

TimesSquare

U.S. Small Cap Growth

Representative Commentary

Performance	3Q	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Since Inception (10/01/2000)
Composite (Gross)	-7.53	7.42	11.40	13.45	3.65	10.51	9.53
Composite (Net)	-7.77	6.63	10.30	12.34	2.63	9.42	8.44
Russell 2000® Growth	-9.39	10.71	12.05	17.53	4.71	9.89	6.62

Annualized for periods greater than one year. 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.

Market Overview

U.S. equity markets were mixed in the third quarter of 2026, as the start of a Federal Reserve tightening cycle, a sharp rise in Treasury yields and a renewed oil shock weighed most heavily on smaller and more growth-oriented companies. The S&P 500 Index gained 2%, but breadth was narrow (its equal-weighted index was negative), and the Russell 2000 Index fell -7%. Growth trailed value across the market cap spectrum. After holding rates steady in July, when three members dissented in favor of a hike, the Federal Reserve unanimously raised its target range a quarter point to 3.75%-4.00% in September, its first increase since July 2023. Meanwhile, oil prices climbed sharply as hopes for a resolution of the U.S.-Iran conflict faded. The economy was resilient, with manufacturing and service activities remaining in expansion territory, although consumer confidence and sentiment weakened. Beneath the surface, investors favored quality and lower risk, both broadly and among small and mid cap stocks: companies with lower leverage and higher profitability outperformed, while high-momentum stocks were shunned.

Performance Commentary

During this quarter, the U.S. Small Cap Growth strategy outperformed the Russell 2000 Growth Index as the market rewarded the quality characteristics our process emphasizes. As investors moved away from highly leveraged, richly valued and momentum-driven stocks, our holdings, which carry stronger balance sheets, higher earnings quality and profitability, and lower volatility than the index, held up better. We benefited most from our holdings in the Information Technology, Financials, and Consumer Staples sectors, while positioning in the Industrials, Health Care, and Consumer Discretionary sectors offset part of the gain.

Performance Summary by Sector for the Strategy versus the Russell 2000® Growth Index

Sector	Strategy Avg. Weight	Benchmark Avg. Weight	Strategy Return	Benchmark Return	Allocation Effect	Stock Effect	Active Contribution
Information Technology	19.3	19.2	-6.5	-12.9	-0.04	+1.38	+1.35
Financials	9.3	9.9	+9.8	-6.0	-0.10	+1.30	+1.20
Consumer Staples	2.9	1.7	+8.1	-8.2	+0.03	+0.47	+0.50
Materials	0.8	4.5	-3.2	-15.0	+0.22	+0.09	+0.32
Real Estate	1.0	2.4	-11.8	-15.4	+0.08	+0.04	+0.12
Energy	6.5	5.4	-3.1	-3.5	+0.10	+0.00	+0.10
Utilities	--	0.3	--	-5.4	-0.01	--	-0.01
Communication Services	--	2.3	--	-5.6	-0.09	--	-0.09
Consumer Discretionary	6.9	9.0	-12.4	-8.9	+0.02	-0.26	-0.24
Health Care	26.4	29.3	-5.0	-2.8	-0.20	-0.56	-0.76
Industrials	23.1	16.2	-19.5	-18.2	-0.64	-0.32	-0.97
Total (including Cash effect)	100.0	100.0	-7.5	-9.4	-0.25	+2.14	+1.89

Source: FactSet

Notable Performance Trends this Period

While our focus is on bottom-up stock selection, the quality emphasis we build into the strategy was the common thread in the third quarter, and both our style and our stock selection added value. Each of our largest contributors was driven by company-specific fundamentals, including solid results and business momentum, and, in two cases, making acquisitions we viewed as strategically or financially attractive. On the negative side, our overweight to Industrials, the benchmark's weakest sector, was the largest drag, and two of the global Industrial manufacturers in the portfolio struggled to immediately offset rising manufacturing, logistics and tariff-related costs, which led to negative estimate revisions.

Most Significant Contributors

Repligen Corporation

Return: **+41%** · Avg. Weight: 2% · Total Effect: **+68 bps**

RGEN provides essential precursors and reagents, often as the sole source, for manufacturing biological medicines. Shares rose after RGEN reported organic revenue growth at the upper end of its guidance, easing concerns raised by a large peer's weaker bioprocessing results, and raised its full-year organic growth outlook. RGEN also agreed to acquire BioLife Solutions, adding depth in cell therapy. At an industry conference in September, management pointed to an improving environment, recent wins of sizable customer orders and an expectation that customers will invest more over the coming quarters.

Victory Capital

Return: **+32%** · Avg. Weight: 2% · Total Effect: **+63 bps**

VCTR is a global asset manager comprising several autonomous boutiques with centralized operations and distribution. Shares rose on strong net inflows, which management said had continued into this quarter, and VCTR later agreed to acquire First Eagle Investments, which we saw as a positive transaction. However, we trimmed the position into strength because we felt much of the good news was reflected in the prevailing valuation.

Netskope, Inc.

