



# IRONWOOD

INVESTMENT MANAGEMENT®, LLC

## SMALL CAP CORE STRATEGY PROFILE — As of 6/30/2025

Composite Performance	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (1/01/1999)
Gross of Fees:	17.10%	1.57%	5.23%	17.57%	12.02%	10.46%	11.36%
Net of Fees:	16.81%	1.07%	4.19%	16.41%	10.90%	9.36%	10.25%
Russell 2000	8.50%	-1.79%	7.68%	10.00%	10.04%	7.12%	7.82%

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 6/30/2025

iShares Trust - iShares Russell 2000 ETF	9.24%
MYR Group Inc.	4.33%
Pegasystems Inc.	4.02%
Dycom Industries, Inc.	3.61%
Super Micro Computer, Inc.	3.05%
BridgeBio Pharma, Inc.	2.99%
Freshpet, Inc.	2.99%
Somnigroup International Inc.	2.59%
Evolv Technologies Holdings, Inc.	2.46%
Williams-Sonoma, Inc.	2.44%
<b>Total Weight in Top Ten</b>	<b>37.72%</b>

### MARKET CAPITALIZATION

As of 6/30/2025

Over \$5 Billion	42.31%
\$4 Billion - \$5 Billion	5.48%
\$3 Billion - \$4 Billion	11.38%
\$1.5 Billion - \$3 Billion	14.43%
\$500 Million - \$1.5 Bln	16.46%
Under \$500 Million	3.44%
Cash	6.51%

### PORTFOLIO CHARACTERISTICS

As of 6/30/2025

Price/Book Value	3.41x
TEV/EBITDA	16.73x
TEV/Total Revenues	2.51x
Price/Normalized EPS	32.48x

### SECTOR ALLOCATION

As of 6/30/2025

	Fund	Russell*
Consumer Discretionary	8.90%	10.43%
Consumer Staples	5.49%	1.91%
Energy	0.70%	6.80%
Health Care	8.38%	8.48%
Financial Services	16.76%	27.86%
Industrials	22.31%	13.47%
Information Technology	26.31%	7.47%
Materials	4.16%	4.57%
Utilities	0.00%	6.10%
Real Estate	0.00%	10.38%
Communication Services	0.49%	2.53%
Cash	6.51%	0.00%

\*Russell 2000 Index iShares

## SMALL CAP CORE STRATEGY COMMENTARY

### Market Overview

The US equity markets sprang back to life in the second quarter as fears of tariffs and their impact on the US economy subsided. Small cap stocks were strong performers with the Russell 2000 Index (R2) advancing 8.50%. Despite the brisk rally the index did not make up the entirety of the first quarter's decline and ended the quarter in the red for the year to date, down 1.79% as of 6/30/25. The Ironwood Small Cap Core (SCC) strategy had a particularly strong quarter returning 17.10% gross of fees (16.81% net) and outperforming the R2 by 860 bps (831 bps net). The Ironwood SCC strategy is now in the black for the year to date, up 1.57% gross, outperforming the R2 by 336 bps gross of fees (286 bps net).

### Strategy Performance

The outperformance of the Ironwood SCC strategy in the second quarter was driven by several factors. The best performing sectors of the small cap market were the information technology, industrials and materials, which were areas where the SCC strategy was significantly overweight relative to the R2 index. However, the real story, in our view, was the strong performance of individual companies, many of which bounced back strongly from declines in prior periods.

### Investment Philosophy: Embracing Volatility with Discipline

Recent quarters have been highly volatile for US equities as investors try to assess the impact of rapidly changing government policies particularly regarding trade and tariffs. This uncertainty has had a big impact on smaller public companies whose stocks are less liquid than larger cap stocks. Consequently, a number of our holdings experienced a significant price decline in the first quarter of the year. Most of these very same companies reported strong earnings in April and May and the stocks came roaring back in the second quarter. The performance of the portfolio in the second quarter is further evidence of our belief that, in the short term, stock prices are driven by liquidity, the balance between buyers and sellers. In the long term, however, stock prices are determined by the performance of the underlying company.

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

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.

We have written before about the importance of investing in high quality companies (Ironwood Quality High I-Q) but it bears repeating. 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.

