SMALL CAP DISCOVERIES
Portfolio Comments
September 30, 2026

Highlights

- **A challenging quarter for small-cap growth.** The Russell 2000 Growth Index declined 9.4% as higher Treasury yields and narrower market leadership raised the hurdle for emerging-growth companies.
- **The Small Cap Discoveries strategy demonstrated meaningful relative resilience.** The portfolio returned -3.9% versus -9.4% for the Index, outperforming by approximately 550 basis points. Year to date, the account gained 27.1% versus 10.7% for the Index.
- **Our LifeCycle diversification mattered.** Core Growth and Pioneers significantly outperformed the benchmark, while Special Situations lagged and accounted for most of the portfolio decline.
- **Stock selection drove results.** Information Technology and Health Care were the strongest sources of positive relative attribution, while Consumer Discretionary and Industrials were the most significant detractors.

Quarter in Review

The third quarter brought a sharp reversal in more speculative segments of the small-cap growth market. Rising yields, a higher cost of capital and more discriminating investor expectations weighed on companies whose valuations depended heavily on distant cash flows. Yet the correction was not uniform. Established growth businesses with improving operating fundamentals and identifiable company-specific catalysts proved more resilient.

Against this backdrop, Discoveries declined 3.9%, outperforming the Russell 2000 Growth Index by 5.5 percentage points. The portfolio's relative result was driven primarily by security selection, which added approximately 5.4 percentage points, with sector allocation contributing approximately 0.2 percentage points. Information Technology generated about 300 basis points of positive relative attribution, followed by Health Care at 281 basis points. Consumer Discretionary detracted over 100 basis points and Industrials approximately 75 basis points.

LifeCycle Diversification and Capital Allocation

Core Growth and Pioneer holdings contributed positively in the third quarter; however, Special Situations declined meaningfully. That divergence highlights both the value of owning companies at different stages of development and the need to remain disciplined with more cyclical or execution-dependent investments.

Through the first nine months, the strength was broader: Core Growth returned over 20%, Pioneer holdings over 40% and Special Situations were modestly positive. At quarter-end, Core Growth accounted for just over 50% of assets, Pioneers around 22%, and Special Situations approaching 25%. Compared with June, Core Growth increased from 47.5%, Pioneers declined from 29.4%, and Special Situations increased from 20.7%.

Performance Discussion

Relative returns were supported by Information Technology (+303 basis points), Health Care (+281 basis points), Financials (+122 basis points) and Materials (+114 basis points). Technology holdings benefited from select software and cybersecurity exposure, while Health Care benefited from diversified medical technology and therapeutic businesses. The main relative challenges came from Consumer Discretionary (-106 basis points) and Industrials (-77 basis points). The concentrated nature of the downside reinforces our focus on balance-sheet durability, earnings conversion and identifiable milestones.

Top Contributors

Repligen | +1.30 pp (Health Care, Core Growth)	Repligen was the largest contributor, advancing approximately 41% during the quarter. The rebound suggests improving investor confidence in the outlook for bioprocessing demand following a period of industry inventory adjustment. We continue to view the company's exposure to biologics production and advanced therapies as an attractive long-term growth driver, with sustained order and revenue improvement the key confirmation points.
Netskope | +1.27 pp *(Information Technology, Core Growth)*	Netskope appreciated approximately 59% over the measurement period and was a major source of strength amid otherwise weak small-cap technology performance. Its cloud-native security platform addresses demand for secure access, data protection and modernized enterprise networking. We see the opportunity for durable growth as enterprises consolidate security architectures, while recognizing that valuation and execution will remain important determinants of returns.
Materion | +0.83 pp (Materials, Core Growth)	Materion contributed positively as its specialty materials business demonstrated resilience relative to a weak Materials sector. The company participates in advanced electronics, semiconductor and other technically demanding end markets where engineered products and customer qualifications can create durable competitive positions. We are focused on whether mix improvement and end-market recovery can translate into sustained margin and cash-flow expansion.
Guidewire Software | +0.81 pp (Information Technology, Core Growth)	Guidewire gained approximately 16%, providing exposure to an established software franchise during a challenging period for growth stocks. Its mission-critical property-and-casualty insurance systems benefit from long-duration customer relationships and a shift toward cloud-based implementations. Continued subscription growth, successful cloud migrations and improving profitability underpin our investment case.
First Tracks Biotherapeutics | +0.77 pp (Health Care, Pioneer)	First Tracks advanced approximately 61% due to progress with ANB033 in celiac disease, including completion of initial Phase 1b enrollment, FDA Fast Track designation and an expected fourth-quarter data milestone, helped clarify the development path. Clinical outcomes and the ultimate commercial profile remain important sources of uncertainty.

