

# MERIDIAN CONTRARIAN FUND

June 30, 2025 Update



## MARKET SUMMARY

U.S. equity markets staged a remarkable recovery during the quarter, rising 23% from intra-period lows to close at record highs. Markets were initially shaken by President Trump's "Liberation Day" tariff announcement on April 7, which reignited recession fears and cast doubt on the traditional safe-haven status of U.S. government debt. In response to the resulting market turmoil, the administration announced a 90-day pause to allow for negotiations with individual countries. The pause provided immediate relief, with U.S. equities rebounding sharply from bear market territory.

The quarter closed on a strong note as investors looked beyond a range of geopolitical and policy uncertainties, including the conflict in the Middle East, contentious legislative negotiations over the "Big Beautiful Bill," and ongoing tariff-related tensions.

U.S. large cap stocks ended the period with gains of 11.1%. Within the large cap category, growth stocks performed particularly well, rising by 17.8%, while value stocks saw a modest increase of 3.8%. Small cap stocks achieved an 8.5% return for the quarter, with growth stocks rising by 12.0% and recovering 23.9% from their low on April 8th. In contrast, small cap value stocks returned 5.0% for the quarter and gained 17.2% from their low, according to the Russell family of indexes.

## FUND PERFORMANCE

The Meridian Contrarian Fund (the "Fund") returned 16.42% (net) for the quarter ending June 30, 2025, outperforming its benchmark, the Russell 2500 Index, which returned 8.59%. Additionally, the Fund outperformed its secondary benchmark, the Russell 2500 Value Index, which returned 7.29% during the period.

Our investment process seeks to identify out-of-favor companies that we believe have depressed valuations and visible catalysts for sustainable improvement. Experience has taught us that businesses with the potential for earnings growth and multiple expansion can be a powerful source of outperformance.

As such, we employ a fundamental research-driven process that includes screening for companies that have multiple quarters of year-over-year earnings decline,

## TOP 10 HOLDINGS (% OF PORTFOLIO)

Holding <sup>1</sup> (subject to change)	Weighting
BWX Technologies, Inc.	3.37%
Cameco Corp.	3.30%
Axis Capital Holdings Ltd.	3.27%
Mirion Technologies, Inc.	3.12%
First Citizens Bancshares, Inc.	3.12%
Penguin Solutions, Inc.	2.69%
Brookfield Renewable Corp.	2.54%
Dollar Tree, Inc.	2.53%
The Honest Company, Inc.	2.53%
Perrigo Co.	2.46%

exploring the reason for the declines, and singling out the companies we believe are poised for an earnings rebound via a cohesive turnaround plan, a new management team, or through improvements or changes to the business. The outcome of this process is a concentrated portfolio of 50-75 of our best ideas.

With a process that prioritizes the management of risk over the opportunity for return, we scrutinize the quality of each prospective investment's business model and its valuation. Our high standards for quality require that a company has a durable competitive advantage, improving return on invested capital, and free cash flow, as well as sustainable future earnings growth. While we manage the Fund from the bottom up based on individual company fundamentals, we augment this by monitoring overall portfolio characteristics as part of our risk-management process.

## TOP THREE CONTRIBUTORS

**Cameco Corp., BWX Technologies, Inc., and Navitas Semiconductor Corp.** were the top three contributors to the Fund's relative performance during the quarter.

### Past performance is no guarantee of future results.

*Investors should consider the investment objective and policies, risk considerations, charges and ongoing expenses of an investment carefully before investing. The prospectus contains this and other information relevant to an investment in the fund. Please read the prospectus carefully before you invest or send money. To obtain a prospectus, please contact your investment representative or Destra Capital Investments LLC at 877.855.3434 or access the website at [www.arrowmarkpartners.com/meridian](http://www.arrowmarkpartners.com/meridian). Not FDIC-Insured, Not Bank Guaranteed, May Lose Value*