Return: **+60%** · Avg. Weight: 1% · Total Effect: **+51 bps**

NTSK is a cloud security and networking platform that provides AI, SaaS, web and private application solutions. Shares gained in each month of the quarter. In early September, NTSK's net new annual recurring revenue exceeded expectations, showing year-over-year growth, and management raised full-year revenue guidance by more than the size of the beat. We added to the position early in the quarter, encouraged by strong new-customer demand and an upgraded sales team expected to reach full productivity soon.

Most Significant Detractors

Regal Rexnord

Return: **-35%** · Avg. Weight: 1% · Total Effect: **-40 bps**

RRX specializes in motion control systems, climate solutions, and similar mechanical components for a variety of end markets. While RRX's results exceeded consensus expectations, that was all due to IEEPA tariff refunds. Excluding that, both revenues and earnings were about 1% shy. Residential HVAC & pool pump sales were soft while margins in two of the company's three segments faced greater-than-expected inflationary cost pressures. The latter led management to reduce forward guidance, though RRX's order growth accelerated. We viewed the stock price reaction as overly punitive given the acceleration in orders and the discounted valuation.

JBT Marel

Return: **-27%** · Avg. Weight: 2% · Total Effect: **-31 bps**

JBTM is a leader in food processing automation equipment. Shares declined after revenue and earnings fell short of expectations despite posting solid demand indicators. The integration following the Marel merger reached its most difficult phase, hindering some operations as production facilities were consolidated. Additionally, rising global manufacturing, logistics and tariff-related costs could not be immediately offset by subsequent pricing actions.

Mirum Pharmaceuticals

Return: **-27%** · Avg. Weight: 2% · Total Effect: **-30 bps**

MIRM is a commercial-stage biopharma developer of liver disease treatments. Shares fell after the FDA unexpectedly recommended a Phase 3 study for volixibat in primary sclerosing cholangitis (PSC), a rare chronic liver disease affecting the bile ducts. That pushed the expected regulatory filing in PSC to the first half of 2027 from the second half of 2026. We note MIRM's presentation of a volixibat study in May was met with extreme enthusiasm by hepatologists, given the absence of an approved therapeutic option, and MIRM continues to work with the FDA on an accelerated path. We viewed the price reaction as extreme, especially because MIRM's commercial business continues to grow and this should be a temporary delay, so we added to our position.

Portfolio Changes

New Positions

Box, Inc.

BOX is a cloud-based content management platform. We initiated the position with the view that the company is at an inflection point moving from a mature-stage content-collaboration vendor to a faster growing platform. BOX is becoming the governed content layer for enterprise AI, with a credible path to sustained double-digit growth and higher margins over the next several years. A subsequent report of accelerating revenue growth and increased full-year outlook supported building the position on pullbacks.

Old National Bancorp

ONB is a regional bank based in Indiana with operations across the Midwest. We initiated the position given the bank's above-average return on tangible common equity and efficient expense base, together with a low bar of expectations for regional banks as a group.

Exited Positions

Credo Technology

CRDO develops high-speed connectivity components for data infrastructure. As its market capitalization outgrew our small cap range, we completed the exit we began last quarter.

Fabrinet

FN provides precision optical, electro-mechanical and electronic manufacturing services. After trimming ahead of its earnings report on concern that expectations had become elevated, we sold the remaining small position. FN's shares continued to underperform despite industry tailwinds, and we consolidated our semiconductor and optical exposure into names where we have higher conviction.

Positioning & Outlook

We enter the fourth quarter with the portfolio's quality tilt intact. Relative to the index, our holdings carry higher earnings quality and profitability, lower leverage and less exposure to high-momentum stocks, and the trailing 12-month return of Barra's Earnings Quality factor turned positive at quarter-end for the first time since May 2025.

Looking ahead, we expect the path of interest rates to remain the dominant influence on small- and mid-cap growth stocks. Following the September hike, market pricing at quarter-end pointed to a pause in October and a further increase in December, while longer-term Treasury yields began the fourth quarter at multi-decade highs. As we evaluate our holdings, we consider different higher-rate scenarios, and various energy-price regimes, which inform our discussions with company management teams. AI remains a powerful structural growth driver, though attention is increasingly shifting toward the economic returns needed to sustain elevated investment. Another wildcard will be the outcome of the midterm elections, and how a change in control of the House or the Senate could affect policy and funding in various industries. We believe our disciplined, scenario-based stock selection, rather than broad macro bets, remains the best approach. As always, we are available to answer any questions you may have.

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General Disclosure:

The holdings discussed represent a particular point in time. It should not be assumed that the securities continue to be held, and/or continue to be held in the same percentage, and/or were held continuously throughout the period. In addition, the holdings of a particular client account may differ from the information provided. Securities discussed do not represent the entire portfolio and, in aggregate, may represent only a small percentage of a portfolio's holdings. Information is subject to change without notice. It should not be assumed that any of the securities discussed were or will prove to be profitable. Past performance does not guarantee future results.

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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.

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 75-100 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.

The opinions and information expressed and provided are for general information only and are not intended to provide specific advice or recommendations but rather, a basis from which strategies can be built, taking into account the specific objectives of each portfolio, in terms of return, time horizon, and risk constraints, as well as diverging investment perspectives and assumptions. All material has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

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@tsqmlc.com.

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