



OPTIMIST FUND

To the Partners of Optimist Fund,

In Q1, the Fund declined 27.3%, driven by a sharp shift in market sentiment as fears surrounding AI disruption and the outbreak of war in Iran triggered a broad selloff in growth-oriented companies, where we are exclusively focused.

While declines of this magnitude are never enjoyable, they are not unprecedented in our history. We experienced similar drawdowns in both 2022 and 2023, and in each case the Fund appreciated more than 200% over the following two years.

Importantly, in aggregate, the companies we own continue to perform well fundamentally. We believe this drawdown, like prior ones, will ultimately enhance long-term returns by allowing us to add to core positions at significantly more attractive prices.

Today, we are seeing the most compelling opportunity set since the 2022 bear market and are actively repositioning the portfolio to take advantage of the dislocation and best position Optimist for the eventual rebound.

% Returns	Optimist Fund*	Benchmark**
Q1 2026	-27.3%	-6.3%
2025	32.2%	8.9%
2024	66.5%	34.1%
2023	82.9%	27.4%
2022***	-51.4%	-11.8%
Compound Returns as of March 31st, 2026		
1 Year	1.1%	10.4%
2 Year	15.9%	10.5%
3 Year	32.6%	16.0%
Since Inception	9.0%	11.1%

***Fund start date was March 1, 2022.

AI fears and geopolitical uncertainty are driving indiscriminate selling

What we experienced in Q1 was not the result of a fundamental deterioration in the companies we own. It was a rapid shift in market narrative.

The market has become increasingly anchored to a “doomsday” view of AI, with investors assuming widespread and near-term disruption across large parts of the economy. That has driven a rotation out of higher-growth companies and into perceived safety, including consumer staples and commodities. This shift in positioning, rather than company-specific developments, is what predominantly drove the decline in our portfolio.

While our portfolio declined on these fears, we see the reality quite differently. In many cases, we expect AI to be a tailwind. We invest in high-growth, innovative, customer-obsessed businesses with a culture of constant improvement. These companies are leaning aggressively into AI to enhance or add to their customer proposition.

At the same time, geopolitical uncertainty has added to the volatility. The war in Iran has driven a sharp increase in energy prices, further amplifying fear across financial markets. But this is far from the first-time markets have faced a major macroeconomic shock.

Whether it was the Gulf War in 1991, the aftermath of the September 11th attacks and the Iraq War in the 2000s, the Global Financial Crisis in 2008, the COVID-19 pandemic in 2020, or the war in Ukraine in 2022, history is filled with periods where uncertainty and fear temporarily overwhelmed markets.

In each instance, these moments created extraordinary buying opportunities in high-quality businesses. The key was rarely having a unique insight into the macro event itself. The key was correctly identifying the great businesses that would emerge stronger on the other side.

That is how we think about periods like this.

Dislocation creates opportunity.

Our role is not to predict headlines, geopolitical outcomes, or short-term market reactions. Our role is to allocate capital into high-quality businesses when market prices diverge materially from long-term intrinsic value. Historically, that has been where the best investment opportunities and the strongest future returns are generated.

In summary, the fundamentals of the businesses we own remain intact, and in many cases are improving. The current drawdown reflects sentiment, not intrinsic value. As that gap closes, we believe it will result in a meaningful rebound.

We hosted a webinar in early March where we discussed these dynamics and their impact on our holdings in greater detail, which can be found [here](#).

Q1 Review

As of March 31st, 2026

Top YTD Detractors	Contribution	YTD Price Performance
ThredUp	-9.2%	-48.7%
Wayfair	-3.7%	-25.1%
Carvana	-3.5%	-25.5%
Monday.com	-2.5%	-53.2%
First Advantage	-2.3%	-19.1%
Top Detractor Total	-21.2%	

Top Detractors

ThredUp – ThredUp’s share price has been extremely weak over the past six months despite continued strength in the underlying business. Notably, recent financial performance has increased our confidence in our five-year target of \$30+ per share. We view this disconnect between price and fundamentals as a compelling opportunity and added to the position during the quarter.

Q4 results reinforced the accelerating momentum we highlighted last quarter. Revenue grew ~18% year over year, while new buyer growth accelerated to +57%. The company guided to 13% revenue growth and 160 basis points of EBITDA margin expansion in 2026, both ahead of consensus expectations. We view this as a conservative starting point. For context, the company entered 2025 guiding to 6% growth and ultimately delivered 18%.