**Cameco Corp.** is a global leader in the mining, fabrication, and refinement of uranium products for nuclear power plants around the world. The company also has exposure to the construction of new nuclear power capacity through its Westinghouse unit. We view Cameco as a best-in-class operator with world-leading reserves, a low-cost production profile, and reliable, proven technology. After years of being out of favor following the 2011 Fukushima nuclear disaster, Cameco became increasingly attractive as global uranium production fell below demand. We invested in 2020 based on the belief (as referenced in the Q3 '23 investor letter) that uranium prices would recover and that interest in nuclear power would reaccelerate, providing upside optionality. While not without volatility, this thesis has played out largely as we envisioned and has since gained broader investor acceptance. Despite the growing interest in the theme, we believe Cameco remains in the early stages of a long-term structural turnaround. The stock rebounded strongly during the quarter as momentum around nuclear power accelerated globally from governments, utilities, and major technology firms. We both bought and sold shares in the quarter and were net sellers into strength as part of our risk management process.

**BWX Technologies, Inc.** manufactures and services power generation and nuclear components for U.S. government, industrial, and utility customers. We invested in 2023 amid price weakness that resulted from declining earnings tied to the company's cash-intensive investments in capacity. Our investment was based on the company's well-established position in the nuclear value chain, including technologies that support the life extension of existing plants, new large-scale reactors, and small modular reactors. The stock performed well during the quarter as global growth prospects improved for nuclear power, reinforcing our long-held thesis. We added to our position early in the quarter, which contributed positively to performance.

**Navitas Semiconductor Corp.** designs and manufactures highly efficient power semiconductors, leading the way in Gallium Nitride (GaN) technology, which enables superior energy efficiency and charging speeds compared to traditional silicon. Handling GaN is challenging, and Navitas has a significant competitive advantage with its technology. We initially invested in early 2023 after the stock fell due to weakness in the highly cyclical mobile phone market. The stock performed well during the period on news of technology partnerships with high-profile potential customers, including Nvidia. We remain confident in the long-term secular outlook for energy-efficient semiconductors and Navitas' continued technological leadership. We trimmed the position during the quarter, selling into strength as part of our risk management process.

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#### **BOTTOM THREE DETRACTORS**

**Sweetgreen, Inc., Ranpak Holdings Corp., and QuidelOrtho Corp.** were the bottom three detractors from the Fund's relative performance during the quarter.

**Sweetgreen, Inc.** operates a chain of fast-casual restaurants across the U.S., focused on fresh, healthy food. The company continues to invest in automation through its "Infinite Kitchen" technology, which has demonstrated early promise in reducing labor costs, improving order accuracy, and increasing throughput. While the financial benefits are currently evident in only a small subset of stores, we believe broader adoption will yield meaningful improvements over the next two years. The stock underperformed during the quarter as weak traffic and sales in several core legacy markets (namely Los Angeles, New York City, Washington D.C., and Boston— which all experienced unique exogenous traffic issues) drove negative sales trends overall. We reduced our position during the period but remain optimistic about the long-term value creation potential of the Infinite Kitchen initiative.

**Ranpak Holdings Corp.** is a manufacturer of paper-based protective packaging solutions. Among the many things we like about Ranpak is the sustainability of its products, which are environmentally friendly compared to plastic, foam, and other packaging materials. We also like its consumable business model and attractive unit economics. While underlying demand remained strong, the stock declined during the quarter when profitability was pressured by higher input and logistics costs due to unexpected volume spikes. We believe that these issues will prove to be short-lived and expect demand strength, combined with labor-saving automation initiatives, to ultimately position the company for margin recovery and eventual expansion. We originally invested in the company in the second quarter of 2023, when earnings had declined due to inflationary impacts and macro pressures in Europe, and subsequently increased our position during second quarter of 2025, as we still believe the secular shift away from plastics towards paper and ongoing automation improvements will provide a long-term tailwind.

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June 30, 2025 Update

**QuidelOrtho Corp.** is a global leader in the medical diagnostics industry. We invested in the third quarter of 2022 following pandemic-related earnings pressure. Our thesis was that Quidel's 2022 merger with Ortho Clinical Diagnostics positioned the company as a top-tier diagnostics platform with the potential for improved top-line growth, margins, and free cash flow. While the company's earnings report during the most recent quarter was in line with expectations and guidance was unchanged, the stock struggled due to broader macro concerns. The respiratory business remains soft, and the market has concerns about possible impacts from funding cuts in government health programs. Despite near-term headwinds, we see evidence of business improvements taking place under new leadership, and we maintained our position during the quarter.

