



IRONWOOD

INVESTMENT MANAGEMENT®, LLC

SMALL CAP CORE STRATEGY PROFILE — As of 3/31/2024

Composite Performance	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (1/01/1999)
Gross of Fees:	16.54%	16.54%	47.54%	6.18%	15.25%	10.61%	11.89%
Net of Fees:	16.26%	16.26%	46.08%	5.13%	14.10%	9.52%	10.78%
Russell 2000	5.18%	5.18%	19.71%	-0.10%	8.10%	7.58%	8.05%

Please see footnotes to performance on the last page.

OVERVIEW

The Ironwood Small Cap Core strategy is designed to serve a strategic, long-term role in investment portfolios. The strategy invests in listed equity securities of U.S.-based companies and is diversified across 60-80 positions with a single position limit of 10%. We hold positions to mitigate risk and portfolio volatility as well as capture positive return potential through any market environment or economic cycle. Our areas of expertise are stock-level analysis and selection, opportunistic exploitation of stock price inefficiencies and the ability to patiently compound capital over a long-term time horizon. Through fundamental research we seek to identify high-quality companies with the potential to create significant shareholder value before they are recognized by the broader market.

INVESTMENT PHILOSOPHY

The Ironwood Small Cap Core strategy combines our passion for identifying high-quality companies with our research and investment discipline practiced over decades to capitalize on the opportunities created by behavioral-based market actions, which are particularly pronounced in the small cap market. Volatility is a phenomenon we observe and exploit, it is not our definition of risk. As long-term investors, we focus on finding what we refer to as high Ironwood-quality companies that have the attributes that will enable them to adapt to challenges and seize opportunities that will undoubtedly arise over our holding periods. We believe effective management teams proactively manage ESG issues and we integrate this into our assessment of quality companies and management teams. We believe a core strategy should be a strategic allocation of long-term investments and therefore manage a portfolio built stock-by-stock that has diversified exposure to earnings growth, is not predicated on a particular 'style' being in favor and has the latitude to let our best performing holdings drive portfolio return. We aim to 'stack the deck' of excess returns through our rigorous focus on buying at irrationally low valuations, and then preserving the full potential of our investments by remaining patient, engaged investors with a long-term mindset.

SMALL CAP CORE STRATEGY CHARACTERISTICS

STRATEGY HIGHLIGHTS

Investment Universe: Russell 2000 Small Cap Index

Investment Approach

- Seeks high “Ironwood-Quality” companies through bottom-up research process.
- ‘Growth’ and ‘Value’ are basic tool sets, not philosophies, used to analyze stocks.
- Diversified exposure of 60-80 positions across 8 economic sectors.
- Exploits downside share pricing overreactions to buy stocks for long-term holds.

Ironwood ESG Company Characteristics

E: Thoughtful management of resource use, waste reductions and product/service impacts.

S: Good HR, supply-chain and community relations practices; healthy products and services.

G: Alignment of management and board structure and practices with shareholders and with consideration of all stakeholders.

TOP TEN EQUITY HOLDINGS

As of 3/31/2024

Super Micro Computer, Inc.	9.24%
Freshpet, Inc.	5.16%
MYR Group Inc.	4.27%
Cytokinetics, Incorporated	3.89%
SPS Commerce, Inc.	2.89%
Impinj, Inc.	2.56%
UFP Industries, Inc.	2.50%
Perficient, Inc.	2.49%
Pegasystems Inc.	2.43%
Williams-Sonoma, Inc.	2.40%
Total Weight in Top Ten	37.83%

MARKET CAPITALIZATION

As of 3/31/2024

Over \$5 Billion	44.04%
\$4 Billion - \$5 Billion	3.66%
\$3 Billion - \$4 Billion	8.11%
\$1.5 Billion - \$3 Billion	14.80%
\$500 Million - \$1.5 Bln	11.10%
Under \$500 Million	4.03%
Cash	14.26%

PORTFOLIO CHARACTERISTICS

As of 3/31/2024

Price/Book Value	3.11x
TEV/EBITDA	13.00x
TEV/Total Revenues	2.75x
Price/Normalized EPS	25.09x

SECTOR ALLOCATION

As of 3/31/2024

	Fund	Russell*
Consumer Discretionary	9.68%	10.98%
Consumer Staples	8.00%	3.34%
Energy	1.76%	7.35%
Health Care	9.91%	15.03%
Financial Services	6.05%	16.03%
Industrials	19.38%	17.73%
Information Technology	28.05%	14.68%
Materials	2.57%	4.59%
Utilities	0.00%	2.51%
Real Estate	0.00%	5.63%
Communication Services	0.34%	2.14%
Cash	14.26%	0.00%

