

Dear Fellow Shareholders:

After a strong advance last year and an encouraging start to 2026, global stock markets came under acute pressure in the wake of the Iran war (started on February 28, 2026). For the first quarter, the S&P 500 and MSCI World indices each declined 4.33% and 3.57%, respectively, while the Russell 2000 and MSCI EAFE (local, USD) fared a bit better at 0.89%, 0.15%, and -1.24%, respectively. With energy prices soaring and the war ongoing, risk appetites have dampened. As investors try to navigate heightened geopolitical and economic uncertainty, FMI takes comfort knowing that our portfolios are comprised of high-quality businesses with robust balance sheets, that trade at discounts to their respective benchmarks. Stock market pullbacks can create compelling long-term investment opportunities, which we strive to capitalize on.

Crude Awakening

The most consequential development in the Iran war is the blockage of the Strait of Hormuz, where ~20% of the world's global oil and liquified natural gas (LNG) pass through. Asia is the region most affected by the closure, with the Gulf economies hardest hit. This has led to the "largest supply disruption in the history of the global oil market," per the International Energy Agency (IEA), which has coordinated the release of 400 million barrels of oil from emergency reserves to help cushion the blow. Despite these efforts, oil eclipsed \$100 per barrel both in the U.S. and overseas, with fears that it could spike significantly higher from here if the conflict drags on. The economic implications would be wide-ranging and felt globally.

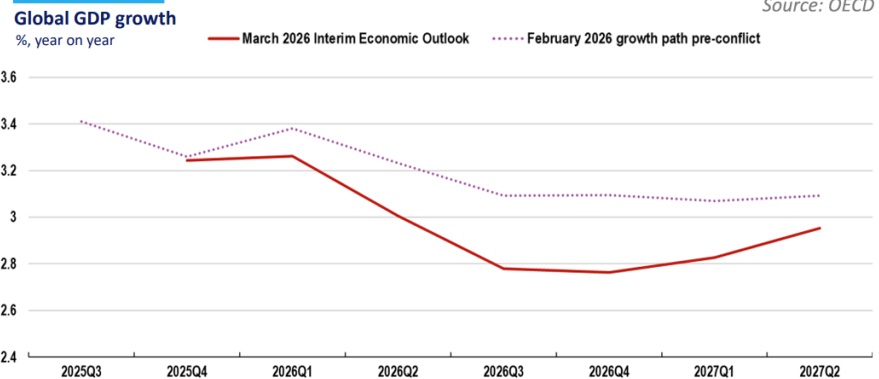
Like tariffs, high energy prices act as a de facto tax on consumers, with lower-income households feeling the most pressure given a larger percentage of their income is spent on utilities and fuel. With the average price of gas at a U.S. pump topping \$4 for the first time since 2022, consumers are already starting to feel the pinch. Businesses are also facing headwinds on profit margins due to rising input and transportation costs (some shipping lanes are being rerouted to avoid the region). Lower-quality businesses which lack pricing power are likely to face the most significant challenges. Rothschild & Co estimates that sustained oil prices of \$100 per barrel in the U.S. for three months would lift the consumer price index (CPI, the most widely recognized gauge for inflation) from 2.4% to 4.0% this year. This would create significant economic growth headwinds as well, as they forecast each 10%

increase in the U.S. Energy CPI would reduce quarterly annualized GDP growth by approximately 0.7%.

