



EMERALD GROWTH OPPORTUNITIES



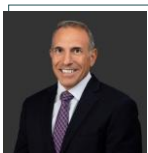
"Portfolio's Idiosyncratic Growth Drivers Lead to Uncorrelated Performance"

THE EMERALD ALL CAP GROWTH OPPORTUNITY strategy generated positive quarterly absolute and relative outperformance vs. its Russell 3000 Growth benchmark driven by favorable sector allocation and stock selection. Portfolios benefited from our overweight to and positive stock selection in industrials and energy, while detractors were limited within the consumer discretionary and financials sectors. Performance was primarily driven by strong returns in January and February, while war-related underperformance in March was very limited and highlighted our ability to source returns from a diverse set of firms with company specific business outcomes.

From an economic perspective, GDP estimates for the 1st quarter weakened as the quarter progressed, as did nonfarm payroll employment. ISM manufacturing and non-manufacturing indicators stayed reasonably strong, as did industrial production, retail sales and consumer confidence. Inflation readings started to heat up as the quarter progressed on the heels of rising energy and goods prices, although shelter costs continued moderating. Treasury yields rose sharply in March given fears about future inflation, while loan growth stayed strong with no signs of a credit crunch emerging – although private credit remains a source of concern.

KEY POINTS:

- ***The Emerald Growth Opportunities All Cap Growth strategy bested the Russell 3000 Growth Index return for the quarter - and posted positive absolute returns - driven by an overweight to the energy sector and underweight to software and the Mega caps.***
- ***Portfolios also benefited from strong stock selection in industrials and telecommunications, where a relatively concentrated group of positive contributors offset detractors in technology, financials, consumer discretionary and healthcare.***
- ***Portfolios remain overweight materials, energy, health care, industrials, telecommunications and utilities. We remain underweight the consumer given the various pressures that impact that sector and continue to be meaningfully underweight technology given our identification of companies in other sectors with better earnings growth rates, valuations and idiosyncratic growth drivers.***



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The first quarter was really a tale of two different quarters, with positive returns in January and February driven by positive earnings results, particularly for small caps and cyclicals, while March saw equity markets pull back materially due to the Iran conflict and fears of its impact on the economy and inflation.

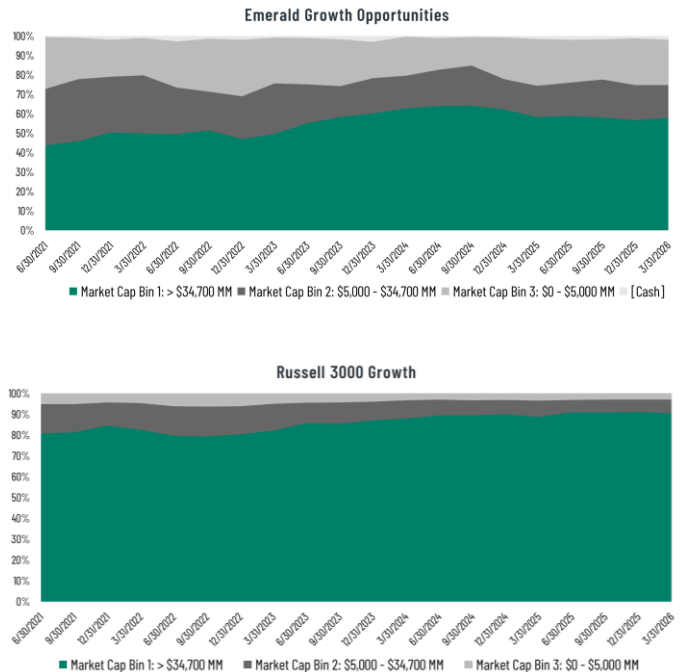
Small caps beat large and mid-caps significantly and equities with high ROEs, dividends and domestic sales outperformed during the quarter. Conversely, Low P/E, higher sales growth names underperformed.

PORTFOLIO REVIEW

The Emerald Growth Opportunities All Cap Growth strategy bested the Russell 3000 Growth Index return for the quarter – and posted positive absolute returns – driven by an overweight to the energy sector and underweight to software and the Mega caps. Portfolios also benefited from strong stock selection in industrials and telecommunications, where a relatively concentrated group of positive contributors offset detractors in technology, financials, consumer discretionary and healthcare.

Not to sound like a broken record, but the portfolio maintained a meaningful overweight to small and mid-cap companies relative to the Russell 3000 Growth benchmark expressing our conviction that building a concentrated portfolio of companies with differentiated growth drivers vs. the Mega Cap dominated benchmark can generate true alpha if we get the earnings trajectory correct. We build the portfolio to be benchmark aware, rather than benchmark adherent which we believe can constrain opportunity. This quarter was a great example of that philosophy with Mega Caps underperforming small caps, software continuing to underperform and long struggling sectors like Energy posting dramatic war enhanced returns.

The following market cap-weighted charts show Emerald’s 5-year portfolio weights by market cap vs. the Russell 3000 Growth Index highlighting the active nature of Emerald’s equity allocation and just how different our portfolio is vs. the benchmark.



