



IRONWOOD

INVESTMENT MANAGEMENT®, LLC

SMALL CAP CORE STRATEGY PROFILE — As of 9/30/2024

Composite Performance	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (1/01/1999)
Gross of Fees:	6.02%	19.14%	42.74%	4.78%	14.47%	11.65%	11.74%
Net of Fees:	5.76%	18.26%	41.33%	3.75%	13.34%	10.54%	10.63%
Russell 2000	9.27%	11.17%	26.76%	1.84%	9.39%	8.78%	8.12%

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 9/30/2024

iShares Trust - iShares Russell 2000 ETF	9.34%
Freshpet, Inc.	5.95%
Impinj, Inc.	4.21%
Perficient, Inc.	3.26%
SPS Commerce, Inc.	2.96%
Dycom Industries, Inc.	2.88%
Cytokinetics, Incorporated	2.86%
Pegasystems Inc.	2.68%
UFP Industries, Inc.	2.60%
Zeta Global Holdings Corp.	2.56%
Total Weight in Top Ten	39.30%

MARKET CAPITALIZATION

As of 9/30/2024

Over \$5 Billion	57.00%
\$4 Billion - \$5 Billion	4.82%
\$3 Billion - \$4 Billion	3.77%
\$1.5 Billion - \$3 Billion	14.11%
\$500 Million - \$1.5 Bln	10.31%
Under \$500 Million	4.48%
Cash	5.51%

PORTFOLIO CHARACTERISTICS

As of 9/30/2024

Price/Book Value	3.23x
TEV/EBITDA	14.63x
TEV/Total Revenues	2.78x
Price/Normalized EPS	27.63x

SECTOR ALLOCATION

As of 9/30/2024

	Fund	Russell*
Consumer Discretionary	10.14%	10.11%
Consumer Staples	8.37%	2.82%
Energy	1.53%	5.27%
Health Care	9.17%	17.32%
Financial Services	16.25%	17.96%
Industrials	19.09%	17.13%
Information Technology	26.97%	12.82%
Materials	2.54%	4.57%
Utilities	0.00%	2.83%
Real Estate	0.00%	6.48%
Communication Services	0.43%	2.69%
Cash	5.51%	0.00%

*Russell 2000 Index iShares

SMALL CAP CORE STRATEGY COMMENTARY

In July, the market began rotating into small-cap and value stocks. The Russell 2000 (R2), an index of 2000 small US companies, returned 9.27% exceeding the 5.89% return of the S&P 500, an index of 500 large US companies, by 338 basis points (bps) while the Russell 2000 Value index returned 10.15%. The Ironwood Small Cap Core (SCC) strategy returned 6.02% (gross) in the third quarter, an underperformance versus the R2 of 325bps. Despite the weak third quarter we are pleased to report that the Ironwood SCC strategy is up 19.14% (gross) for the year and is leading the R2 by 797 bps. And it has retained its #1 ranking in the Small Cap Core universe of managers for the first six months of 2024 (eVestment database).

We wrote last quarter about the historical outperformance of small cap stocks in an environment of declining interest rates so we won't go into great detail here but the recent rally in small cap stocks has added yet another data point to this already strong correlation. Not surprisingly the best performing sectors of the small cap market were interest sensitive industries that benefit from declining interest rates. The Real Estate sector of the R2 was up 17.63% in the third quarter, Financials (largely regional banks) were up 15.40%, and Utilities were up 11.65%. This represented a headwind for the Ironwood SCC strategy which is underweight those sectors.

There were several stocks in the Ironwood SCC portfolio that had big moves in the quarter. Zeta Global Holdings was up 69.01%, Evolv Technologies was up 58.82%, Mercury Systems was up 37.09% and Ameresco Inc was up 31.69%. (For more detail see the discussion of Top 5, Bottom 5 performers below.)

The leading detractor to portfolio performance in the quarter was Super Micro Computer, a big winner from quarters past. The stock decline was triggered by a news report from a hedge fund alleging that the company has lax accounting and compliance practices. The company's response was to delay the release of the quarterly financial filing (10Q) to allow for a review of the allegations. While we take reports of financial wrongdoing very seriously, we will withhold our judgement until all the facts are known. Fortunately, the Ironwood SCC strategy sold 83% of its holding in SMCI long before the recent decline in the stock price.