Global central banks find themselves in a difficult situation, contending with rising inflation and interest rates, while employment and economic growth are weakening. A prolonged conflict could undoubtedly trigger a recession, or perhaps worse, stagflation. Less than a month after the war began, the Organization for Economic Co-operation and Development (OECD) had already cut its global GDP growth forecasts, per the chart below:

The conflict in the Middle East is testing the resilience of the global economy

Source: OECD

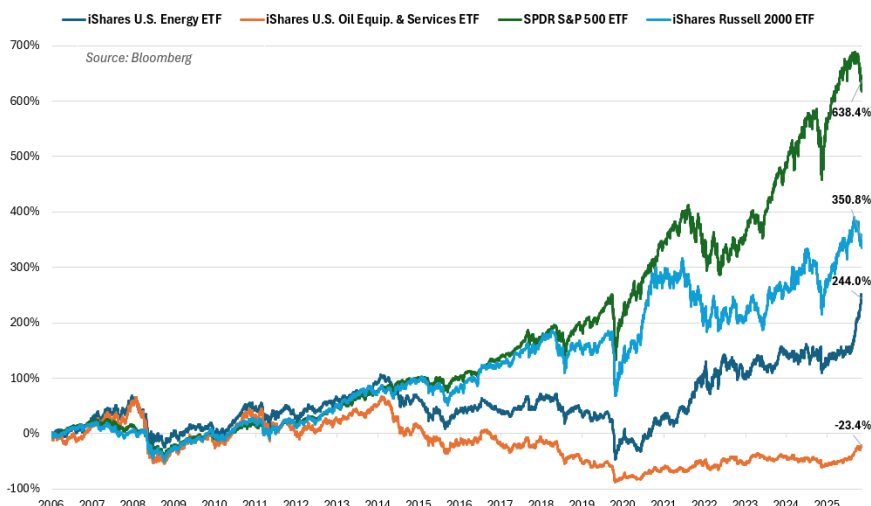


Market Rotation: Barrels and Bombs

Not surprisingly, energy and defense stocks have outperformed in recent periods. Historically, FMI's portfolios have had an underweight exposure to both given business quality and valuation considerations.

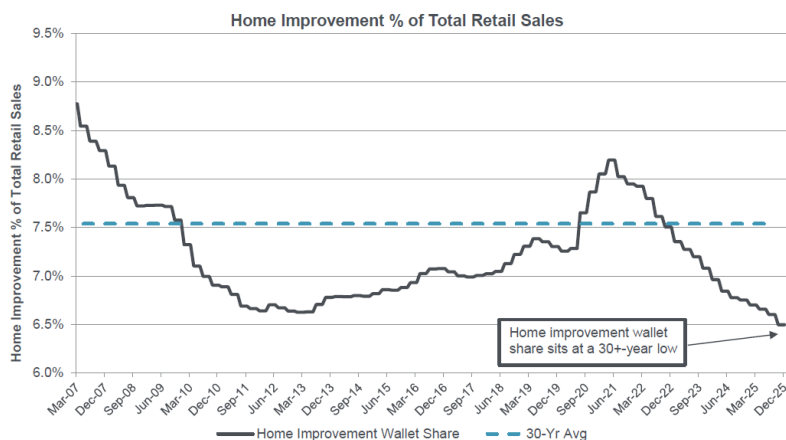
Energy companies are highly dependent on commodity prices, which ultimately are out of their control. Prices are driven by global supply and demand dynamics, or other factors such as the Organization of the Petroleum Exporting Countries (OPEC) decisions and geopolitical events. The energy sector has historically been known for boom-and-bust cycles: high prices incentivize overinvestment, resulting in oversupply, which leads to falling prices, causing capital destruction and underinvestment, then supply tightens, prices rise, and the cycle repeats. High capital intensity and poor capital allocation have weighed on the long-term return profiles of these businesses, with many failing to earn their cost of capital over a full cycle. While these can be great trading stocks from time to time, energy has been a tough place to invest over the last 20 years, as the following chart depicts:

Energy vs. S&P 500 and Russell 200 Cumulative Return Since 2006



Conversely, defense companies have outperformed broader market indices over the long term. FMI's exposure to defense has been limited due to business quality concerns around a reliance on government budgets (which have grown slowly most years), government deficits and stretched balance sheets, political and regulatory risk, and limited pricing power (cost-plus and fixed-price contracts). As we have discussed in prior shareholder letters, Russia's invasion of Ukraine in 2022 became a major shot in the arm for European defense, meaningfully altering the spending trajectory for Germany and several others. The broadening conflict in the Middle East certainly helps the cause. Valuations today appear to reflect these improved growth expectations.

