

PORTFOLIO MANAGERS: MARK WYNEGAR & MICHAEL JOHNSON
SECOND QUARTER 2026

	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Tributary Capital Management (Gross of Fees)	22.5%	29.1%	31.3%	14.4%	10.0%	11.3%
Tributary Capital Management (Net of Fees)	22.2%	28.6%	30.3%	13.5%	9.1%	10.4%
Russell 2000 Index	21.5%	22.6%	40.8%	18.6%	7.0%	11.6%
Russell 2000 Value Index	17.2%	23.0%	43.0%	18.7%	8.2%	10.9%

PORTFOLIO REVIEW

The Tributary Small Cap Equity Strategy returned 22.5% in the second quarter of 2026, outperforming the Russell 2000 (21.5%) and the Russell 2000 Value (17.2%). The year-to-date composite return of 29.1% also exceeded both benchmarks, which returned 22.6% and 23.0%, respectively.

Positive momentum continued for the small-cap asset class. The second quarter's return for the Russell 2000 exceeded the S&P 500's 15.2% return. Year-to-date, the performance gap between the Russell 2000 and the S&P 500 was 12.35% basis points. Since the market bottom on April 8, 2025, the Russell 2000 returned approximately 75% compared to 53% for the S&P 500 through the second quarter of 2026. The broadening of market returns and the resurgence of small caps likely reflects accelerating earnings growth expectations and a small cap price-to-earnings multiple that remains attractive relative to large caps on a historical basis.

Artificial intelligence remained a dominant theme in the quarter, benefiting companies exposed to data center capacity expansion, including semiconductors, engineering and construction and power suppliers. At the same time, concerns about return on investment, competition from open-source Chinese models and elevated valuations introduced meaningful price volatility among AI-exposed companies.

The conflict involving the U.S. and Iran continued during the quarter as the situation bounced between making progress on peace negotiations and kinetic military strikes. While volatile, WTI crude oil prices fell from a high of approximately \$115 per barrel in early April to nearly \$70 at quarter's end, approaching the levels seen before the initial military strikes in late February 2026. While peace negotiations remain uncertain, partial reopening of the Strait of Hormuz to tanker and commercial shipping traffic likely contributed to the decline. Persistent lower oil prices should be good for economic growth and help tame inflation.

The 21.5% return for the Russell 2000 Index was the 8th best quarterly return since 1978 according to Furey Research Partners (2Q26 Quarter-End Letter, 7/6/26). The Russell 2000 Growth Index returned nearly 26% compared to just over 17% for Russell 2000 Value Index. Sector weighting differences accounted for approximately 75% of Growth's outperformance relative to Value. Most notably, Growth's overweight in information technology (the

quarter's strongest sector) and its underweight in energy and utilities (among the weakest) were the primary drivers.

Every Russell 2000 economic sector posted positive returns except energy, which declined approximately 10%. The largest return in the Russell 2000 was from information technology. The sector's 56% return more than doubled the return of the next best sector, driven by a gain of 104% in the semiconductor and equipment industry. Healthcare was the second-best sector, returning 25% driven by life science tools (+56%), healthcare providers (+30%), pharmaceuticals (+26%) and biotech (+24%). Industrials was the third-best sector with a 24% gain driven by returns in electrical equipment (+47%), ground transportation (+47%), construction and engineering (+39%) and commercial services and supplies (+28%).

The quarter was characterized by lower-quality factor leadership, concentrated primarily in April and May. Tributary's internal analysis indicates that companies with higher valuations, smaller market capitalizations, higher betas and low or no dividend yield led the market. Companies with negative 12-month forward earnings expectations gained nearly 26%, compared to 20% for companies with positive earnings expectations. However, higher-quality characteristics reasserted themselves in June, partially reversing the earlier trend.

