

PORTFOLIO MANAGERS: DONALD RADTKE & MARK WYNEGAR

SECOND QUARTER 2026

	Quarter	Year to Date	1 Year	3 Years	5 Years	Since Inception*
Tributary Capital Management (Gross of Fees)	14.0%	13.3%	14.7%	9.0%	6.6%	10.5%
Tributary Capital Management (Net of Fees)	13.7%	12.9%	13.8%	8.1%	5.7%	9.6%
Russell 2500 Index	20.3%	22.7%	36.7%	18.4%	8.3%	11.5%
Russell 2500 Value Index	18.5%	24.2%	38.5%	19.4%	10.3%	10.2%

*Inception: 12/31/2016

PORTFOLIO REVIEW

One might expect that a war in the Middle East, elevated oil prices, persistent inflation, limited prospects for interest rate cuts, a soft employment backdrop and consumer spending concerns would give investors pause. Instead, equity investors looked past those headwinds, focused on the positives, and pushed the Russell 2500 Index to a 20.3% gain in the second quarter, bringing its one-year return to 36.7%.

Technology stocks led the way, but the rally was broad, with seven of eleven sectors posting double-digit returns. AI and data center-related shares were standout performers, driving the Russell 2500 info tech sector up 66% for the quarter. Semiconductors were even more striking, surging 98%. The Tributary Small/Mid Cap Strategy benefited from its overweight position in semiconductors, though total portfolio performance still trailed the benchmark considerably, posting a +13.3% return.

Much of that gap can be traced to market cap dynamics. The Strategy maintains a focus on holdings with a \$30 billion and below market cap and roughly half of its relative underperformance this quarter came from not holding benchmark constituents that posted large gains while their market caps ballooned well beyond that limit. Russell's once annual rebalancing has at times allowed high-momentum stocks to exert outsized influence on index returns before they were removed. Sandisk illustrated this point well in the second quarter; the stock surged 229% to a \$334 billion market capitalization. Managers who did not own it faced a -2.7% relative performance headwind. Russell has recognized the problem and is shifting to biannual rebalancing going forward.

Stepping back to look at the quarter's market movement, recall the Russell 2500 sold off in March as the Iranian conflict began, but then fully recovered within the first eight trading days of April before advancing steadily through the end of June. The benchmark posted gains in each month of the second quarter. Outsized tech returns make clear that "risk on" was the dominant theme, a conclusion supported by style analysis showing high-beta, high price/sales, and high price/cash flow stocks leading the benchmark alongside larger market caps. That said, the rally extended well beyond technology; healthcare (+19%), industrials (+19%), real estate (+15%), financials (+14%) and consumer discretionary (+12%) all posted double-digit gains as well.

The strategy outperformed in healthcare (+30% vs. +19%) and materials (+9% vs. +1%). AMN Healthcare was a strong contributor, benefiting from improved travel nursing

results and easing balance sheet pressure, while ICON rebounded from prior accounting concerns. Reliance Steel delivered solid volume and pricing results, bucking the quarter's broader commodity pullback.

The strategy lagged in technology (+38% vs. +66%), consumer discretionary (-2% vs. +12%) and industrials (+14% vs. +19%). In tech, benchmark constituents with market caps above \$30 billion accounted for 85% of the sector's underperformance gap. An overweight software position was an additional drag. The industry has been out of favor amid concerns about AI displacement, though we believe those fears are overstated, and our software holdings continue to see upward EPS revisions. In consumer discretionary, worries about lower-income consumer health weighed on Burlington, Ollie's Bargain Outlet, and Domino's, though we remain confident in the long-term outlook for each. Tractor Supply's weak companion animal product sales have been a profit headwind, causing shares to fall. In industrials, professional services firms face AI displacement concerns similar to those affecting software. Long-term holdings CACI, ExlService and Broadridge have been putting AI to work effectively and are projected to deliver strong earnings growth in the years ahead, but negative sentiment has persisted, with the benchmark industry posting a -3% return. The strategy's overweight position in this space has been a meaningful relative performance headwind.