Taken together, these results support our view that ThredUp remains in the early stages of a multi-year inflection, where growth and profitability scale in tandem. We believe the company’s long-term earnings power remains materially underappreciated. ThredUp continues to be a top holding.

Wayfair – Wayfair’s Q4 results further validated the recovery we have been underwriting. Revenue grew 8% year over year (excluding the Germany exit) despite a still-muted category backdrop, while profitability continued to expand, with adjusted EBITDA margins reaching their highest levels in several years.

In his February shareholder letter, Co-founder and CEO Niraj Shah highlighted two points that stand out. First, the company expects to accelerate revenue growth throughout the year, exiting 2026 in the double-digit range. Second, over time, Wayfair believes it can return to 20%+ organic growth. Both are well above current market expectations.

Despite this fundamental progress, the share price has remained weak. We view this disconnect as an opportunity and added to the position during the quarter. Wayfair remains a top five holding.

Carvana – Carvana finished the year with another strong quarter. EBITDA came in modestly below our expectations, driven by elevated costs at a handful of reconditioning centers, but this does not change our view of the long-term earnings power of the business.

Stepping back, the underlying momentum remains exceptional. Unit growth continues to exceed 35% year over year, while the company is delivering best-in-class profitability. Management expects the reconditioning cost pressures experienced in Q4 to be resolved by Q2 2026.

With less than 2% share of the U.S. used car market, Carvana’s growth runway remains measured in decades, not years.

Carvana remains a top five holding, and we added to the position during Q1.

Monday.com – We maintained a position in Monday.com into 2026, believing management could execute against the objectives they had outlined in the fall of 2025.

Following the company’s fourth-quarter earnings release in February, we exited the position. Results came in below our expectations, and more importantly, management was unable to clearly articulate changing trends occurring within the business.

When we lose confidence in the clarity and reliability of management’s communication, we exit. That is what we have done here.

First Advantage – First Advantage delivered an outstanding Q4. Organic growth accelerated meaningfully to 12% year over year, a sharp improvement from negative growth entering 2025, and management remains confident in the company’s forward trajectory.

Despite this progress, the shares have sold off materially amid concerns that AI could negatively impact the business. We believe these concerns are misplaced.

In February the company announced a \$100 million share repurchase program, reflecting confidence in both the business and the current valuation.

We were very encouraged by these results and added to the position during Q1. Today, we believe First Advantage is trading at under 10x 2026 EPS for a business capable of compounding earnings at 20%+ annually over the next five years.

Overall, we are pleased with how our holdings fundamental financial performance is tracking.

Aggregate Portfolio Composition

Here are the top 10 holdings in our fund, comprising approximately 88% of the portfolio as of March 31st, 2026.

Wayfair	DoorDash
Carvana	Toast
First Advantage	Affirm
ThredUp	Medpace
Uber	Klaviyo

Other Notable Changes

During the quarter, we fully exited our positions in Teledyne Technologies and Ashtead Group to reallocate into opportunities with more attractive risk-reward profiles. We continue to view both businesses favorably and would expect to own them again at the right price.

We also trimmed positions in DSV and DiscoverIE Group, where forward return profiles were less compelling relative to other opportunities in the portfolio.

The significant dislocation in higher-growth companies such as Carvana, Wayfair, Affirm, ThredUp, Uber, and DoorDash created a more compelling opportunity set, and we rebalanced capital accordingly.

We also initiated new investments in Toast, a disruptive restaurant point-of-sale platform, and Zscaler, a leader in cloud-based cybersecurity. Given its size as a top 10 position, we outline our thesis on Toast in more detail below.

Lastly, we increased overall equity exposure by moving from approximately 3% cash entering the year to modest leverage of just over 2%.

Toast: The Market Leader, Most Profitable, Fastest Growing Restaurant POS

The founders of Toast recognized in 2012 that restaurants were operating on deeply outdated technology. Point-of-sale systems were often built on 15-year-old hardware, running legacy, on-premise software, with payment terminals that were not integrated into the core system. While much of the world was rapidly adopting cloud-based infrastructure, restaurants remained stuck with legacy, inefficient systems.