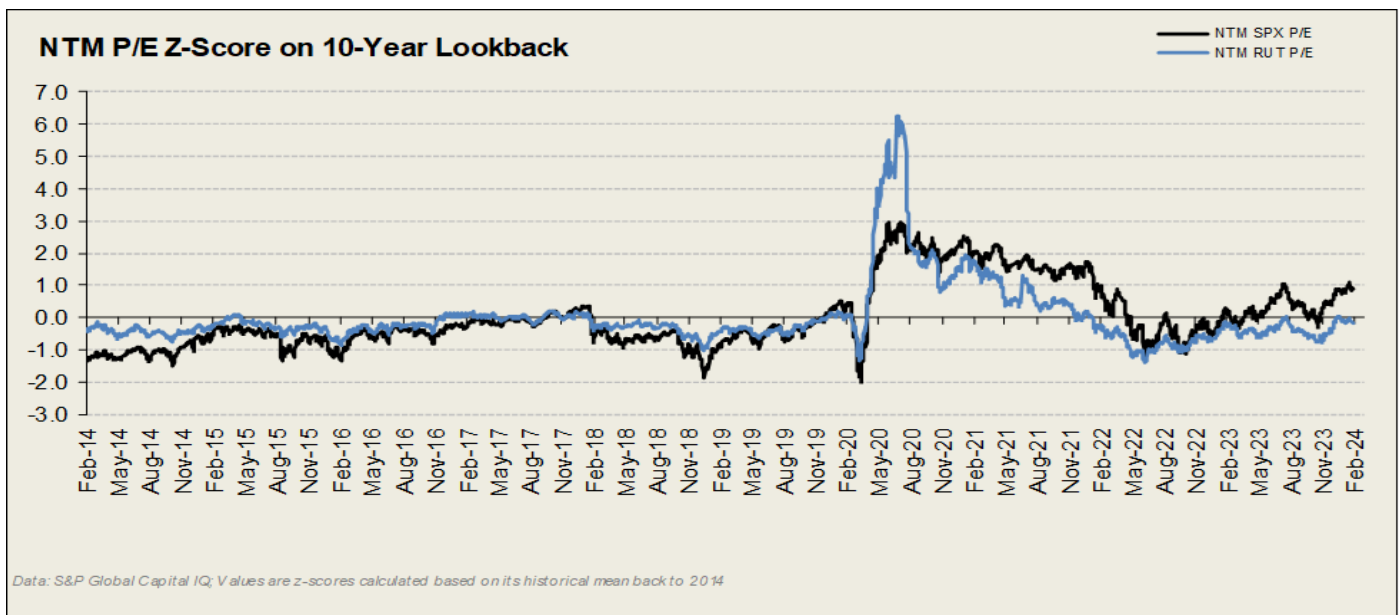
*Russell 2000 Index iShares

SMALL CAP CORE STRATEGY COMMENTARY

The rally in the stock market since the start of 2023 has been very rewarding for investors in general and for investors in the Ironwood Small Cap Core (SCC) strategy. The strategy was up 35.63% in 2023 beating the Russell 2000 (R2) benchmark by 1870 basis points and achieved the #1 ranking in the PSN Small Cap Core database which includes 124 firms and 153 products. The strategy was up an additional 16.53% in the first Quarter of 2024 outperforming the R2 by 1135 bps. For the past 15 months the SCC strategy is up 58.0% (gross of fees).

