50% |
| ZETA | Zeta Global      | 2.38% | 1.03% |
| MXL  | MaxLinear        | 1.62% | 0.83% |
| IMAX | IMAX             | 2.17% | 0.70% |
| EXLS | ExlService       | 2.38% | 0.65% |

#### BOTTOM FIVE CONTRIBUTORS—SMALL CAP GROWTH

|      |                         |       |        |
|------|-------------------------|-------|--------|
| CDNL | Cardinal Infrastructure | 1.25% | -1.69% |
| STRL | Sterling Infrastructure | 1.92% | -1.08% |
| DY   | Dycom Industries        | 1.74% | -1.07% |
| NXT  | Nextpower               | 1.77% | -0.75% |
| SPXC | SPX Technologies        | 1.87% | -0.68% |

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<sup>(3)</sup>Average weights over the presentation period.

Sources: Renaissance Research, FactSet

Semiconductors also benefited our performance. Within Health Care, our overweight position and stock selection in Equipment and Supplies drove much of our outperformance in the sector.

Detracting from relative performance was our overweight in Industrials, specifically Construction and Engineering. The industry has been a beneficiary of the data center construction build-out and many of the stocks performed very well in the first half of the year. However, news headlines regarding a slowdown or moratorium on construction in certain areas weighed on many of the stocks. Consumer Staples also were a negative contributor driven by our holding of Sprouts Farmers Market. A number of large grocery store chains have become more aggressive on pricing, which caused increased worries about the future results for the company even though second quarter's results were solid.

**Huron Consulting** (HURN), a provider of consulting, managed services, and digital solutions, was the top contributor during the third quarter. The company reported strong second quarter results and raised their full year outlook as bookings momentum continued. Additionally, AI-related demand is driving incremental growth in their business as clients seek their help in implementing their AI-based products and services.

**Cardinal Infrastructure** (CDNL) detracted the most from performance as the construction site development company reported disappointing earnings for the second quarter. While revenues were above expectations, margins were below plan as the company saw higher than expected subcontractor costs. The company also called out pricing pressures in the residential housing market. We subsequently exited our position due to weakening macro factors and poor execution by management.

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Trading and stock movements during the quarter led to several changes in sector weights. The Information Technology, Health Care, and Consumer Staples sectors saw their weights increase during the quarter whereas Industrials, Consumer Discretionary, and Financials decreased.

**Vita Coco** (COCO) was a new position added this quarter. The company is the leading provider of coconut water and related products like coconut oil, and more recently, coconut milk. The company focuses on the natural beverage market in the US where it holds a 40% market share in coconut water. Management is targeting to double sales over the next 5-7 years in the U.S, as the total coconut water market has been growing in the mid-teens over the last five years. Additionally, the company is targeting Europe for expansion, which management believes could be as big as the U.S. So far, the company has the number one brand in the U.K. with 70% share and has 40% share in Germany. Recently, the company acquired Copra, a leader in the super-premium coconut water category whose products retail for 2x Vita Coco's product, rounding out Vita Coco's product offerings. The pullback in the stock during the third quarter created an attractive entry point for what we believe is a company with long-term secular growth opportunities.

We exited our position in **Stride** (LRN), a provider of online education services. The company struggled with a technology platform upgrade last fall that negatively impacted enrollment. While that issue appears to be behind the company, we believe a return to historical enrollment growth will be a multi-year process. Additionally, the company announced an abrupt CEO transition which created more uncertainty about the focus of the company.

As of September 30, our Small Cap Growth strategy traded at 17.1 times four-quarter forward earnings, compared with 16.8 times for the Russell 2000 Growth Index. Yet the Small Cap Growth strategy's estimated long-term EPS growth rate was 18.2%, versus 11.5% for the benchmark.

One way we evaluate the relationship between those characteristics is to divide expected long-term earnings growth by forward P/E. On September 30, that ratio was 1.06 for the Small Cap Growth strategy versus 0.69 for the Russell 2000 Growth Index.

The historical perspective is important. For much of the past decade, our Small Cap Growth strategy's growth-to-valuation characteristics tracked relatively closely with those of the benchmark. At times we offered somewhat higher expected growth and paid a somewhat higher valuation for it. At other times, the relationship favored the index.

Today's relationship is therefore unusual. Measured relative to the Russell 2000 Growth Index, our Small Cap Growth strategy's current growth-to-valuation advantage remains near the strongest levels observed during the past ten years.

We believe that reflects the investment opportunities created by the market's repeated rotations. We have been able to add selectively to traditional growth companies when valuations became more attractive, while maintaining exposure to AI and data-center beneficiaries where we believe long-term earnings growth remains compelling.

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### DISCLOSURES

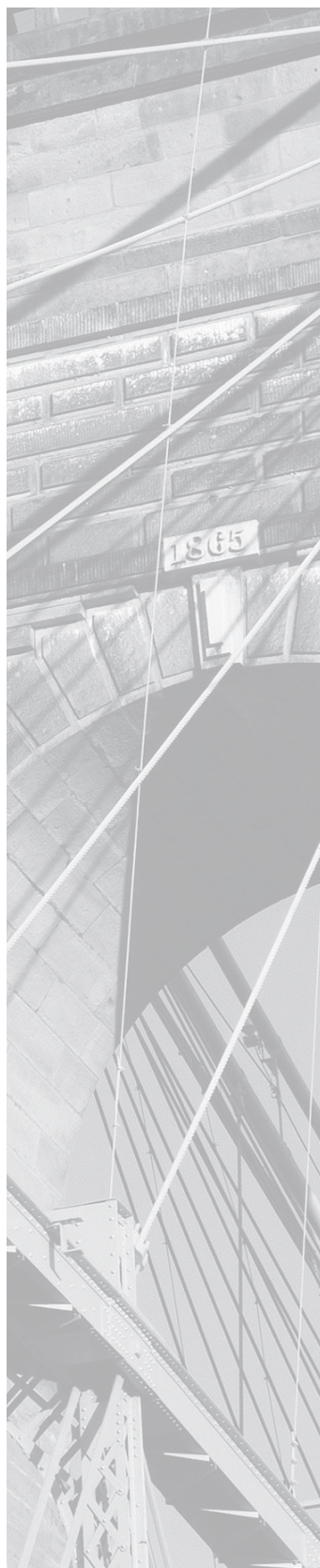
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### GICS SECTOR INFORMATION

Sector Listing according to MSCI and S&P Dow Jones data: MSCI and S&P Dow Jones do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

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## REFERENCED INDICES

*(Indices are unmanaged and are not available for direct investment.)*

**Russell 2000 Growth Index**—The Russell 2000 Growth Index is composed of the smallest 2,000 of the 3,000 largest U.S. companies based on total market capitalization with higher price-to-book ratios and higher forecast growth values.

**S&P 500 Index**—The S&P 500 Stock Index is a market capitalization weighted index and consists of 500 stocks chosen for market size, liquidity and industry group representation.

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