Meanwhile, FMI's overweight exposure to durables and manufacturing end-markets, specifically geared towards building materials, housing and construction, have hurt our relative performance in recent quarters. We have leaned into this segment over the last few years as cyclical pressures (higher rates, affordability challenges) have weighed on the stocks. We find the housing repair and remodel (R&R) market to have an especially attractive long-term set-up, for several reasons. The median age of the housing stock in the U.S. continues to climb, now up to 42 years (from 31 in 2005). Older homes require more maintenance, upgrades, and system replacements (HVAC, plumbing, electrical, etc.). Over 50% of homeowners have mortgage rates below 4%, creating a "lock-in" effect where it may make more sense to renovate than to sell and buy a new home at a much higher rate. With rising home prices in recent years, homeowners are also now sitting on near-record levels of home equity, creating financial capacity to invest in their homes. Lastly, there is believed to have been around \$50 billion of deferred maintenance in recent years, as home improvement spending has been well below historical levels (as shown in the middle chart), creating pent-up demand. To take advantage of this investment opportunity, we hold several competitively advantaged businesses across each of our portfolios: Large Cap (Carrier Global Corp., Ferguson Enterprises Inc., Masco Corp.), Common Stock (Fortune Brands Innovations Inc., Hayward Holdings Inc., Louisiana-Pacific Corp.), International (Ferguson Enterprises Inc., Fluidra S.A., Howden Joinery Group PLC), and Global (Masco Corp., Carrier Global Corp., Ferguson Enterprises Inc.). When cyclical weakness turns into an end-market recovery, there is potential for low valuation multiples on depressed earnings to create coiled springs.



Despite the market rotations described above, it's important to remember that things can change quickly. The market drivers of today may not be the drivers of tomorrow. In the past, stock market reactions to military conflicts have been sharp, but relatively short-lived. As outlined in the RBC table on the bottom, on average, the S&P 500 has fallen around 6% after a military conflict, bottoming just 13 trading days after the event while taking 28 days to recover. Notably, declines coinciding with crude oil spikes (red boxes above) tend to be larger in magnitude (-13% on average) and take longer to recover. The S&P 500

S&P 500 responses to select military interventions and hostilities since World War II

Event	Start date*	Trading days to trough	% change to trough	Trading days back to even
N. Korea invades S. Korea	June 25, 1950	15	-12.9%	56
U.S. spy plane shot down in USSR	May 7, 1960	2	-0.6%	4
Bay of Pigs invasion	April 15, 1961	6	-3.0%	14
Cuban Missile Crisis	Oct. 16, 1962	6	-6.3%	13
Gulf of Tonkin Incident (Vietnam)	Aug. 2, 1964	4	-2.2%	29
Lead-up to Six-Day War (June 6)	May 14, 1967	15	-5.6%	20
Tet Offensive (Vietnam)	Jan. 29, 1968	25	-6.0%	46
Cambodian Campaign (Vietnam)	May 1, 1970	18	-14.9%	86
Yom Kippur War, Arab oil embargo	Oct. 6, 1973	42	-16.1%	6 years**
Soviet-Afghan War	Dec. 24, 1979	7	-2.3%	10
Intervention in Grenada	Oct. 25, 1983	11	-2.8%	15
Lead-up to intervention in Panama	Dec. 15, 1989	2	-2.2%	8
Iraq invades Kuwait, oilfields seized	Aug. 2, 1990	50	-15.9%	131
Lead-up to Gulf War (Desert Storm)	Jan. 1, 1991	6	-5.7%	13
Intervention in Yugoslavia (Balkans)	March 24, 1999	3	-4.1%	11
U.S. spy plane captured in China	April 1, 2001	3	-4.9%	7
War in Afghanistan	Oct. 7, 2001	1	-0.8%	3
Lead-up to Iraq War	Feb. 5, 2003	24	-5.6%	28
Russia intervention in Ukraine	Feb. 11, 2022*	17	-7.4%	27
12-Day War (Israel/U.S. and Iran)	June 12, 2025	5	-1.3%	7
Average of all 20 events	—	13	-6.0%	28

