



# IRONWOOD

INVESTMENT MANAGEMENT®, LLC

## SMALL CAP CORE STRATEGY PROFILE — As of 3/31/2025

Composite Performance	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (1/01/1999)
Gross of Fees:	-13.26%	-13.26%	-13.35%	3.69%	14.73%	8.74%	10.81%
Net of Fees:	-13.48%	-13.48%	-14.21%	2.67%	13.59%	7.67%	9.71%
Russell 2000	-9.48%	-9.48%	-4.01%	0.52%	13.27%	6.30%	7.56%

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 3/31/2025

iShares Trust - iShares Russell 2000 ETF	10.00%
Freshpet, Inc.	4.29%
MYR Group Inc.	3.16%
Pegasystems Inc.	3.03%
BridgeBio Pharma, Inc.	2.81%
Williams-Sonoma, Inc.	2.76%
Beacon Roofing Supply, Inc.	2.75%
Somnigroup International Inc.	2.67%
Dycom Industries, Inc.	2.64%
Cytokinetics, Incorporated	2.58%
<b>Total Weight in Top Ten</b>	<b>36.69%</b>

### MARKET CAPITALIZATION

As of 3/31/2025

Over \$5 Billion	42.23%
\$4 Billion - \$5 Billion	12.36%
\$3 Billion - \$4 Billion	1.87%
\$1.5 Billion - \$3 Billion	16.18%
\$500 Million - \$1.5 Bln	12.15%
Under \$500 Million	5.74%
Cash	9.47%

### PORTFOLIO CHARACTERISTICS

As of 3/31/2025

Price/Book Value	2.59x
TEV/EBITDA	13.81x
TEV/Total Revenues	2.18x
Price/Normalized EPS	28.33x

### SECTOR ALLOCATION

As of 3/31/2025

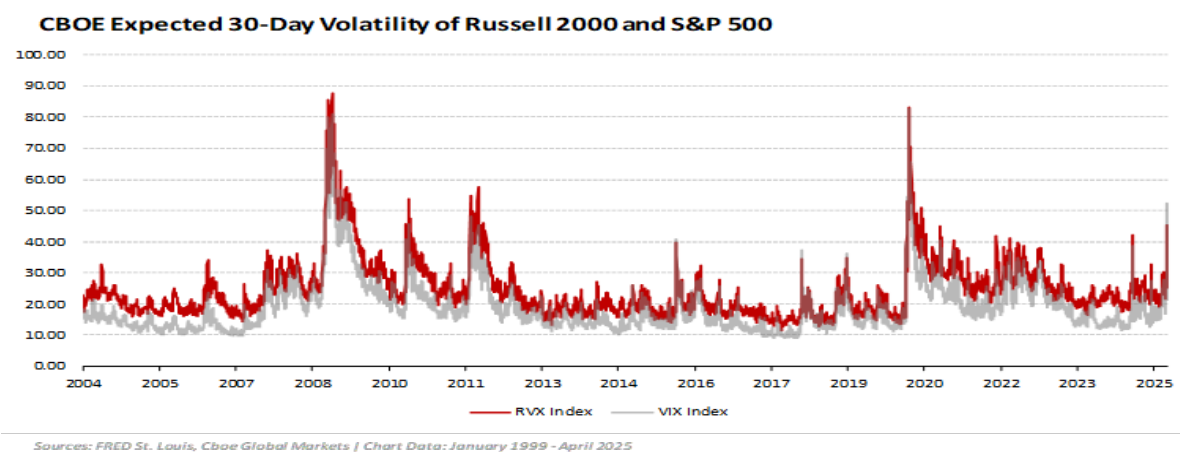
	Fund	Russell*
Consumer Discretionary	9.62%	9.15%
Consumer Staples	6.84%	3.13%
Energy	1.44%	5.09%
Health Care	8.99%	16.61%
Financial Services	18.25%	19.89%
Industrials	21.63%	17.67%
Information Technology	20.95%	12.29%
Materials	2.33%	3.90%
Utilities	0.00%	3.18%
Real Estate	0.00%	6.46%
Communication Services	0.49%	2.63%
Cash	9.47%	0.00%