Another noteworthy development in the Ironwood SCC portfolio was the acceleration in M&A (merger and acquisition) activity. In the first three quarters of the year, we sold three portfolio holdings that had agreed to be acquired, Immunogen (IMGN), Everbridge (EVBG), and Calliditas (CALT). There are an additional 5 holdings in the portfolio that have received takeover bids that were still held as of 9/30/2024, Perficient (PRFT), Smartsheet (SMAR), Manitex (MNTX), TTEC Holdings (TTEC), and Kezar Life Sciences (KZAR).

The pickup in M&A activity can be attributed to several factors. The rally in stock market has increased the valuation of many companies making a sale an attractive option for management and shareholders. In addition, private equity funds are flush with cash that needs to be deployed. And frankly given the tumultuous events of recent years, pandemics, recession, inflation, wars a lot of management teams are just worn out and the prospect of retiring and receiving a healthy payday can be hard to pass up.

The Ironwood SCC portfolio has historically benefited from a high level of M&A activity. About 44% of all sales in the portfolio are due to mergers or acquisition activities. We believe this is proof of the validity of the Ironwood HI IQ approach, that so many of our companies are sought after by acquirers.

Now that the great rotation has begun, a key question for investors is how long it will last. The initial rally in the small cap space in July was likely triggered by (institutional) investors buying small cap index vehicles such as ETFs as opposed to investors buying stock in individual companies. Institutional investors, given the large size of their asset pools, can have a big impact on small cap markets by making even a small change in their asset allocation. This change in investor behavior is typical of the early stage of a market rally. But longer-term performance of the small cap indices will be determined by the profitability of the many individual companies that comprise the index.

Fortunately, the outlook for small cap earnings is very promising. After a modest increase in earnings for 2024 of about 3%, earnings for the R2 are expected to increase by 36% in 2025. While it is prudent to view earnings forecasts with healthy skepticism should those estimates prove to be accurate it would provide support for a continuation of the small cap rally. In addition, small cap stocks are selling nearer historical average forward p/e ratios while the S&P 500 is priced significantly above average estimated p/e ratios. So, it is possible that the "Great Rotation" rally may have room to run.

SMALL CAP CORE STRATEGY COMMENTARY

Top Five Performance Contributors (return figures are for the 3rd quarter)

Impinj Inc. (PI) was up 38.11% in the quarter and contributed 133 bps of return. PI provides RFID (radiofrequency 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. Impinj reported a strong Q2 with revenues growing 19% YOY and earnings handily beating expectations.

Zeta Global Holdings Corp (ZETA) was up 69.01% in the quarter and contributed 108 bps of return. ZETA operates an omnichannel data-driven cloud platform that provides enterprises with consumer intelligence and marketing automation software in the United States and internationally. ZETA is benefiting from increased marketing spending by political parties in an election year. Zeta reported that Q2 revenues were up 23.7% YOY.

Evolv Technologies (EVLV) was up 58.82% in the quarter and contributed 62 bps of return. EVLV provides artificial intelligence (AI) based weapons detection systems for security screening designed to detect firearms, improvised explosive devices and tactical knives. Unfortunately, there were several incidents of violent attacks in the quarter that highlighted the importance of Evolv's security systems and the company reported that Q2 revenues increased by 17%.

Dycom Industries (DY) was up 16.79% in the quarter and contributed 47 bps of return. DY provides specialty contracting services to the telecommunications infrastructure and utility industries in the United States. DY is benefiting from the ever-increasing demand for bandwidth to enable internet based services. The company reported a solid quarter in which revenues grew 15.5% YOY and earnings per share increased 21.2%.

Pegasystems Inc (PEGA) was up 20.81% in the quarter and contributed 45 bps of return. PEGA is an enterprise software company that enables businesses to rapidly create applications that allow for increased efficiency and processes of workflow. The company is an early beneficiary of AI (artificial intelligence) and is poised for accelerating growth in revenues and profits.