Portfolios maintained their quarterly growth and valuation advantage vs. the benchmark with a projected 3-5-year EPS weighted average growth rate of 15.99% vs. 15.09% for the index (FactSet). As has also been the case for many years, portfolios trade at or below the benchmark on most valuation metrics including forward Price/Earnings, Price/Book, and Price/Sales (FactSet figures). We continue to like this positioning for the long run, as we are believers that earnings growth, over time, drives stock prices. Portfolios remain overweight materials, energy, health care, industrials, telecommunications and utilities. We remain underweight the consumer given the various pressures that impact that sector and continue to be meaningfully underweight technology given our identification of companies in other sectors with better earnings growth rates, valuations and idiosyncratic growth drivers.

MARKET OUTLOOK

The Writing a market outlook is never easy, but this outlook is harder than most. The war changes how we look at everything from growth to inflation to rates and earnings. So much depends on the duration of the conflict and the damage to supply chains and commodity related infrastructure. Will oil



and other commodity prices reset gradually back to their pre-conflict levels, or will supply of critical commodities remain constrained for an extended period? When looking at futures curves and pricing of both physical and financial markets, it seems evident that market participants think the commodity flows will normalize over the next several months. We certainly hope that is the case. Assuming the present cease fire sticks and the Strait of Hormuz opens in a reasonably orderly fashion – with or without Iranian “tolls” – the U.S. economy should continue to grow at trend pace and corporate earnings – particularly for all things AI-related – should remain strong. The current blockade scenario increases risks to the economic expansion, as would any ground invasion by U.S. troops.

We hate it when macro, exogenous factors drive so many economic and profit assumptions, but that is the reality of the increasingly stressed geopolitical climate we live in. Add to that major changes coming to the leadership of the Fed and upcoming party control altering mid-term elections and you have a potentially volatile set-up for equity markets for the remainder of the year.

We feel fortunate to be managing the Growth Opportunity strategy given our ability to be benchmark aware vs. strictly benchmark adherent as well as our capability and discipline to build the portfolio with names that demonstrate business and return profiles that oftentimes have limited correlation to the broader market. This portfolio construction flexibility points us towards stocks that have more self-determined growth trajectories that can be somewhat uncorrelated to the broader economic cycle: stocks that have company-specific catalysts, proprietary technology moats, regulatory-related inflection points, management driven operational transformations, or addressable market expansions that the consensus has yet to fully price.

This portfolio construction discipline is precisely what led us to outperforming names listed above like Lumentum (technology moat/TAM expansion), Nektar (regulatory inflection point), and Bloom (proprietary technology moat/TAM expansion) to name a few. Our portfolio construction discipline also directs us to take more concentrated positions in these businesses with

idiosyncratic, research-substantiated growth drivers – and conviction to size them meaningfully different than the benchmark, which we believe is a structurally superior approach in our quest to generate positive uncorrelated returns through volatile market environments like now.

Even with our bottom-up portfolio construction process, portfolios do have some bias towards areas that we think will benefit from macro-economic turbulence (defense, energy), capitalize from the present massive AI capex super-cycle (industrials, energy, telecommunications) or are relatively immune from the current macroeconomic and geopolitical headwinds (healthcare). We also continue to underweight the consumer as we have for many quarters, given our concerns about continued consumer spending strength, lack of earnings growth in the sector and energy price driven inflation. As evidence of taxed consumers, just this past week the University of Michigan survey of consumers reported its lowest ever sentiment reading. We also continue to underweight the Mega-caps and software, although given the extreme valuation compression of selected Mega-caps and software, we are starting to warm up to these names and industries.

The principles underlying the Emerald Growth Opportunities portfolio: fundamental research, benchmark awareness without benchmark dependence, and a focus on generating returns with limited correlation to the broader market, have guided the strategy since inception, and we remain confident in their durability across a range of market environments.



Portfolio Characteristics Vs. Benchmark as of 3/31/2026

Characteristic	Emerald Growth Opportunities	Russell 3000 Growth*
Est. 3-5 Year EPS Growth Rate**	16.0%	15.1%
P/E Ratio (using FY1)***	24.9x	23.9x
Price/Book Value***	8.2x	10.7x
Median Market Cap (By No. of Stocks)	\$19,738 mm	\$2,110 mm
Weighted Average Market Cap	\$1,329,369 mm	\$1,819,636 mm
Price/Cash Flow***	20.3x	22.4x
Price/Sales***	5.2x	5.2x
Turnover (Trailing 12 mos.)	36%	--

*Source FTSE Russell – see full disclosure. **The estimated 3-5 year earnings growth rate is calculated utilizing a pre-calculated mean long-term EPS growth rate estimate for portfolio holdings, as available, provided by FactSet and sourced from brokerage estimate submissions to estimate services (FactSet, IBES, First Call, etc.). The estimated 3-5 year earnings growth rate for the portfolio is then calculated utilizing the weighted average of the individual portfolio holding estimated 3-5 year earnings growth rates, adjusted for outliers, which we have defined as greater than 100 and less than 0, or negative. The data reported is as of the report date. Estimated 3-5 year EPS growth rates may not correspond to future returns achieved by the portfolio or any particular security in it and are merely presented to show that the manager's bias is towards those positions that are projected to have a superior EPS growth rate to those of the index as a whole. ***In order to better reflect Emerald's characteristics relative to the Russell Indices, Emerald is now calculating its P/E and Price/Book ratios based on a weighted harmonic average in line with Russell's calculation methodology. Portfolio characteristics are subject to change periodically and may not be representative of current characteristics. Diversification does not assure a profit or protect against loss.

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