\*Russell 2000 Index iShares

## SMALL CAP CORE STRATEGY COMMENTARY

### Market Overview

U.S. equity markets experienced heightened volatility in the first quarter of 2025 as investors responded to the new administration's economic agenda, principally the reimplementation of tariffs. The CBOE VIX for the S&P 500 and the RVX for the Russell 2000 (often referred to as "fear indices") both rose to levels not seen since the COVID-19 pandemic, with volatility only meaningfully surpassed during the 2008–2009 financial crises.



### Strategy Performance

Investor anxiety was reflected in the poor performance of the Russell 2000, which declined 9.48% for the quarter. The Ironwood Small Cap Core (SCC) strategy declined 13.26% (gross of fees) during the same period. The Russell 2000 has now fallen 17.6% from its all-time high in November 2024.

While we will not cover the detailed impact of tariffs in this letter, interested investors can access Ironwood's broader economic commentary available on our website or by clicking ([here](#)).

### Investment Philosophy: Embracing Volatility with Discipline

Periods of volatility present an important moment to reflect on core investment beliefs. At Ironwood, we maintain that financial markets frequently overreact to short-term developments, creating potential opportunities for disciplined, active managers.

The SCC strategy is designed to capitalize on these dislocations by investing in what we call High I-Q (Ironwood Quality) companies. These are small-cap businesses that combine strong financials, competitive advantages, resilient business models, and experienced management teams committed to thoughtful ESG practices. We believe such companies provide a margin of safety during challenging times, and the potential to emerge stronger.

## SMALL CAP CORE STRATEGY COMMENTARY

### High I-Q Companies: A Long-Term Framework

We invest in High I-Q companies when they trade at attractive valuations and typically hold them for the long term. We let management run their businesses and adapt to changing conditions. Our approach is Darwinian—we allow our most successful companies the runway to grow, appreciating in value and contributing meaningfully to portfolio returns. It is the resiliency of these companies that gives us confidence to hold through market disruptions.

### Portfolio Activity and Positioning

M&A activity has historically driven approximately 44% of our strategy's sales. This quarter was no exception. Three holdings—Manitex International, Smartsheet Inc., and Checkpoint Therapeutics—were acquired (see details below). The high level of M&A, along with some trimming last year to manage position sizes, left the portfolio with elevated cash levels. We invested a portion into a Russell 2000 ETF, but closed the quarter with a cash position of 8.1% in the model portfolio.

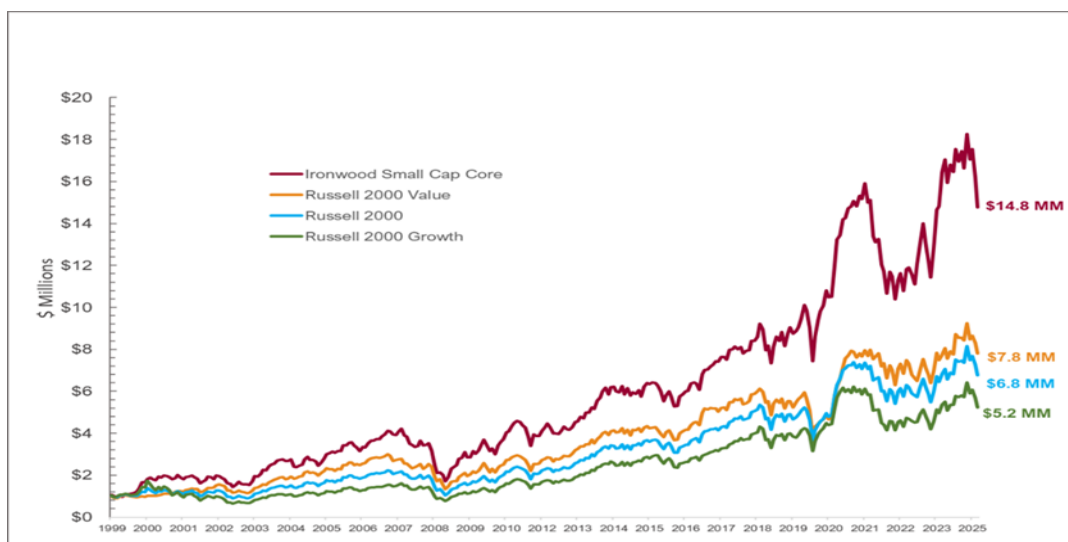
While small-cap market declines have compressed valuations across the portfolio, they also present selective buying opportunities. We added several High I-Q holdings this quarter, including Pagaya Technologies, Aurinia Pharmaceuticals, Berkshire Hills Bancorp, and Denali Therapeutics.