Relative to the Russell 2000, information technology and materials were the two largest sector contributors to the strategy's outperformance of the Russell 2000, with industrials, communication services, real estate, consumer discretionary and energy also contributing positively, though to a lesser degree. Portfolio holdings in information technology returned 52%, modestly behind the Russell 2000 sector return of 56%, but the strategy's overweight exposure more than offset the modest stock selection shortfall. As in the prior two quarters, electronic equipment, semiconductor and communications services holdings were the strongest performers. Key contributors, Cohu, Benchmark Electronics, Diodes, Viavi and Power Integrations each benefited from exposure to the ongoing data center buildout. Software represented the primary headwind within technology. The industry, which had faced pressure from concerns about AI-driven disruption of traditional software business models, staged a recovery in the quarter, gaining 42% within the Russell 2000. The strategy's 21% software return, combined with an underweight position, was the largest detractor from technology attribution. In materials, Kaiser Aluminum gained 63%, supported by strong demand in the aerospace

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and packaging segments and the company's ability to pass through higher aluminum input costs to customers. Quaker Houghton returned 23%, reflecting in-line quarterly results and a tailwind from declining oil prices in the latter half of the quarter, as oil derivatives are a key input in its manufacturing process. These gains were partially offset by Balchem, which was flat for the quarter.

Healthcare and consumer staples were the strategy's most significant sources of underperformance relative to the Russell 2000. Utilities also underperformed, though the impact was negligible. Within healthcare, the Russell 2000's biotech and pharmaceutical industries returned 24% and 26%, respectively. The strategy currently has no exposure to biotech, consistent with our long-standing discipline of avoiding companies where outcomes are largely binary and earnings visibility is limited. In pharmaceuticals, Prestige Consumer Healthcare underperformed due to ongoing disruptions in its Clear Eyes product line, stemming from a slower-than-expected recovery in manufacturing operations at a facility. Our healthcare equipment holdings also lagged the Russell 2000 industry return. Enovis underperformed amid investor concerns about weakening orthopedic procedure volumes. CONMED is expected to report a year-over-year revenue decline resulting from a recent divestiture, and Integer Holdings lowered its fiscal year 2026 revenue guidance, citing slower-than-expected growth in pulse field ablation products, causing shares of both companies to contract. In consumer staples, Marzetti was down 17% as the company missed expectations due to a tough comparison in its retail business from a year ago.

PORTFOLIO CHANGES

During the quarter four new positions were added to the portfolio. Q2 Holdings provides banking software that powers online and mobile banking services for financial institutions. We initiated our position after the valuation declined on fears that AI would displace its business. We believe Q2 Holdings occupies a defensible position, as banks tend to be conservative, and changing software systems can invite regulatory scrutiny and increase the risk of costly errors. We expect Q2 Holdings to incorporate AI into its solutions, capture new customers, deepen existing relationships and expand operating margins as the business scales.

Quaker Houghton is the global leader in industrial process fluids and specialty chemicals, serving a range of manufacturing industries. The company has solid fundamentals, including low net leverage, strong free cash flow and an inherently recurring revenue model, as customers must continuously replenish machinery fluids. The CEO has been with the company for nearly 30 years and has skillfully led it to capture market share with low capital intensity and navigating the pandemic, inflationary spikes and geopolitical headwinds, all while maintaining the financial flexibility to pursue M&A in a fragmented market.

AAR Corp. is a pure-play aerospace aftermarket company providing parts supply, repair and engineering solutions to commercial and government customers across 20+ countries. The outlook is supported by aging fleets, constrained aircraft production and OEM outsourcing trends, all of which create durable demand for the company's products and services. The industry is fragmented with high barriers to entry, presenting meaningful consolidation opportunities. Our thesis centers on AAR converting mid-to-high single-digit revenue growth into double-digit earnings growth through operating leverage, favorable change in revenue mix and acquisition synergies, with a recurring maintenance business providing reliable quarter-to-quarter visibility.

Cavco Industries is the third-largest U.S. manufactured housing producer, competing in a consolidated oligopoly where the top three players control approximately 80% of the market. Scale advantages, vertical integration and a build-to-order model drive strong free cash flow. The thesis is supported by a significant U.S. housing shortage, affordability pressures and favorable demographics. Margins should expand through fixed-cost leverage, while a strong balance sheet provides downside protection and flexibility for tuck-in acquisitions in this cyclical industry.