This gap led Toast to build a cloud-native POS platform with fully integrated payments, purpose-built for restaurants. Fourteen years later, Toast has become the leading POS provider for SMB restaurants in the United States, with approximately 20% market share.

Despite this leadership position, the company's growth runway remains substantial. In its most penetrated markets, roughly 70% of newly opened restaurants choose Toast, a clear indication that current share is far from a ceiling and that the company continues to win disproportionately as the market evolves.

Beyond its core, Toast is expanding into multiple new vectors of growth, including international markets, enterprise restaurant customers, and adjacent verticals such as grocery, convenience, and liquor retail. While these initiatives currently represent only ~5% of ARR (annual recurring revenue), they are scaling quickly and significantly expand the company's long-term opportunity set.

The economics of the business are compelling. In 2025, Toast generated approximately \$2 billion in annual recurring revenue, growing 26% year over year, alongside roughly \$600 million of free cash flow. This combination of strong growth and rising profitability is expected to persist, with the company targeting 20%+ annual

revenue growth, a path to \$10 billion in ARR over the next decade and continually expanding free cash flow margins.

Recent fears around AI-driven disruption in software have driven a broad selloff across the sector, with Toast's share price declining roughly 50% over the past eight months. As a result, the company now trades at approximately 15x 2026 free cash flow, a level we view as highly attractive given our expectation for 30%+ free cash flow growth.

Our five-year price target is \$135, implying a ~365% return from the current price of \$29 and an approximate 35% 5 year compounded annual return. This outlook is supported by our expectations for ~22% gross profit growth, ~27% free cash flow per share growth through 2031, and a 27x 2031 free cash flow per share multiple.

In our view, Toast remains in the early stages of their growth journey. With a founder-led management team, focused vertical strategy, and multiple durable growth levers, it fits squarely within the type of high-quality, compounder in disguise we seek to own.

Closing Remarks

Periods like this are never comfortable, but they are where long-term returns are ultimately shaped.

In aggregate, we are not seeing deterioration in the businesses we own. We are seeing a dislocation between price and value, driven by a shift in narrative rather than fundamentals. Historically, these have been the moments where the best opportunities emerge, and where our ability to act decisively matters most.

We are leaning into that opportunity set today. The portfolio is increasingly concentrated in what we believe are the highest-quality, most mispriced businesses we have owned since inception. These are companies with strong competitive positions, improving fundamentals, and significant long-term growth ahead of them.

Our approach remains unchanged. We are focused on owning ambitious, market-leading businesses run by aligned management teams, and holding them through periods of volatility to capture their long-term compounding.

We don't want to get into the habit of giving post quarter disclosures every quarter but given the magnitude of the volatility lately we thought we'd share that as of the close of April 22nd the fund is +17% so far in Q2 bringing our YTD returns to around -15%.

Q1 2026 Quarterly Letter

We are grateful for your continued trust and partnership, particularly during periods like this when discipline and long-term thinking matter most.

As always, please feel free to reach out with any questions.

Speak soon,

Jordan McNamee



Founder & Chief Investment Officer

*Rates of return are for Class E lead series net of all fees and expenses for Optimist Fund to illustrate the historical performance of our investment strategy.

**The Benchmark has a 50% weighting in the MSCI World Growth Index and a 50% weighting in the Russell Midcap Growth Index multiplied by the USDCAD exchange rate. The Benchmark is provided for information only and comparisons to benchmarks and indexes have limitations. Investing in global equities is the primary strategy for Optimist Fund but Optimist Fund does not invest in all or necessarily any of the securities that compose the Benchmark or the market indexes. Reference to the Benchmark and the market indexes does not imply that Optimist Fund will achieve similar returns.

***Fund start date was March 1, 2022.

This report is neither an offer to sell nor a solicitation of an offer to buy any securities in any fund managed by us. Any offering is made only pursuant to the relevant offering memorandum together with the relevant subscription agreement, both of which should be read in their entirety. No offer to sell securities will be made prior to receipt of these documents by the offeree, and no offer to purchase securities will be accepted prior to completion of all appropriate documentation. The discussions in this report are not intended to be investment advice to any specific investor. Some of the discussions are based on the best information available to us, publicly or otherwise, but due consideration should be given to the fact that much of it is forward-looking or anticipatory in nature, which is inherently uncertain. Past performance of a fund is no guarantee as to its performance in the future. This report is not an advertisement, and it is not intended for public use or distribution.