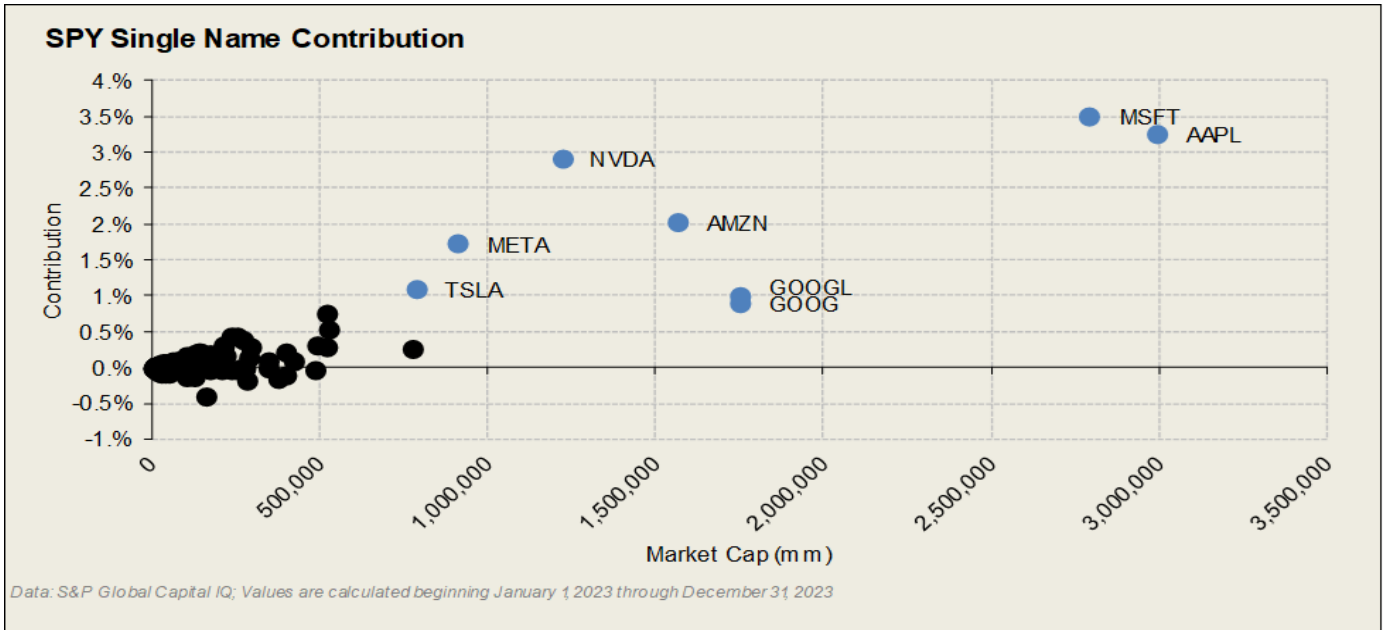
The strong performance of the SCC strategy and US equity markets over this period is due to a number of factors including declining rates of inflation, the prospect for the Federal Reserve to cut interest rates, and the persistent growth of the US economy. But given the strong performance of the US equity markets, it is reasonable to ask how much upside is left.

The chart below examines this question from the perspective of stock valuation. It shows the next twelve-month (NTM) P/E z-score for the S&P 500 and the Russell 2000. As you can see the P/E ratio for the S&P 500 is above the 10-year average by about 1 standard deviation (a NTM P/E of 22.3x's). But the NTM P/E z-score for the Russell 2000 is very near its 10-year average (a NTM P/E of 16.68x's). By this measure it would appear that despite the rally in the US stock market valuations for small cap US equities are not elevated.