Bottom Detractors

WillScot Holdings | -1.58 pp (Industrials, Special Situation)	WillScot was the largest detractor given investor concerns about the pace of recovery in demand for modular space and portable storage, together with the company's ability to convert operating improvements into stronger cash flow. We are focused on utilization, pricing, capital intensity and leverage as indicators of a durable earnings recovery.
Xenon Pharmaceuticals | -0.99 pp (Health Care, Pioneer)	Xenon declined approximately 38%, reflecting the sensitivity of development-stage biotechnology valuations to clinical and commercialization uncertainty. Its neuroscience pipeline offers significant potential, but investment outcomes depend on successful clinical execution, regulatory milestones and the eventual competitive profile of its therapies. We continue to assess expected upside against those event-driven risks.
JBT Marel | -0.97 pp (Industrials, Core Growth)	JBT Marel fell approximately 27% during the quarter. The company's combination of food and beverage processing equipment franchises offers the potential for scale benefits, recurring aftermarket revenues and integration synergies. However, investors appear to be demanding clearer evidence of near-term operating performance, synergy realization and free-cash-flow conversion. Execution against those priorities will be important to a recovery.
Callaway Golf | -0.73 pp (Consumer Discretionary, Special Situation)	Callaway Golf declined approximately 25% as discretionary consumer exposure and company-specific turnaround uncertainty weighed on sentiment. Our focus is on whether management can improve profitability, inventory discipline and cash generation amid an uneven demand backdrop. The path to higher returns will depend on operating execution rather than a broad market rebound alone.
Casella Waste Systems | -0.68 pp (Industrials, Core Growth)	Casella declined approximately 17% despite the long-term appeal of its essential waste-services franchise. The business offers a combination of recurring demand, pricing opportunity and potential acquisition-driven growth, but the share-price decline highlights sensitivity to valuation, integration demands and earnings expectations.

Portfolio Positioning

Discoveries remains a concentrated, benchmark-differentiated portfolio. At quarter-end, the weighted-average market capitalization of the portfolio was $4.58 billion compared with $4.42 billion for the Russell 2000 Growth. Relative to the benchmark, the portfolio exhibited modestly higher three-year historical sales growth and a lower weighted-average long-term debt-to-capital ratio.

Characteristics at September 30, 2026	Discoveries Portfolio	Russell 2000 Growth
Median market capitalization	$3.50B	$1.37B
Weighted-average market capitalization	$4.58B	$4.42B
Historical three-year sales growth	12.3%	11.7%
Weighted-average long-term debt / capital	33.7%	37.0%

As for LifeCycles, the portfolio's Core Growth holdings represented approximately 51.7% of the account, Pioneer holdings 21.7%, and Special Situations 24.1%. Sector and security weights reflect bottom-up investment decisions rather than efforts to replicate index composition.

Outlook — A Higher Hurdle Rate for Growth

The third quarter reinforced the importance of distinguishing genuine business progress from short-term share-price momentum. Elevated yields and a higher cost of capital have increased the premium investors place on visible earnings, healthy balance sheets and execution. That environment favors our emphasis on fundamental research, LifeCycle diversification and companies capable of sustaining growth through economic and market cycles.