PORTFOLIO CHANGES

During the quarter three holdings were added to the portfolio. AAR Corp. is a pure-play aerospace aftermarket company providing parts supply, repair and engineering solutions to commercial and government customers across 20+ countries. Expectations for growth are 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.

Installed Building Products is the second-largest U.S. installer of insulation and related building products, holding the number one or two position in roughly half of its served markets. The position was initiated to replace TopBuild following that company's announced acquisition by QXO. The company's scale affords meaningful pricing

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power and consistent margin preservation. The thesis is supported by share gains in multi-family housing, an expanding commercial backlog and a disciplined bolt-on acquisition strategy backed by a strong balance sheet. Notably, IBP has demonstrated the ability to grow in a subdued housing environment, making a recovery in housing starts a source of upside rather than a prerequisite.

Tyler Technologies is the leading provider of integrated software solutions exclusively for the U.S. public sector, serving governments, courts, public safety agencies and K-12 schools. With high recurring revenue and strong client retention across more than 16,000 government locations, Tyler has built one of the most defensible franchises in software. Government digitization remains in its early stages, with Tyler having penetrated only a fifth of addressable locations and averaging just three products per customer against a target of eight to ten. Cloud migration, increased product adoption and structural tailwinds support low double-digit recurring revenue growth and free cash flow margin expansion into the low-to-mid thirties. A tenured leadership team and conservative balance sheet add further conviction.

Four positions were eliminated from the portfolio during the quarter. *Robert Half* was initially purchased in 2016 as a contrarian opportunity, offering a strong market position, no debt and solid cash flow. We exited following a period of difficult performance as 2026 earnings estimates declined significantly, with further negative revisions expected. Headwinds from economic uncertainty, tariffs and AI disruption concerns have broadly weighed on the staffing industry. Protiviti, Robert Half's high-margin consulting business, faces additional pressure from a lighter federal regulatory environment. Dividend sustainability concerns and peer data confirming broader industry weakness reinforced our decision to exit.

UMB Financial is a Kansas City-based bank providing a broad range of financial services. We exited after nearly 9.5 years, during which UMB generated an annualized return of 8.1%, outperforming S&P 400 Banks, S&P 600 Banks and the KBW Regional Bank Index. Our decision reflected a belief that UMB's return on tangible common equity would normalize lower over time, limiting further multiple expansion relative to peers and that more attractive opportunities existed elsewhere in the portfolio.

TopBuild, the largest U.S. installer and distributor of insulation, agreed to be acquired by QXO in a cash-and-stock deal valued at a 23% premium to the prior day's close. Due to the acquisition announcement, we exited the position to purchase Installed Building Products. While we believe the deal undervalues the company, shares still delivered a 40% total return over 15 months, a very attractive outcome for our clients.

Blackbaud provides financial, analytical, and relationship management software for nonprofits and social good organizations. We sold our Small/Mid Strategy position to fund the initiation of Tyler Technologies, which we view as a more compelling opportunity for the strategy. We continue to hold Blackbaud in our Small Cap strategy and remain confident in the investment case. This was

a relative reallocation, not a change in our fundamental view of the company.

TOP CONTRIBUTORS

Onto Innovation, a semiconductor capital equipment provider, is benefiting from strong Dragonfly G5 inspection system adoption and rising capital expenditure expectations from key customers, including TSMC, Samsung and SK Hynix, amid accelerating AI-driven capacity expansion.

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.

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.

Littelfuse, a manufacturer of fuses and other circuit protection components, reported a strong quarter, exceeding sales expectations across all business segments and returning operating margins to the company's targeted range. At its May 14th investor day, Littelfuse raised its organic and acquisition growth outlook and outlined a three-to-five percentage point margin improvement target by 2030.

Power Integrations, a designer of high-voltage power conversion semiconductors, is benefiting from investor optimism around the company's potential role in 800-volt DC data center architecture and its ongoing collaboration with Nvidia.

TOP DETRACTORS

Northern Oil and Gas, a non-operator exploration & 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 shale oil assets, a high-quality, immediately accretive deal that nonetheless drew a lukewarm investor response.