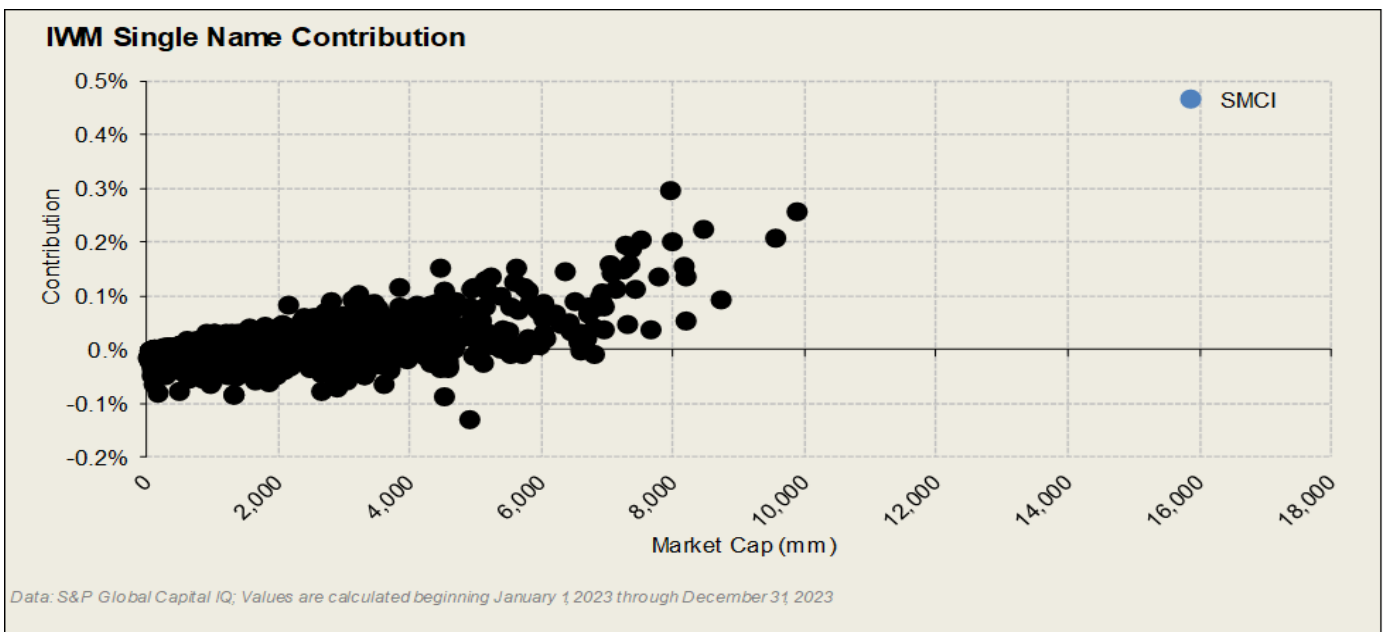


The rising P/E for the S&P 500 has been driven by a relatively small number of mega cap companies whose strong price appreciation has pushed index valuations higher. The top 10 stocks in the S&P 500 now consist of roughly one third of the total market cap of the index and nearly 20% of the earnings as depicted by the SPDR S&P 500 ETF Trust, a proxy for the S&P 500, in the below chart.

SMALL CAP CORE STRATEGY COMMENTARY

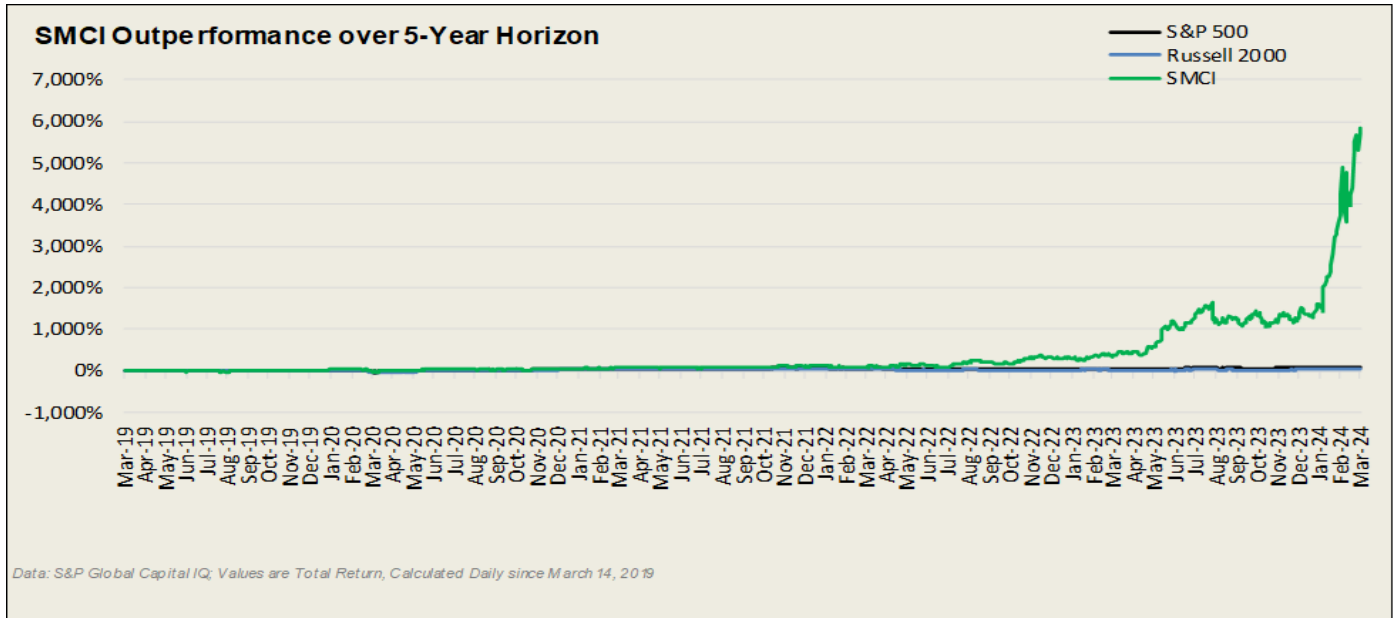


In contrast returns in small cap stocks have been much more evenly disbursed as the below chart showing the R2 proxy, iShares Russell 2000 ETF (IWM), indicates.