We currently see strong growth and earnings opportunities ahead across a number of our holdings. The correction has also created selective opportunities where valuation has reset more sharply than our assessment of long-term business prospects. At the same time, the weakness among several Special Situations reminds us that the realization of that potential requires disciplined capital allocation and attention to execution risk.

Our objective remains to identify growth before it is broadly recognized, invest with a long-term perspective and use market volatility to improve prospective risk-adjusted returns. We believe Discoveries' year-to-date performance and third-quarter resilience reflect the benefits of that approach, even as individual holdings and LifeCycle groups experience very different near-term outcomes.

Disclosure: The information provided in this commentary should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and, in the aggregate, may represent only a small percentage of an account's portfolio holdings. All performance attribution is calculated using gross of fees returns and should be considered approximate. Past performance is not indicative of future results. Granahan Investment Management ("GIM") is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training. More information about GIM's investment advisory services can be found in its Form ADV Part 2, which is available upon request. Investing carries inherent risk.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Small Cap Discoveries Composite Trailing Period Returns 3Q26 - Annualized					
	3Q26	YTD	1-Yr	5-Yr	10-Yr
Small Cap Discoveries Composite – Net	**-3.9%**	**27.1%**	**38.3%**	**-1.4%**	**10.2%**
Russell 2000 Growth Index	-9.4%	10.7%	12.1%	4.7%	9.9%

Granahan Investment Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Granahan Investment Management has been independently verified for the periods January 1, 1993 through December 31, 2024. 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 Discoveries Composite has had a performance examination for the periods July 31, 2004 through December 31, 2024. The verification and performance examination reports are available upon request." GIM is an independent, SEC- registered investment firm that oversees small and mid-cap equity portfolios for large institutions and wealthy individuals. The Small Cap Discoveries product utilizes fundamental, bottom-up research and analysis to invest in companies in the small and micro-cap sector of the market that exhibit high and/or accelerating earnings growth. Composite consists of time-weighted total returns for all accounts managed by GIM in the Small Cap Discoveries style. The benchmarks for the Small Cap Discoveries product are the Russell MicroCap Growth and the Russell 2000 Growth. In October 2014, the Russell 2000 Growth was moved from a secondary benchmark to a primary benchmark to reflect client use of both Indices and the product's statistical fit with both indices. In July 2008, Gary Hatton became the sole portfolio manager for the Small Cap Discoveries product; prior to this time, a multi-manager format was utilized with each portfolio manager autonomously overseeing a portion of the client portfolio. The composite was created in August 2004 and the inception date is July 31, 2004 and is calculated by asset-weighting the performance of each account on a monthly basis. Accounts are included beginning with the first full month under management and terminated accounts are included in the composite. Performance calculations, expressed in U.S. dollars, produce a total return including cash and the reinvestment of dividends and interest. Effective July 1, 2016, the composite is subject to a significant cash flow removal policy for accounts with external flows greater than or equal to 75% of market value. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Effective January 1, 2025, dispersion is calculated as the asset-weighted standard deviation of gross-of-fees annual total returns for accounts included in the composite for the entire year. Previously, the calculation was equal-weighted. The three-year annualized standard deviation measures the variability of the composite gross of fees returns and the benchmark returns over the preceding 36-month period. Leverage is not utilized. Effective January 1, 2021, the standard management fee of 1.25% per annum is applied to all accounts to calculate the net return. Prior to that, net of fee returns were calculated using either actual investment fees charged to the account or for accounts that pay no management fee, the standard management was applied to calculate the net return. The fee for accounts managed in the Small Cap Discoveries style is payable quarterly in arrears and the standard fee is based on the ANNUAL rate of 1.25% times the average value of the assets in the account on the last day of each month in the quarter. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. All fees are detailed in the firm's Form ADV. Market value is based on trade date and security pricing is supplied by Telemet. A complete list and description of all of the firm's composites and broad distribution pooled funds is available upon request. Past performance is no guarantee of future results. 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.