

## TimesSquare U.S. Small Cap Growth Strategy

### Representative Commentary — 1Q26

Performance	Annualized					
	1Q26	1YR	3YR	5YR	7YR	10YR
TimesSquare U.S. Small Cap Growth Composite (Gross)	-6.47%	10.37%	8.06%	1.56%	7.01%	10.10%
TimesSquare U.S. Small Cap Growth Composite (Net)	-6.71%	9.29%	6.99%	0.55%	5.95%	9.02%
Russell 2000® Growth Index	-2.81%	23.58%	12.25%	1.62%	7.67%	9.78%

*Please see the important performance and other related disclosures at the end of this Commentary, which are an integral part of this quarterly Commentary Newsletter.*

In the first quarter, markets navigated a complex backdrop of geopolitical tensions and economic resilience, alongside temporary global tariffs following a Supreme Court decision. Prior to the Iran conflict, markets had reached all-time highs with lower volatility, a dynamic that reversed following U.S. and Israeli engagement. Oil prices spiked, supply chains were disrupted, financial conditions tightened, and investors shifted toward defensive business models, AI capital expenditure beneficiaries, as well as chemical and energy businesses positioned to benefit from higher commodity prices. The conflict in Iran further underscored the growing importance of national resilience, prompting a re-evaluation of global supply chains and energy dependencies. Central banks largely held policy steady in response to energy-driven inflation, with both the Federal Reserve and the ECB adopting a wait-and-see approach. Meanwhile, Japan's snap election delivered political stability and a mandate for fiscal expansion, despite ongoing concerns around long-term debt sustainability.

Amidst first-quarter volatility, the portfolio underperformed the Russell 2000® Growth Index. A market rotation towards Energy, Materials, Regional Banks, and Utilities and out of Software created an unfavorable backdrop for portfolio performance.

Our preferences in the Consumer-oriented sectors lean toward value-oriented or specialty retailers, franchise models, premium brands, or support services for other consumer companies. **Valvoline Inc.** offers engine and automotive maintenance products and services. The combination of a better-than-expected quarter and accelerating same-store sales resulted in a 16% lift in the stock price. **BJ's Wholesale Club Holdings Inc.** operates membership warehouse clubs in the eastern half of the U.S. Its shares rose 9% due to a strong fourth quarter, which included better same-store sales and higher gross margins. **Wingstop Inc.**, a franchiser and operator of chicken wings-focused restaurants, retreated -35%. While fourth-quarter comparisons were better than feared, underlying trends softened. This can be attributed to economic challenges faced by lower-income consumers, including high gasoline prices. We decided to trim back the position.

Often, the Energy sector moves in lockstep with the underlying commodity prices. Here, we aim to find companies that are either low-cost exploration and production companies with high-yielding fields, or specialized service providers. **Matador Resources Co.**, an exploration and production company with operations in Southeast New Mexico and West Texas, surged ahead 50%. They reported a slight miss on fourth-quarter profit estimates, but production beat. Importantly, management remains committed to capital efficiency as evidenced by longer laterals and improved drilling times. **Excelerate Energy** offers liquefied natural solutions including floating storage and regassification units. Fourth-quarter results were in line with Street projections, which boosted the stock by 19%. Management is being conservative with 2026 guidance. The CEO is

bullish on their growth prospects as an LNG regasification infrastructure player.

In the Financials sector, we tend to avoid banks experiencing credit deterioration or rising deposit costs, preferring asset managers, specialized insurance companies, or financial technology providers. **Victory Capital** operates as an asset management company offering specialized investment strategies. Their stock price gained 5% after earnings for the fourth quarter beat the consensus and the company formally abandoned its bid to acquire Janus Henderson Group with a share repurchase authorization. The company repurchased \$50 million of shares in the quarter. **Hamilton Lane** engaged in the provision of private markets investment solutions. A negative FT article in February, largely based on selective interpretation and the omission of facts, triggered a -26% sell-off. The company's fourth-quarter results beat consensus estimates, aided by higher management fees. The alternative investment space has generally been tracking lower on concerns surrounding private credit redemptions and optimistic marks on software investments; however, our granular analysis of the company's exposures suggests that the decline in the stock is overdone.