Red circled data indicate events impacted by crude oil price spikes. *Dates attempt to capture any material pre-event impact; actual starting dates may differ. **Following the Arab oil embargo, other economic and monetary factors negatively influenced the number of days to get back to even; this event is not counted in the average.

Source: RBC Wealth Management, RBC Global Asset Management, National Security Archive at George Washington University, Wikipedia, U.S. Naval Institute

recently declined 8.5% from its peak at the start of the war. If the war ends in the coming weeks, we may have already hit bottom. If there is no end in sight, the market could continue to face increasing pressure. Anything is possible.

Fortunately, FMI's focus on business quality, discounted valuations, and balance sheet strength have typically led to relative outperformance in more difficult stock markets.

Contrarian Special: FMI

In recent years, we have written extensively about the headwinds facing investors that deploy a value-oriented approach and/or a quality focus. After enduring a historically tough stretch for value investing, more recently, quality has been challenged both domestically and overseas.

Despite the backdrop, we remain committed to our investment process, fine-tuned over the last 45+ years. We cannot control the behavior of the stock market. Over full cycles, valuations and balance sheets matter. We are investing right alongside you, our shareholders.

The following stock examples capture a few pockets of the market where we are finding attractive investments. Both Huron Consulting Group Inc. and Booking Holdings Inc. have sold off on artificial intelligence (AI) concerns, which we think are overblown and misunderstood. IMCD is facing cyclical fundamental pressures which we expect to abate over our investment time horizon:

Huron Consulting Group Inc. (HURN) – Small Cap

Huron is a leading consulting firm serving hospitals, health systems, and higher education institutions. Decades of successful engagements have earned the company deeply entrenched relationships within its core end markets. While these industries are not typically associated with rapid growth, Huron's value proposition is squarely aimed at helping organizations navigate an unrelenting stream of business model, regulatory, and technology challenges – pressures that have only intensified. Because these institutions tend to operate with lean internal resources, they consistently rely on outside expertise to work through complex issues, creating a durable and recurring source of demand for Huron's services. Management sees a substantial opportunity to deepen penetration within the existing customer base over the coming years, and the company's strategy of broadening its capabilities – both organically and through tuck-in acquisitions – should drive further wallet share gains. In aggregate, we believe Huron can grow its top line in the low double digits annually, comprised of mid-to-upper single-digit organic growth supplemented by a modest contribution from M&A. Combined with a commitment to margin expansion and a consistent track record of share repurchases, we see a credible path to low-to-mid teens earnings per share growth on an annualized basis. Concerns about AI disrupting the consulting model have pressured Huron's valuation and weighed on the shares. We believe this risk is largely misunderstood. Huron views AI as a revenue opportunity – one

it is already pursuing by helping clients develop and implement AI roadmaps – while simultaneously leveraging the technology internally to reduce its own costs. Both efforts are underway. Further reinforcing the company's resilience, management noted that ~ 2/3rds of 2025 revenue was outcome-based, fixed-fee, or recurring in nature, and that its highly skilled consultants delivering mission-critical work for institutions facing disruption are considerably more insulated than other consulting models. At a low-teens forward earnings multiple, we believe the shares offer compelling value relative to the quality and durability of the underlying business.