### Confidence in Management & Market Cycles

Many of the companies we own have operated for over a century, navigating wars, recessions, and pandemics, while continuing to innovate. We are confident that the management teams of our portfolio companies will adapt to the current environment and position their businesses for profitable growth.

Historically, significant market drawdowns have created compelling entry points for our strategy. As shown in the mountain chart below, past drawdowns have proven to be productive buying opportunities for long-term investors. We believe today is no different.

**+10.81%<sup>(1)</sup> average annual return (gross) since inception**  
**vs. +7.56% for Russell 2000 Index**



(1) Source: Advent. Past performance is not indicative of future results.

## SMALL CAP CORE STRATEGY COMMENTARY

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

**BridgeBio Pharma Inc. (BBIO):** +25.98%, added 44 bps gross – Strong initial sales of ATTR-CM drug Attruby and EU approval.

**Beacon Roofing Supply Inc. (BECN):** +21.78%, added 40 bps gross – Steady growth and M&A announcement with QXO.

**Astronics Corporation (ATRO):** +51.44%, added 31 bps gross – Strong Q4 results and new aerospace contracts.

**The Hanover Insurance Group (THG):** +13.07%, added 17 bps gross – Benefiting from strong pricing in insurance markets.

**Old Republic International (ORI):** +15.59%, added 12 bps gross – Expanding insurance offerings across new industries.

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

**Freshpet Inc. (FRPT):** -43.85%, detracted 264 bps gross – Strong Q4 results, but growth concerns linger.

**iShares Russell 2000 ETF (IWM):** -9.51%, detracted 93 bps gross – Market-wide decline reflected in ETF performance.

**Pegasystems Inc. (PEGA):** -25.38%, detracted 85 bps gross– Market-related weakness, not tied to company-specific issues.

**Impinj Inc. (PI):** -37.56%, detracted 93 bps gross– Changes in the pace of new client implementations have adversely impacted revenue growth.

**MYR Group (MYRG):** -23.98%, detracted 77 bps gross – Concerns around policy support for alternative energy.

## SMALL CAP CORE STRATEGY COMMENTARY

### Portfolio Changes in Q1 2025

**New Purchases:** None

**Additions to Existing Positions:**

- **Pagaya Technologies (PGY)** – Added on earnings-driven valuation pullback.
- **Aurinia Pharmaceuticals (AUPH)** – Added due to pipeline strength and unmet needs in autoimmune therapy.
- **Berkshire Hills Bancorp (BHLB)** – Merger with Brookline Bank creates synergies and scale.
- **Denali Therapeutics (DNLI)** – Positive outlook for FDA approval of Tividenofusp Alfa to treat Hunter Syndrome.

**Sales:**

- **Checkpoint Therapeutics (CKPT)** – Acquired by Sun Pharma following FDA approval.

**Removed from Strategy via Corporate Action:**

- **Manitex International (MNTX)** – Acquired by Tadenio Ltd.
- **Smartsheet Inc. (SMTX)** – Acquired by Blackstone and Vista.

## 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.*