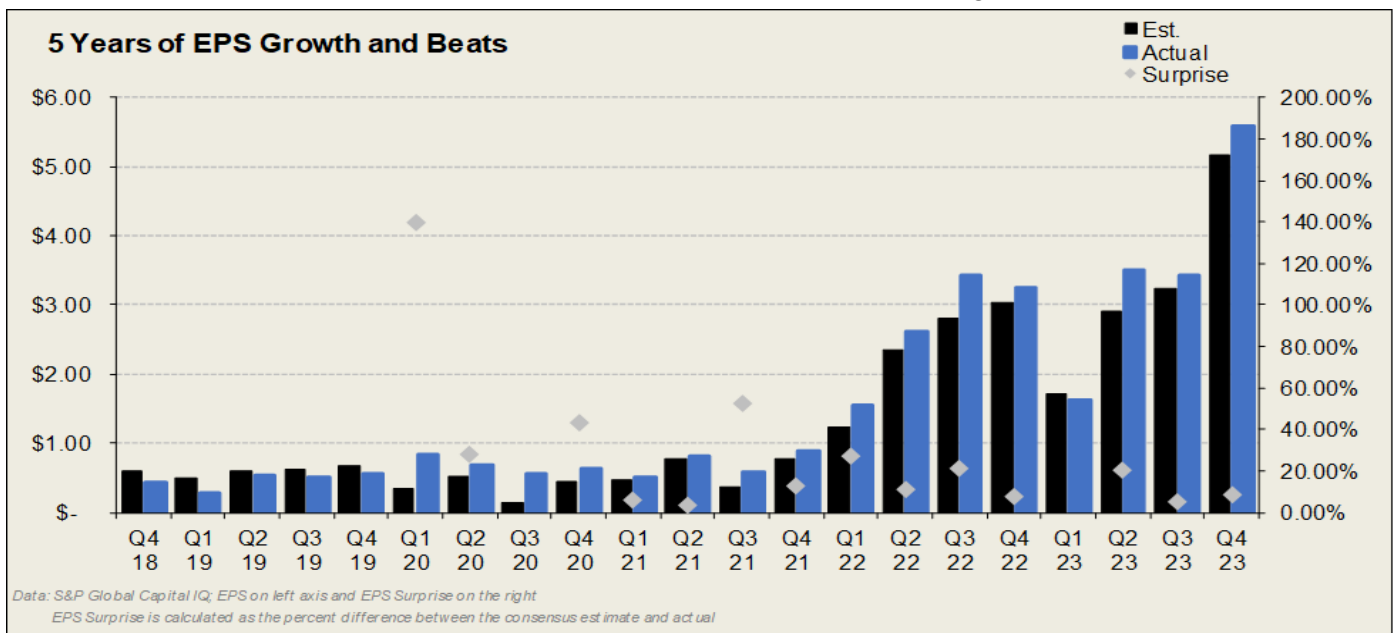


The one outlier to the scatter plot and far and away the largest single contributor to the small cap index return is Super Micro Computer (SMCI). SMCI was also the largest contributor to the return of the Ironwood SCC strategy (see the top contributors to performance).