No positions were sold during the quarter.

TOP CONTRIBUTORS

Cohu, a supplier of semiconductor test, inspection and metrology systems, is benefiting from growing demand driven by increased capital expenditures for data center capacity expansion.

Benchmark Electronics, a provider of electronic manufacturing services, posted a strong quarter and raised full-year guidance, citing improving demand across its semiconductor and AI-related end markets.

Enpro, a provider of highly engineered industrial sealing solutions and semiconductor manufacturing services, reported another strong quarter with solid margin progress as semiconductor-related end markets continue to improve.

Diodes Incorporated, a semiconductor company, reported strong quarterly results with double-digit revenue growth across all business segments. Broad-based strength is contributing to declining inventory levels in both dollars and weeks of supply.

Viavi Solutions, a provider of network testing and monitoring solutions, delivered strong results with meaningful contributions from its data center, aerospace and defense and cable operator end markets. Management expects favorable conditions across these end markets to persist for several quarters.

TOP DETRACTORS

Northern Oil & Gas, a non-operator exploration and production company, faced headwinds from a 31% oil price decline as U.S.-Iran tensions eased. The company also acquired an attractively priced stake in Western Canada

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shale oil assets, a high-quality, immediately accretive deal that nonetheless drew a lukewarm investor response.

Prestige Consumer Healthcare, a marketer of over-the-counter personal care products, had a difficult quarter as ongoing Clear Eyes supply disruptions, including the Pillar 5 integration, drove a first-quarter miss, while full-year fiscal 2027 guidance was initiated well below consensus expectations. Separately, the company announced a mid-sized acquisition of LaCorium Health.

Gulfport Energy, a natural gas producer with operations in Ohio and Oklahoma, reported a clean operational start to the year and named an external candidate as its new CEO, introducing some uncertainty around potential changes to capital allocation priorities. Natural gas stocks also broadly underperformed in the second quarter following a strong start to the year, as storage levels remain modestly above the five-year average.

Marzetti, a manufacturer of dressings, sauces, dips and breads sold to retail customers and foodservice operators, fell short of expectations. A packaging reset in the club-store channel weighed on revenue, while investor confidence in the company's ability to integrate its recent acquisition remains tempered.

Patrick Industries, a manufacturer of components and building products for recreational vehicles, boats, manufactured housing and traditional housing, is experiencing softening end-market demand, particularly in its recreational vehicle and manufactured housing segments.

MARKET OBSERVATIONS

The close of the second quarter brought a measure of welcome stability as we look forward to the second half of the year. The U.S. and Iran signed a memorandum of understanding that outlines terms for a potential resolution to the conflict. As tensions eased between the two countries, oil prices fell and are now close to pre-war levels. However, the situation remains fluid. The most consequential issues, including Iran's nuclear program, have yet to be resolved. Accordingly, we continue to monitor the risk of renewed disruption, particularly any interference with shipping through the Strait of Hormuz, which could exert upward pressure on energy prices.

Fortunately, falling oil prices have resulted in lower prices at the pump, benefiting all consumers, especially lower-income households. We have observed that the valuations of retail companies catering to lower- and middle-income consumers have been pressured more recently, potentially creating attractive opportunities if consumers are able to regain their financial footing. Consumers may slow their spending in the near term to recover from the squeeze on their disposable income. However, GDP is expected to hold steady over the next two quarters, possibly decelerating toward the end of the year¹. Over the last few years forecasters have been a bit pessimistic, and the U.S. economy has generally surprised to the upside, often driven

by consumer spending, while misses have been tied to policy shocks and disruptions, such as the U.S. government shutdown and rise in imports in anticipation of rising tariffs.

At the same time, persistent inflation and a new Fed Chair have clouded the interest rate outlook. Interest rates, once viewed as a near lock for further cuts in 2026, are now anticipated to hold steady or even tick higher by the end of the year. The potential economic impacts of this are numerous, not the least of which is the effect that higher mortgage rates would have on an already tepid housing market.