Top Five Performance Detractors (return figures are for the 3rd quarter)

Super Micro Computer Inc (SMCI) was down 49.18% in the quarter and detracted 254 bps from return. 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 has been booming thanks to demand driven by Artificial Intelligence (AI) and the reshoring of the computer supply chain. The stock sold off in reaction to a negative research report published by a hedge fund alleging that the company has poor financial controls. While it will take some time to get to the bottom of the allegations SMCI continues to grow at a rapid pace. The Small Cap Core Strategy sold 83% of its shares before the recent decline in the stock.

MYR Group Inc (MYRG) was down 24.67% in the quarter and detracted 79 bps from return. MYRG provides electrical construction services in the United States and Canada. The company continues to benefit from increased spending to modernize the electrical infrastructure. Recent earnings were below expectations due to delays on contracts awarded during the pandemic. But the long-term future of the company remains bright.

indie Semiconductor (INDI) was down 35.33% in the quarter and detracted 44 bps from return. INDI provides automotive semiconductors and software solutions for advanced driver assistance systems, autonomous vehicles, in-cabin, connected care, and electrification applications. The automobile industry has been weak due to slack consumer demand. We believe INDI is a technology leader in the industry and is very well positioned to benefit from a pick up in demand for electric vehicles (EV's).

Topgolf Callaway Brands (MODG) was down 28.24% in the quarter and detracted 40 bps from return. MODG designs, manufactures, and sells golf equipment, golf and lifestyle apparel, and other accessories in the United States, Europe, Asia, and Internationally. Recent business at the companies Topgolf entertainment centers has been slow as consumer demand normalizes after a post pandemic boom and the company issued disappointing forecasts for revenues and profits. The company has proposed spinning off the Topgolf business as a separate company.

Newpark Resources Inc. (NR) was down 16.61% in the quarter and detracted 23 bps from return. NR announced the sale of their oil and gas drilling fluids business and the price tag was less than investors hoped for. Longer term the sale will allow the company to focus on the industrial mats business which is profitable and growing.

SMALL CAP CORE STRATEGY COMMENTARY

Portfolio Activity

Sales:

Calliditas Therapeutics AB (CALT) is a commercial-stage bio-pharmaceutical company, focused on identifying, developing, and commercializing novel treatments in orphan indications with an initial focus on renal and hepatic diseases with significant unmet medical needs in the United States, Europe, and Asia. It offers Nefecon (TARPEYO/Kinpeygo), an oral formulation of budesonide to reduce the loss of kidney function in adults with immunoglobulin A nephropathy. The company's lead compound is Setanaxib, a NOX inhibitor that is in Phase 2b clinical trial for the treatment of primary biliary cholangitis; and in Phase 2 clinical trial for the treatment of squamous cell carcinoma of the head and neck cancer and idiopathic pulmonary fibrosis, as well as for solid tumors and Alport Syndrome. The company was acquired by Asahi Kasei.

Edgio Inc. (EGIO) provides edge-enabled software solutions in the Americas, Europe, the Middle East, Africa, and the Asia Pacific. The company operates private global networks with distributed computing resources and extensive connectivity to last-mile broadband network providers; offers live and on-demand video delivery services; and provides platform, media, and application solutions. It also offers cloud security, edge compute, origin storage, and support services. In addition, the company provides content delivery, video content management, and streaming services, performance services for website and web application and security, professional services, cloud storage, and edge computing services.

Purchases:

Evolent Health Inc. (EVH) offers specialty care management services in oncology, cardiology, and musculoskeletal markets in the United States. The company provides platforms for health plan administration and value-based business infrastructure. It offers administrative services, such as health plan services, pharmacy benefits management, risk management, analytics and reporting, and leadership and management; and Identifi, a proprietary technology system that aggregates and analyzes data, manages care workflows, and engages patients. In addition, the company provides holistic total cost of care management. The rapidly rising cost of healthcare is a major challenge for the US healthcare system. EVH advanced technology enables healthcare providers to deliver superior care more efficiently and at lower cost.

Additions to Existing Positions:

There were no additions to existing positions in the quarter.

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. SEC 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, 2021. 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, 2021. 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.