Tractor Supply, a rural lifestyle retailer, came under pressure after softness in its companion animal segment drove same-store sales and EPS below expectations.

PTC, a product development software company, is navigating a challenging sentiment environment as investor concerns over AI disruption continue to weigh on valuations across the broader software sector. In mid-June, Jeff Bezos publicly discussed his backing of Prometheus, a project aimed at applying AI to engineering, manufacturing, and physical-world design challenges.

CACI International, a defense-focused IT and network services provider, faced pressure from softer quarterly bookings, hampered by a 76-day Department of Homeland Security work stoppage that concluded April 30, 2026.

Ollie's Bargain Outlet, an extreme value retailer, faltered this quarter despite healthy earnings growth. Investor sentiment has turned cautious as fading tailwinds from

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a competitor bankruptcy raise the potential for revenue deceleration, while macro headwinds on lower-income consumers add further pressure.

MARKET OBSERVATIONS

The close of the second quarter brought welcome stability as we look ahead to the second half of the year. The U.S. and Iran signed a memorandum of understanding outlining terms for a potential resolution to their conflict. As tensions eased, oil prices fell to near pre-war levels, a positive development, though the situation remains fluid.

Lower oil prices have translated to relief at the pump, benefiting consumers broadly, particularly lower-income households. That said, valuations of retailers serving lower- and middle-income consumers have come under pressure, which may present attractive opportunities if consumers are able to regain their financial footing. In the near term, consumers may pull back on spending to recover from the squeeze on disposable income. GDP is expected to hold steady over the next two quarters, with a possible deceleration toward year-end. It's worth noting that forecasters have tended toward pessimism in recent years, while the U.S. economy has generally surprised to the upside, largely driven by consumer spending. Notable misses have typically been tied to policy shocks, such as the government shutdown and the surge in imports ahead of anticipated tariff increases.

Persistent inflation and a new Fed Chair have clouded the interest rate picture. Cuts that once seemed nearly certain for 2026 are now expected to hold steady or even move slightly higher by year-end. The implications are wide-ranging, with one of the most notable being the potential impact of higher mortgage rates on an already sluggish housing market.

Despite potential headwinds in the second half, we remain constructive on U.S. small- and mid-cap equities. The Russell 2500 is up 23% year to date, supported by expectations for double-digit earnings growth in 2026, a sharp contrast to the weak earnings environment of the prior three years. Consensus estimates project approximately 14.9% earnings growth for the small- and mid-cap asset classes this year, and results to date have been broadly supportive of that forecast. According to Jefferies Research, earnings revision trends have been positive, pushing growth expectations above where they began the year.

Our Small/Mid Cap Equity Strategy reflects this positive earnings backdrop, with projected earnings growth of 14.8% in 2026, in line with the index. Our portfolio also maintains an attractive valuation of 17.1x forward earnings, a meaningful discount to the index's 22.4x. We continue to identify compelling opportunities through rigorous, company-by-company analysis, a discipline we believe will drive healthy long-term returns.

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/Mid Cap Equity Composite and are expressed in U.S. dollars. The composite includes all discretionary accounts with an initial market value of \$500,000 that are generally invested in the Small/Mid Cap Equity Strategy. The inception date of the Small/Mid Cap Equity Composite is December 31, 2016. Tributary claims compliance with the Global Investment Performance Standards (GIPS®). A fully compliant presentation can be requested by emailing clientservices@tributarycapital.com.

The portfolio returns for periods other than those starting and ending with calendar month ends are generated using FactSet attribution software to approximate portfolio performance. They are not official composite returns. They are provided for illustrative purposes only and are presented gross of fees meaning they do not reflect the impact of advisory fees which reduces performance returns.

The Russell 2500 is a market cap weighted index that includes approximately 2,500 of the smallest companies in the Russell 3000 Index. The Russell 2500 Value Index measures the performance of the value segment by including those companies with lower price-to-book ratios and lower forecasted growth values. It is not possible to invest directly in the Russell 2500 Index or the Russell 2500 Value 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