Booking Holdings Inc. (BKNG) – Large Cap/International/Global

Booking is the largest online travel agency in the world. This is a network effect business model, where Booking acts as an aggregator of supply (independent hotels) on one side and demand (leisure travelers) on the other. This aggregation of fragmented supply and demand allows them to charge a healthy commission when a user books a room, which in turn allows them to outspend all other players on customer acquisition while still earning good returns. Booking is best-in-class at digital marketing, earning the highest returns on acquired traffic of all the online travel agencies. Booking has tremendous scale and an asset-light business model, generating very high returns on capital and free cash flow. Most of their revenue is generated from independent hotels that depend on Booking not just to deliver incremental guests, but also for cross-currency payments, merchandising, and customer service. Recently, shares have come under pressure over fears that AI will displace online travel agencies. We believe these concerns are overblown. AI is unlikely to recreate Booking's global network of hotels given the extreme fragmentation of supply and Booking's on-the-ground sales force. Booking's payments and customer service capabilities are also difficult to replicate, further protecting the business against new entrants. In our view, new AI tools are more likely to integrate Booking's existing inventory and capabilities into their models, rather than recreating these features themselves. If travel research shifts from traditional search to LLMs, Booking's historical expertise in digital marketing makes them well-positioned to win this traffic. Furthermore, AI should boost Booking's margins through efficiencies in customer service and marketing. At a mid-teens forward earnings multiple, we believe Booking shares are attractive on both a relative and absolute basis.

IMCD N.V. (IMCD NA) – International/Global

IMCD is a leading global distributor of specialty chemicals and ingredients, operating across more than 60 countries. The business benefits from a resilient foundation, with approximately 55% of sales – and an even greater share of profits – derived from life science end markets, including pharmaceuticals, beauty and personal care, food and nutrition, and home care. Specialty chemical distributors like IMCD also bring meaningful value-added capabilities to both suppliers and customers, fostering deep, sticky relationships that support attractive margins and strong returns on invested capital. While the industry enjoyed a robust period of growth in the years immediately following COVID, more recent results have been weighed down by soft end-market demand and

customer destocking. We view this slowdown as cyclical rather than structural, and expect the business to return to more consistent, above-average organic growth as conditions normalize. The long-term drivers remain firmly intact: rising consumption of specialty chemicals, ongoing product innovation, and increasing outsourcing to distributors. Larger players with meaningful scale advantages are also well positioned to reinvest in their offerings and capture share from smaller competitors. This dynamic should further enhance IMCD's organic growth profile coupled with their consistent and disciplined approach to bolt-on M&A provides an additional avenue for compounding growth. Taken together, we believe IMCD has a long and visible growth runway, with the potential to compound earnings per share at a double-digit rate over the coming years. At a mid-teens forward earnings multiple, the shares are trading meaningfully below the company's long-term historical valuation averages. We believe that the combination of strong earnings growth and multiple expansion sets up a compelling return profile for shareholders over the next several years.

Thank you for your continued support of the FMI Funds.

Disclosure Information

Performance data quoted represents past performance; past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of a Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting www.fmifunds.com or by calling 1-800-811-5311. The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

Securities named in the Letters to Shareholders, but not listed in the Schedules of Investments are not held in the Funds as of the date of this disclosure. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. The referenced securities are owned by the Funds on March 31, 2026 as follows:

FMI Common Stock Fund – Huron Consulting – 3.2%

FMI Large Cap Fund, FMI International Fund, International Fund II and FMI Global Fund – Booking Holdings, Inc. – 6.3%, 6.3%, 6.4% and 6.1% respectively.

FMI International Fund, International Fund II and FMI Global Fund – IMCD – 4.6%, 4.7% and 3.3% respectively.

This report is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Funds unless accompanied or preceded by the Funds' current prospectus.

Annual operating expenses for FMIMX, FMIUX, FMIHX, FMIQX, FMIJX, FMIYX, FMIFX, and FMIGX as of the Prospectus dated 1/31/26 are as follows: 0.96%, 0.84%, 0.84%, 0.71%, 0.95%, 0.80%, 0.90%* and 0.90%*, respectively.