## SMALL CAP CORE STRATEGY COMMENTARY

### Portfolio Activity and Positioning

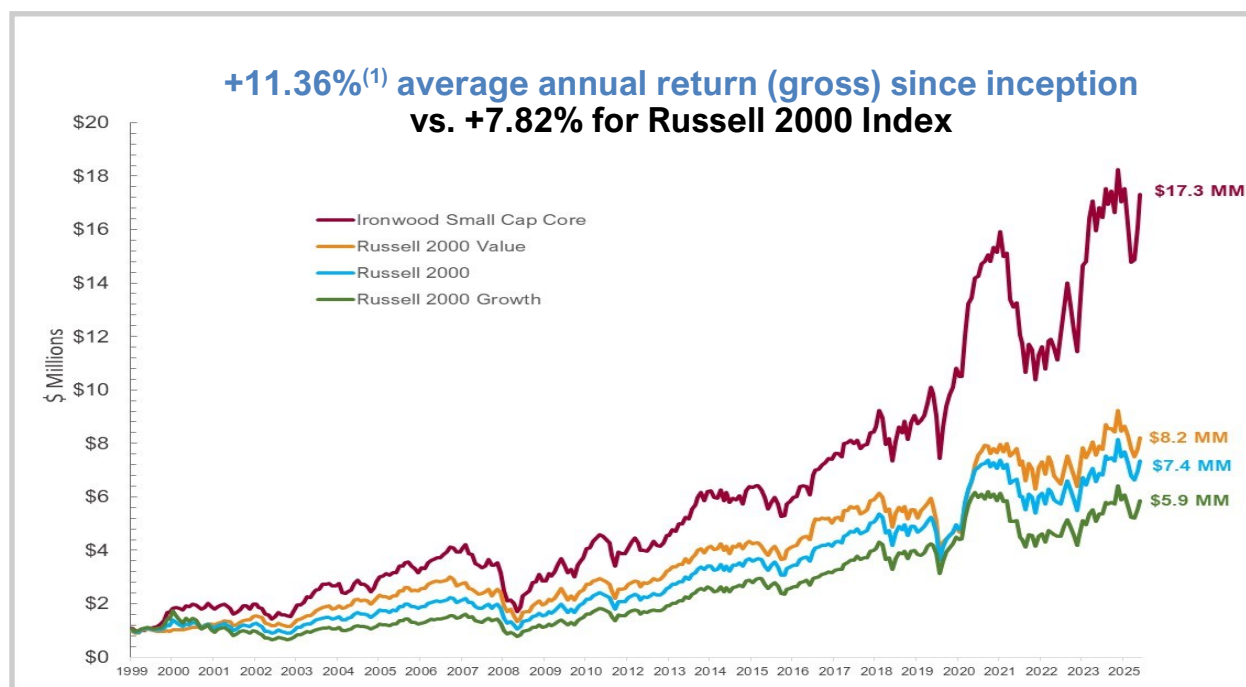
The small-cap market decline of Q1 compressed valuations across the portfolio, it also presented us with selective buying opportunities. We took advantage of the market dip in the first quarter and added several new High I-Q holdings to the portfolio, ONTO Innovation (ONTO), Aspen Aerogels (ASPN) and TriMas Corp (TRS). For a more detailed description of these companies see the portfolio changes section below. We also added to several existing positions that we judged to be undervalued, Cabot Corp (CBT) and Steve Madden Ltd. (SHOO).

We sold out of one position in the quarter. Long-term holding Beacon Roofing Supply (BECN) which was acquired by industry competitor QXO for cash. M&A activity has historically driven approximately 44% of our strategy's sales. And BECN represents the fourth portfolio company acquired thus far this year.

### Confidence in Management & Market Cycles

We are greatly relieved to see the recovery in the stock market and be able to report such good results. However, there is still great uncertainty in how the tariff negotiations will play out. So far, the impact has been muted. But there is a considerable lag before economic statistics reflect their impact. More evidence should emerge in third quarter data which may prompt a return of market volatility. Should that occur it is important to bear in mind that many of the companies we own have operated for decades, 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. And past drawdowns have proven to be productive buying opportunities for long-term investors.