Our preferences among Health Care stocks are those companies providing novel therapies for unmet needs that command premium pricing, or specialized service providers. **Guardian Pharmacy Services Inc.**, a pharmacy services company provider to long-term health care facilities, improved 25%. Their latest quarter came in ahead of consensus, with management noting higher patient acuity. **CG Oncology Inc.** is a late-stage clinical biopharmaceutical company focused on developing therapeutics to treat bladder cancer. Their lead asset, Cretostimogene (Creto) is well-positioned as a potential best-in-class broad adjuvant therapy to treat non-muscle invasive bladder cancer (NMIBC). The company recently announced that a pivotal trial studying Creto in the intermediate risk segment of the market will read out one year ahead of schedule, potentially allowing access to an additional 35,000 patient segment of the NMIBC market. Anticipation of positive data served to lift the stock by 64%. **Mirum Pharmaceuticals Inc.** is a biopharmaceutical company focused on developing novel therapies for liver disease. Its shares rose 17% due to strong sales of Livmarli, an oral medication used to treat cholestatic pruritus. It works to lower bile acid levels in the body. **Stevanato Group** supplies drug containment, drug delivery, and diagnostic solutions to the biopharmaceutical industry. Its shares declined by -32% on market concerns that the shift to oral formulations could slow growth in injectable products. However, we believe these concerns may be overblown as Stevanato has several multi-year contracts representing strong revenue visibility. **Repligen Corp.** is a global life sciences company offering bioprocessing technologies and solutions used in manufacturing biological drugs. Fourth quarter revenues and earnings were ahead of the consensus. Forward guidance factored in uncertainty regarding biopharmaceutical industry capital expenditures and the pace of FDA approvals causing the stock price to retreat by -28%.

Many of our Industrials positions provide necessary business-to-business operational services, highly technical components, equipment enabling automation and efficiency improvements, or essential infrastructure services. **Regal Rexnord Corp.**, a provider of power and control motion products, climbed 34% on the back of impressive orders for its newly developed data center power management solutions. Mixed results included a slight beat on earnings and a slight miss on revenue. Orders were, however, a standout, leaping 54% year-over-year, aided by wins in the company's new datacenter power management offering. **RBC Bearings** manufactures engineered precision bearings, components, and systems. The stock price rose 21% after they reported fiscal third-quarter earnings and revenues that outpaced the consensus. **Legence Corp.**, which is engaged in mission-critical systems in buildings, jumped 31%. Its fourth-quarter results were well above consensus estimates, and it increased forward guidance. **Casella Waste Systems Inc.** operates as a vertically integrated solid waste services company. While fourth quarter results and guidance were generally in line, weaker optics around third-party landfill volume and price caused the stock to tumble -19%. We view the 2026 outlook as conservative. New to the sector this quarter was **SOLV Energy Inc.**, a provider of infrastructure services to the power industry.

Among the wide variety of Information Technology companies, we prefer critical system providers, specialized component designers, systems that improve productivity or efficiency for their clients, and others that are growing their shares of corporate IT budgets. **MACOM Technology Solutions** provides analog semiconductor solutions for use in wireless and wireline applications across the radio frequency, microwave, millimeter wave, and Lightwave spectrum. Solid first fiscal quarter results drove the stock up 30%. All their businesses exhibited growth, led by the datacenter segment. **Onto Innovation Inc.**, a semiconductor inspection and metrology company, advanced 30%. Revenues in the latest quarter were in line with Street expectations. Management highlighted strong visibility through 2026 and 2027, with backlog doubling over the past three months. **Lattice Semiconductor Corp.** develops semiconductor, silicon-based, silicon-enabled products including programmable gate arrays. A solid quarter was rewarded with a 26% rise in the stock price. Management highlighted that the demand signals strengthened over the last quarter, and first quarter guidance was well ahead of projections. Robust demand for data centers and AI-related physical infrastructure supported revenue upside. **Onestream Inc.** delivers a unified, AI-enabled, and extensible software platform. The company entered into a definitive agreement to be acquired by private

equity firm Hg in an all-cash transaction. Its shares gained 29% while held in the quarter. **JFrog Ltd.** offers a platform for software supply management. It continues to experience significant cloud growth, driven by increased AI adoption and higher data-transfer intensity. Despite reporting a strong fourth-quarter 2025 beat, the stock fell -25% after being caught in the "Claude trade" sell-off. As has been common recently, investors reacted to AI-related fears first and assessed fundamental reality later. **ServiceTitan Inc.** provides an end-to-end, cloud-based software platform that streamlines and automates a wide range of business workflows for skilled tradespeople (i.e. plumbers, electricians, HVAC technicians), including advertising, call answering, job scheduling, and other administrative functions. Its stock declined -41% in concert with the broader software space amid AI disintermediation fears. The company has been gaining traction in new markets, supported by recent enterprise wins and increased adoption of its Pro products and AI virtual agents which are answering phones and booking appointments during off hours. We added to the position on weakness. We exited the **Amplitude Inc.** position, which offers an AI analytics platform that helps analyze customer behavior within digital products. The market has grown skeptical of seat-based models in this environment. The stock was down -46% while held in the quarter. New to the sector this quarter was **Rambus Inc.**, a manufacturer of high-performance memory subsystems used in Dynamic Random-Access Memory modules. These components help improve signal integrity and are used primarily in CPU server applications that should benefit from the rise in agentic AI adoption.