*Note that the annual operating expenses for FMIFX and FMIGX are 1.16% and 3.47% respectively, before the investment adviser's voluntary reimbursement such that the annual operating expenses do not exceed 0.90% for each, which will continue at least through January 31, 2027.

Risks associated with investing in the Funds are as follows:

FMI Large Cap Fund: Stock Market Risk, Medium and Large Capitalization Companies Risks, Value Investing Risk, Foreign Securities Risk (fluctuation of currency, different financial standards, and political instability), Liquidity Risk, and Tax Law Change Risk.

FMI Common Stock Fund: Stock Market Risk, Medium and Small Capitalization Companies Risks (which includes the potential for greater volatility and less financial resources than Large-Cap Companies), Value Investing Risk, Foreign Securities Risk (fluctuation of currency, different financial standards, and political instability), Liquidity Risk, and Tax Law Change Risk.

FMI International Fund: Stock Market Risk, Value Investing Risk, Foreign Securities Risk (fluctuation of currency, different financial standards, and political instability), Geographic Concentration Risk, Currency Hedging Risk, Large Capitalization Companies Risk, Liquidity Risk, and Tax Law Change Risk.

FMI International Fund II – Currency Unhedged: Stock Market Risk, Value Investing Risk, Foreign Securities Risk (fluctuation of currency, different financial standards, and political instability), Geographic Concentration Risk, Large Capitalization Companies Risk, Liquidity Risk, and Tax Law Change Risk.

FMI Global Fund: Stock Market Risk, Value Investing Risk, Foreign Securities Risk (fluctuation of currency, different financial standards, and political instability), Emerging Market Risk, Geographic Concentration Risk, Large Capitalization Companies Risk, Liquidity Risk, New Fund Risk, Large Shareholder Risk, RIC Qualification Risk and Tax Law Change Risk.

For details regarding these risks, please refer to the Funds' Summary or Statutory Prospectuses dated January 31, 2026.

The Funds does not directly invest in Bitcoin or other cryptocurrencies. Bitcoin and other cryptocurrencies are a relatively new asset class and are subject to unique and substantial risks.

The Standard and Poor's 500 Index (S&P 500) consists of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The S&P's Ratings Group designates the stocks to be included in the Index on a statistical basis. A particular stock's weighting in the Index is based on its relative total market value (i.e., its market price per share times the number of shares outstanding). Stocks may be added or deleted from the Index from time to time.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 2000 Value Index includes equities that exhibit value characteristics and the Russell 2000 Growth Index includes equities that exhibit growth characteristics.

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI EAFE Index consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. Index results are inclusive of dividends and net of foreign withholding taxes. The reported figures include reinvestment of dividends and capital gains distributions and do not reflect any fees or expenses.

The MSCI World Index is a free-float adjusted market capitalization index that measures large and mid-cap performance of developed market countries which include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US. With 1,395 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI EAFE is a service mark of MSCI Barra.

All indices are unmanaged. These indices are used herein for comparative purposes in accordance with the Securities and Exchange Commission regulations. It is not possible to invest directly into an index.

GLOSSARY

EPS - Earnings per share is a commonly used measure of a company's profitability. It indicates how much profit each outstanding share of common stock has earned. Generally speaking, the higher a company's EPS, the more profitable it is considered to be.

Forward Earnings Multiple or P/E ratio - Price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings. The trailing P/E ratio is calculated by dividing the current share price by per-share. Forward price-to-earnings leverages forecasted earnings to assess a company's future value, providing investors with crucial insights despite potential variability in estimates.

FCF - Free Cash Flow represents the cash that a company generates after accounting for cash outflows to support its operations and maintain its capital assets.

GDP - Gross Domestic Product is the monetary value of all finished goods and services produced within a country's borders in a specific time period.

ROC - Return on Capital is a financial ratio that can be used to assess a company's profitability and capital efficiency. In other words, this ratio can help to understand how well a company is generating profits from its capital.

Reference definitions found at [Investopedia.com](https://www.investopedia.com)

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