Though there is potential for some economic speed bumps in the second half of the year, we remain constructive on the outlook for U.S. small-cap equities. The Russell 2000 has delivered strong returns year to date, up 21%, supported by expectations for double-digit earnings growth in 2026, a stark departure from the anemic earnings environment that characterized much of the prior three years. Consensus estimates currently project approximately 14.2% earnings growth for the small-cap index this year, and results to date have been broadly supportive of that forecast.

Small-cap earnings revision trends for 2026 have been positive and have been increasing since they bottomed at the end of February, following the attack on Iran. Our Small Cap Equity strategy has also seen earnings expectations rise and is projected to generate 18.5% earnings growth in 2026. Our performance has been strong on an absolute basis and compared to the Russell 2000 this year, yet our valuation remains attractive at 17.1x forward earnings, a discount to the 21.9x forward earnings valuation for the index. We continue to find compelling opportunities through rigorous, company-by-company analysis; a discipline that we believe will result in healthy long-term returns.

¹Federal Reserve Bank of Philadelphia, "Second Quarter 2026 Survey of Professional Forecasters", May 2026

Unless otherwise noted, all returns, excluding Tributary Capital Management's strategies, have been obtained from FactSet Research Systems. Sector and security level performance is presented gross of fees without the deduction of fees and expenses. Refer to total portfolio gross and net performance to understand the overall effect of fees.

Net-of-fees composite returns are calculated using the highest potential fee the investment advisor will charge investors in the composite. Net performance is reported net of investment advisory fees and transaction costs. Capital gains and dividends are reinvested for performance calculations.

The performance numbers shown above are for the Tributary Small Cap Equity Composite and are expressed in U.S. dollars. The composite includes all discretionary accounts with an initial market value of \$500,000 (effective 7/1/20) that are generally invested in a small capitalization equity strategy. The inception date of the Small Cap Equity Composite is June 30, 1996. Tributary claims compliance with the Global Investment Performance Standards (GIPS®). A fully compliant presentation can be requested by emailing clientservices@tributarycapital.com.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Value Index measures the performance of the small-cap value segment by including those companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Growth Index is composed of small-capitalization U.S. equities that exhibit growth characteristics. The Standard & Poor's 500 is a basket of 500 stocks that are considered to be widely held. The S&P 500 Index is weighted by market value, and its performance is thought to be representative of the stock market as a whole. It is not possible to invest directly in the Russell 2000 Index, the Russell 2000 Value Index, the Russell 2000 Growth Index, or the S&P 500 Index.

Stocks of small companies are subject to market risk and may be more volatile and less liquid than stocks of large companies.

It should not be assumed that an investment in securities identified was or will be profitable or that the investment decisions we make in the future will be profitable or will equal the performance of the securities discussed herein. Holdings are subject to change. The holdings identified do not represent all of the securities purchased, sold or recommended for the portfolio. The holdings listed should not be considered recommendations to purchase or sell a particular security. The "Top Contributors" and "Top Detractors" represented are based on contribution to portfolio return. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the quarter, please contact clientservices@tributarycapital.com.

Tributary is an SEC Registered Investment Adviser and operates as a distinct business unit, separate from its affiliates; Tributary is a wholly owned subsidiary of First National Bank of Omaha ("FNBO"), a wholly owned subsidiary of First National of Nebraska, Inc. Tributary was formed on January 1, 2005, and expanded in May 2010 through the merger with First Investment Group (formerly an investment team within FNBO), and further expanded on April 1, 2026, following FNBO's acquisition of Country Club Bank. Tributary manages equity model portfolios, wrap accounts, separately managed accounts, and mutual funds.

Comments are provided as general market commentary and should not be considered investment advice or predictive of any future market performance.

Past performance does not guarantee future results. Investments: Are Not FDIC Insured • May Go Down in Value • Are Not a Deposit