Within the real estate sector, **National Storage Affiliates Trust** is a real estate investment trust focused on the ownership, operation, and acquisition of self-storage properties. Public Storage announced the acquisition of National Storage in an all-stock transaction. We trimmed the position on the strength of its 36% stock price appreciation. New to the sector this quarter was **Cushman & Wakefield Ltd.**, a provider of commercial real estate services including facilities management, project development, transaction management, and workplace consulting services.

We are moving into a world where capital is increasingly directed by strategic necessity rather than pure economic returns, transforming energy, defense, and supply chains into critical instruments of national policy. Our investment team are closely monitoring interest rate paths, geopolitical developments in Iran, and the evolving regulatory landscape following recent trade-related legal rulings. While these macro forces and shifting trade frameworks create headlines and near-term volatility, they also generate the dislocations where our fundamental, bottom-up approach thrives. We remain focused on identifying durable business models with disciplined management teams capable of compounding value by navigating this new era of complexity. As always, we are available to answer any questions you may have.

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### **Firm and Composite Information**

TimesSquare Capital Management, LLC (“TimesSquare”) is a registered investment adviser that is owned by the former equity management team of TimesSquare Capital Management, Inc. (“TimesSquare Inc.”) and Affiliated Managers Group, Inc. TimesSquare was formed to manage TimesSquare Inc.’s growth equity investment advisory business which was sold to TimesSquare in a transaction that closed on November 19, 2004. From October 1, 2000 to November 18, 2004, the performance is that of the TimesSquare Inc. small cap composite. From November 19, 2004, the performance is that of the TimesSquare small cap composite which consists of all small cap accounts managed by the team at TimesSquare and TimesSquare Inc. There has been no change in the investment management responsibility or strategy from the prior firm.

This composite invests in stocks with market capitalizations at time of purchase generally within the range of capitalizations of stocks in the Russell 2000 Growth Index. The process is fundamental research driven. The investment style is growth. Primary selection criteria include quality management, distinct competitive advantage, and strong, sustainable growth. Portfolios will hold approximately 90-120 stocks. Historical turnover has averaged 54% per year. Composite inclusion threshold \$5mm. Fee basis is 100 basis points. The composite creation and inception date is October 1, 2000.

From 04/01/2015 until 12/31/16, accounts are removed from the composites when significant cash flows occur. A significant cash flow is defined as an external flow that exceeds 10% of the composite’s market value on the day of the cash flow. Effective January 1, 2017 this composite does not have a significant cash flow policy.

In July 2014, TimesSquare modified its purchase capitalization range to match the changes in the small cap market as represented by the Russell 2000® Growth Index. The purchase range was amended to reflect a range bounded by the approximate value of the smallest security in the index (in most cases) and the approximate value of 75% of the largest security’s capitalization. These targets will be maintained for the subsequent 12 months, and may be adjusted based on the above rules each July following the reconstitution. In that manner, the targets would be responsive to higher or lower capitalization profiles of the indexes over time. Previously, in June 2012, TimesSquare had modified its purchase capitalization range to match the changes in the small cap market as represented by the Russell 2000® Growth Index at that time, with a change from \$50 million to \$1.5 billion at time of purchase to \$50 million to \$2 billion.

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TimesSquare’s list of composites is available upon request. Past performance does not guarantee future results. The firm’s list of limited distributed pooled funds are available upon request.

### **Benchmark**

Performance is measured against the Russell 2000® Growth – a market capitalization-weighted index that measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth rates. All indexes, including the Russell 2000® Growth Index, are based on gross-of-fee returns. FTSE Russell is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. Benchmark returns are not covered by the report of independent verifiers.

### **Performance Calculations**

The performance figures shown are calculated in U.S. dollars on a size-weighted basis and reflect the reinvestment of dividends and other earnings, and the deduction of brokerage commissions and other transaction costs. Performance is provided on a gross basis (before the deduction of management fees) as well as net of the highest fee level from the standard fee schedule listed for this strategy during the period presented. Investment advisory fees generally charged by TimesSquare are described in Part 2A of its Form ADV. This composite may contain some accounts that have used performance based fees. To illustrate performance net of fees, assume \$20,000,000 is placed under management for ten years sustaining 10% compound gross total return. If an advisory fee of 1.00% of average assets under management is charged per year, for each year of the ten-year period, the resulting compound annual return would be reduced to 9.0%. The ending dollar value of the account would be \$47,347,274 compared with the unreduced account value of \$51,874,849.

Internal dispersion is calculated using the equal-weighted standard deviation of all accounts included in the composite on a gross basis for the entire year; it is not presented for periods less than one year or when there were five or fewer portfolios in the composite for the entire year.

*The three-year annualized standard deviation measures the variability of the composite and the benchmark returns on a gross basis over the preceding 36-month period. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. To receive additional information regarding TimesSquare Capital Management, LLC, including a GIPS Composite Report for the strategy presented in this commentary, contact TimesSquare at [info@tscmlc.com](mailto:info@tscmlc.com).*

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