(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 2nd quarter)

- **MYR Group Inc. (MYRG):** +60.45%, added 206 bps gross – Continued strong demand for the company's electrical services.
- **Pegasystems Inc. (PEGA):** +55.79%, added 175 bps gross – Strong demand for the company's software driven by Artificial Intelligence applications.
- **Dycom Industries, Inc. (DY):** +60.42%, added 170 bps gross – Continued growth in fiber optic installations driven by demand for online services.
- **Evolv Technologies Holdings, Inc. (EVLV):** +100%, added 152 bps gross – Strong demand for the company's security screening products coupled with improved financial performance.
- **Super Micro Computer, Inc. (SMCI):** +43.14%, added 105 bps gross – Reacceleration of growth due to adoption of Nvidia's new Blackwell chip.

### Top Five Performance Detractors (return figures are for the 2nd quarter)

- **Freshpet Inc. (FRPT):** -18.29%, detracted 87 bps gross – Slowing consumer demand for premium pet food weighing on growth outlook.
- **Cytokinetics, Incorporated (CYTK):** -17.79%, detracted 57 bps gross – Company continues progress towards approval of a major heart drug offset by overall biotech sector weakness.
- **ACI Worldwide, Inc. (ACIW):** -16.08%, detracted 28 bps gross– Profit tacking after a run up in the stock price.
- **Anika Therapeutics, Inc. (ANIK):** -29.61%, detracted 22 bps gross– Competitive price pressures depressing profitability.
- **UFP Industries, Inc. (UFPI):** -6.84%, detracted 20 bps gross – Weaker demand for home improvement projects impacting sales.

## SMALL CAP CORE STRATEGY COMMENTARY

### Portfolio Changes in Q2 2025

#### New Purchases:

- **ONTO Innovation Inc. (ONTO)**- is a worldwide leader in the design, development, manufacture and support of metrology and inspection tools for the semiconductor industry. The recent weakness in the production of electric vehicles has depressed demand for semiconductors worldwide and has adversely impacted sales of ONTO's inspection equipment. When demand for EVs recovers so should ONTO's revenues and profits.
- **Aspen Aerogels, Inc. (ASPN)**- is a worldwide leader in the production of Aerogels, insulating materials, used to improve the performance of lithium ion batteries used in electric vehicles. Weak production volumes of EVs has adversely impacted demand for Aerogels and ASPN's business has suffered. When demand for EVs recovers, so should the performance of ASPN's business.
- **TriMas Corporation (TRS)**- is a leading designer and manufacturer of packaging products, for the consumer and aerospace industries. They serve a wide range of industries including beauty & personal care, home care, food & beverage, life sciences and industrial end markets. The business has underperformed in recent years and a new CEO was recently hired to improve profitability.

#### Additions to Existing Positions:

- **Steven Madden Ltd. (SHOO)** - designs, sources, and markets fashion-forward branded and private label footwear, accessories, and apparel in the United States and internationally. It operates through Wholesale Footwear, Wholesale Accessories/Apparel, Direct-to- Consumer, and Licensing segments. The Wholesale Footwear segment designs, sources, and markets various products, including dress shoes, boots, booties, fashion sneakers, sandals, and casual shoes under the Steve Madden, Dolce Vita, Betsey Johnson, Blondo, and Anne Klein brands. SHOO's business has been adversely impacted by tariffs placed on footwear made outside the US. SHOO has been a very successful well managed company for many years and it has the financial strength to adapt to challenges that tariffs may bring.
- **Cabot Corporation (CBT)** – is a specialty chemical and performance materials company. It is a global leader in the production of carbon black an essential component in the manufacturing of tires. It produces carbon black in the same regions in which it is sold (Asia, Europe and The Americas) so tariffs should not have a direct impact on the business. Weak demand for new cars has had an impact on the business but most tires are sold in the replacement market and tires for electric vehicles wear out at an accelerated rate. The company has developed products for electric vehicle batteries that are showing strong growth and profitability.

#### Sales:

- **Beacon Roofing Supply (BECN)** – was acquired by QXO Building Products for cash.



## 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.*