SMALL CAP CORE STRATEGY COMMENTARY

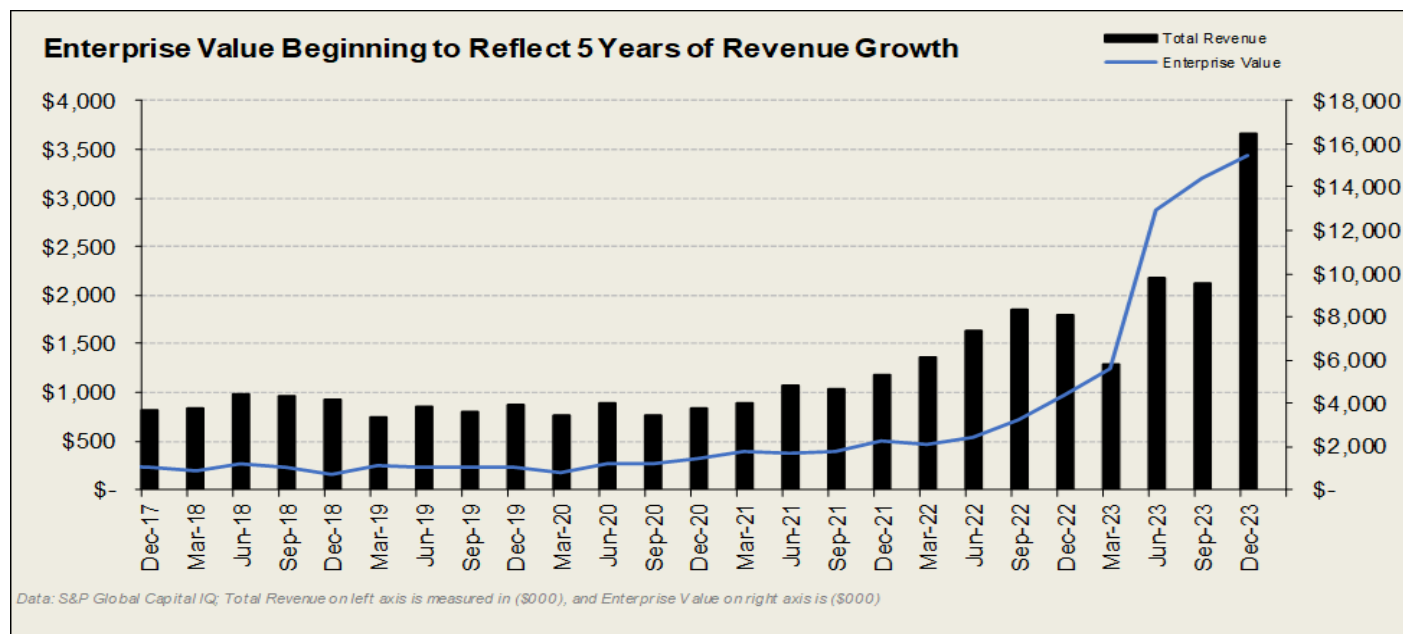


A lot has gone right for SMCI to achieve such dramatic stock price appreciation. It is up over 60x from where we purchased it in 2018. The company's business of supplying servers and related software to data center customers has benefited from a number of industry trends. The reshoring of manufacturing to shorten supply chains, the growth of cloud computing and recently the artificial intelligence phenomena have all been driving forces. All of these factors have contributed to a dramatic increase in earnings as the chart below depicts.



While the stock price appreciation of SMCI has been truly incredible, it is not a highly valued stock. The chart below shows the past 5 years of revenue growth. Even at the current price of \$1,000/share it is trading at about 2.2x's estimated revenues and 23x's earnings.

SMALL CAP CORE STRATEGY COMMENTARY



The past few years SMCI has enjoyed great success, and it has become a paragon of corporate excellence. However, few investors remember that when we first invested in the company back in 2018, it was experiencing acute growing pains and had fallen behind in filing its financial statements. At that time, it was an extraordinarily cheap company as its Enterprise-to- Revenue ratio was about 0.2x's (an average company sells for 2.2x's revenues). While other investors were afraid to invest we saw a company with several valuable assets. It had a great long-term record of growth, had experienced management and the founder, Charles Liang, who had most of his net worth tied up in the stock was buying more. It had first class manufacturing facilities in Silicon Valley and a great balance sheet with lots of cash and no debt. While we did not know the exact level of profitability due to the accounting issues, we theorized that if the company's stock got back to an average valuation for similar firms in its industry the stock price would more than double.

Unfortunately, the great performance of SMCI has forced us to start selling the stock not only to control position size, but also its current market cap of nearly \$50b no longer qualifies as a small company.

SMCI was not the only standout position in the portfolio as can be seen when we discuss the top performers later in this commentary. Freshpet (FRPT), Williams-Sonoma (WSM), Impinj (PI) and MYR Group (MYRG) also had very strong quarters. We are in the process of redeploying the cash from our sales of SMCI and Immunogen, which was acquired for cash in the quarter, into a combination of new names and existing positions. Fortunately, despite the appreciation of stock prices in the US there are quite a few companies that the rally has left behind. We have been busy researching these names and have added a number of new names to the portfolio.

The Ironwood SCC strategy is managed to focus on specific company developments. We spend many hours researching small cap companies to gain an understanding of these businesses. And in addition to our own internal resources, we utilize a network of industry contacts that we have cultivated over the years to assist us. We seek out high quality companies with great management teams. We spend a great deal of time getting to know and understand the businesses. We invest when others are unwilling. We carefully manage risk by controlling position size. And we are very patient, sticking with our investments over many years if necessary.

SMALL CAP CORE STRATEGY COMMENTARY

Top Five Performance Contributors (return figures are for the 1st quarter)

Super Micro Computer Inc. (SMCI) was up 255.32% in the quarter and contributed 1507 bps of return. See above comments.

Freshpet, Inc. (FRPT) was up 33.54% in the quarter and contributed 142 bps of return. FRPT is the market leader in the fresh healthy pet food category. The company recently opened a new food processing facility that expands capacity and improves operating efficiency.

Williams-Sonoma, Inc. (WSM) was up 58.05% in the quarter and contributed 95 bps to return. WSM operates as an omni-channel specialty retailer of various products for the home. The company reported solid results for the holiday season and issued favorable guidance for the coming year.

Impinj, Inc. (PI) was up 42.63% and contributed 91 bps of return. PI provides RFID (radio frequency identity) systems and tags used to track the location of items. The tagging systems are being adopted by very large companies in industries such as package delivery, air travel, and retail stores. The timing of these very large contracts can introduce a lumpiness to the business which is reflected in stock price volatility.

MYR Group Inc. (MYRG) was up 22.21% and contributed 87 bps of return. MYRG provides electrical construction services in the United States and Canada. The company continues to benefit from increase spending to modernize the electrical infrastructure.

Top Five Performance Detractors (return figures are for the 1st quarter)

BridgeBio Pharma, Inc. (BBIO) was down 23.41% in the quarter and detracted 86 bps from return. BBIO is a biotech company that specializes in treating genetic diseases.

Cytokinetics, Inc. (CYTK) was down 16.03% in the quarter and detracted 81 bps from return. CYTK is a leader in muscle signaling biology, and has reported strong results from a pivotal clinical trial to treat patients with obstructive hypertrophic cardiomyopathy. CYTK was purportedly in discussions to be acquired by a large pharma company. The stock sold off when a deal failed to be consummated.

Extreme Networks, Inc. (EXTR) was down 34.58% in the quarter and detracted 62 bps from return. EXTR is a leading supplier of communication equipment and systems to businesses, institutions and governments. Recently, spending by communications companies has slowed negatively impacting Extreme's performance.

Aurinia Pharmaceuticals Inc. (AUPH) was down 44.27% in the quarter and detracted 42 bps from return. AUPH has developed a drug to treat adults with Lupus Nephritis. It recently conducted a strategic review to consider the sale of the company. The stock sold off when a buyer failed to emerge.

Perficient, Inc. (PRFT) was down 14.48% in the quarter and detracted 39 bps from return. PRFT provides digital consultancy services and solutions in the United States and internationally. Recent results have been modestly below expectations.

SMALL CAP CORE STRATEGY COMMENTARY

Portfolio Activity

Sales:

ImmunoGen, Inc. (IMGN) a pioneer in the use of antibody drug conjugates was acquired by AbbVie for cash.

LivePerson, Inc. (LPSN) engages in conversational artificial intelligence. It enables brands to leverage the Conversational Cloud's intelligence engine to connect with consumers through an integrated suite of mobile and online business messaging technologies. The company offers the Conversational Cloud, an enterprise-class digital customer conversation platform, which enables businesses and consumers to connect through conversational channels, such as voice, in-app, and mobile messaging. LPSN, an early industry leader in chat bots, does not appear to be making a successful transition to AI customer service.

2U, Inc. (TWOU) operates as an online education platform company in the United States and internationally. The company operates through two segments, Degree Program and Alternative Credential. The Degree Program segment provides the technology and services to nonprofit colleges and universities to enable the online delivery of degree programs. This segment targets students seeking an undergraduate or graduate degree. Despite introducing a number of online educational programs the company has not achieved success as a business.

Partial Sales:

Super Micro Computer Inc. (SMCI) develops and manufactures high performance server and storage solutions based on modular and open architecture in the US and internationally. The company's business is booming thanks to demand driven by Artificial Intelligence (AI) and the reshoring of the computing supply chain. We trimmed the position to manage position size.

Purchases:

Compass Minerals International, Inc. (CMP) provides essential minerals, including salt, sulfate of potash, phosphate and magnesium chloride. Its products are used in commercial, industrial, chemical and agricultural applications. The company is the largest producer of salt in North America, sourced primarily from an underground mine in Ontario Canada. In addition, it provides plant nutritional products (potassium fertilizer for fruit trees) that it produces from the Great Salt Lake in Utah. The company recently cancelled plans to produce Lithium from the Great Salt Lake writing off the entire investment. While disappointing to investors it frees the company from having to raise hundreds of millions of dollars to finance the project and greatly simplifies the company's operations. If the salt business returns to average levels of profitability the company is selling for less than 8x's projected EBITDA a significant discount to private market valuations.

Gritstone bio, Inc. (GRTS) is a clinical-stage biotechnology company, engaging in developing vaccine-based immunotherapy candidates against cancer and infectious diseases. Its primary product candidate GRANITE, an individualized immunotherapy candidate, is in Phase 2/3 clinical trials for the treatment of microsatellite stable colorectal cancers. The company is expected to announce results from the pivotal cancer trial shortly.

indie Semiconductor, Inc. (INDI) provides automotive semiconductors and software solutions for advanced driver assistance systems, autonomous vehicle, in-cabin, connected car, and electrification applications in the United States, South America, the rest of North America, Greater China, South Korea, the rest of the Asia Pacific, and Europe. It offers ultrasonic sensors for parking assist and systems; radar sensors for audio assistance and reverse information; front cameras for vehicle detection, collision avoidance, and sign reading; and side/inside cameras for blind spot and lane change assist, and driver behavior monitoring. The company also provides LiDAR for distance, speed, and obstacle detection, collision avoidance, and emergency brake systems. INDI has grown rapidly in recent years as the electrical content of vehicles continues to increase. Industry growth slowed in 2023 due to a variety of factors which we view as temporary. And we believe the decline in INDI's stock price represents an opportunity to buy a high-quality company at a reasonable price.

SMALL CAP CORE STRATEGY COMMENTARY

Sonos, Inc. (SONO) is a leader in the premium wireless home audio market with a special focus on home theatre surround sound. Their products are well regarded for their high quality and ease of use. The company grew rapidly during the Covid-19 Pandemic as consumers trapped at home spent to upgrade their entertainment systems. Post Covid business has slowed, as consumers shifted spending to outside the home and the stock price declined. The company has announced the addition of a new product line in the next few months that is projected to add \$100m annually to revenues and return the company to growth. The company has also improved operating efficiency and a growing topline should be reflected in increased profitability. The company has a strong balance sheet with \$467M in cash and no debt. We believe SONO will continue taking market share in the consumer electronics industry and is well positioned for the next uptick in the consumer electronics cycle.

Additions to Existing Positions:

Denali Therapeutics Inc. (DNLI) is a biopharmaceutical company, developing a portfolio of product candidates engineered to cross the blood-brain barrier for neurodegenerative diseases and lysosomal storage diseases. The company has partnered its technology with a number of pharmaceutical companies to treat a variety of neurological disease.

Newpark Resources, Inc. (NR) is in the process of selling its oil and gas drilling fluids business, which will allow them to focus on the remaining synthetic mats business that is nicely profitable and growing.

Awarded February 21, 2024. PSN is not a client, and no compensation was paid or received in exchange for the ranking. Register for free to view the full PSN Top Guns recipient list and award methodology [PSN Top Guns](#).

SMALL CAP CORE STRATEGY PROFILE

FOOTNOTES TO PERFORMANCE

Ironwood Investment Management®, LLC (Ironwood) is an independently managed investment advisory firm providing investment advisory services to institutional clients, mutual funds and high-net-worth clients. The firm is a registered investment adviser with the Securities and Exchange Commission. Registration does not imply a certain level of skill or training. Accounts in the Small Cap Core composite include separately managed, fully discretionary, fee-paying portfolios. Portfolios are invested in undervalued securities, the majority of which will have market capitalizations under \$2.5 billion at cost, including securities with growth and/or value characteristics. Securities are considered undervalued when management believes the current share price does not accurately reflect the long-term economic value of the underlying company. Ironwood Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Ironwood Investment Management, LLC has been independently verified for the periods January 1, 1999 through December 31, 2019. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Small Cap Core composite has had a performance examination for the periods July 1, 2002 to December 31, 2019. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. The creation date of the composite: July 2002. Performance inception date of the composite: January 1, 1999. Prior to July 2002, portfolios were included in the composite when at least 75% of the portfolio was invested in equity securities and when at least 75% of the portfolio was invested according to the investment style of the composite. Subsequent to July, 2002, portfolios are included in the composite after the first full month of being fully invested. Returns are presented gross and net of management fees and include the reinvestment of all income. Net returns are calculated based on the highest fee of 1.00%. Investment management fees are 1.00% on the first \$25 million, 0.90% on the next \$25 million, 0.80% on the next \$50 million, and 0.75% over \$100 million on an annual basis and a client's return will be reduced by these and other related expenses. The actual fee charged to an individual portfolio may vary by size and type of portfolio and may be negotiated. Actual investment advisory fees incurred by clients may vary. The Russell 2000 Index consists of the 2000 smallest stocks in the Russell 3000 Index that represents approximately 8% of the U.S. equity market capitalization. The indices have been reconstituted annually since 1989. Ironwood returns and Index performance reflect reinvested interest income and dividends, in U.S. dollars. A list of composite descriptions and a list of limited distribution pooled fund descriptions are available upon request. Past performance is not indicative of future results. Policies for valuing investments, calculating performance and preparing GIPS Reports are available upon request. Prior to May 2006, the Firm was known as Ironwood Capital Management, LLC.