## OUTLOOK

While the financial markets have recently been relatively calm following a dramatic first half of the year, macro uncertainty persists regarding tariffs, inflation, and the strength of the economy and the consumer. We continue to focus on opportunities where we can capitalize on improving fundamentals in out-of-favor companies, with particular emphasis on companies where internal efforts to fix some sort of operational disruption can drive outperformance, regardless of the macro conditions. Our portfolio and research pipelines are strong, and we are confident that our strategy can continue to provide strong performance over the long term.

Thank you for your continued partnership with ArrowMark.

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## FUND TOTAL PERFORMANCE (As of 6/30/2025)

Share Class	Ticker	Gross Expense Ratio	Net Expense Ratio	Inception Date	3 Month	1 Year	3 Year <sup>4</sup>	5 Year <sup>4</sup>	10 Year <sup>4</sup>	Since Inception <sup>4,5</sup>
Class A Shares - No Load	MFCAX	1.45%	1.45%	11/15/13	16.33%	16.58%	11.37%	13.66%	9.88%	11.80%
Class A Shares - With Load	MFCAX	1.45%	1.45%	11/15/13	9.64%	9.88%	9.19%	12.32%	9.23%	11.59%
Class C Shares	MFCCX	2.25%	2.25%	7/1/15	16.12%	15.67%	10.52%	12.80%	9.14%	11.08%
Investor Class Shares	MFCIX	1.21%	1.21%	11/15/13	16.41%	16.88%	11.66%	13.95%	10.16%	12.09%
Legacy Class Shares	MVALX	1.18%	1.18%	2/10/94	16.42%	16.91%	11.70%	14.00%	10.27%	12.27%
Russell 2500 Index <sup>2</sup>	-	-	-	-	8.59%	9.91%	11.31%	11.44%	8.39%	9.84%
Russell 2500 Value Index <sup>3</sup>	-	-	-	-	7.29%	10.47%	10.69%	13.96%	7.73%	n/a

*Past performance is no guarantee of future results. The Fund's performance data represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data shown. The investment return and principal value of an investment will fluctuate so that you may have a gain or loss upon sale. You can obtain performance data current to the most recent month-end at [www.arrowmarkpartners.com/meridian](http://www.arrowmarkpartners.com/meridian).*

<sup>1</sup>Listed holdings are presented to illustrate examples of the securities the Fund has bought and do not represent all of the Fund's holdings or future investments. Information about the Fund's holdings should not be considered investment advice. There is no guarantee that the Fund will continue to hold any one particular security or stay invested in any one particular sector. Holdings are subject to change at any time and are as of the date shown above.

<sup>2</sup>The Fund's Index, the Russell 2500™ Index, measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. One cannot invest directly in an index.

<sup>3</sup>The Fund's second Index, the Russell 2500™ Value Index, measures the performance of the small to mid-cap value segment of the US equity universe. It includes those Russell 2500™ companies that are considered more value oriented relative to the overall market as defined by Russell's leading style methodology. One cannot invest directly into an index.

<sup>4</sup>Performance is annualized.

<sup>5</sup>Since inception returns are calculated using the month end data prior to the Fund's Legacy class inception date of 2/10/94.

**A Class:** Prior to 7/1/15, the A Class was named Advisor Class. The historical performance shown for periods prior to inception on 11/15/13 was calculated using historical Legacy class performance as adjusted for estimated class-specific expenses, for distribution, shareholder servicing and sub-transfer agency fees without consideration to any expense limitation or waivers. The annual gross expense ratio is 1.45% as of 6/30/24. The annual net expense ratio is 1.45% as of 6/30/24. If the class had been offered prior to 11/15/13, the actual performance and expenses may have differed from the amounts shown. **Performance shown for class A shares with load includes the Fund's maximum sales charge of 5.75%.** **C Class:** The historical performance shown for periods prior to inception on 7/1/15 was calculated using historical Legacy class performance as adjusted for estimated class-specific expenses, for distribution, shareholder servicing and sub-transfer agency fees, without consideration to any expense limitation or waivers. The annual gross expense ratio is 2.25% as of 6/30/24. The annual net expense ratio is 2.25% as of 6/30/24. If the class had been offered prior to 7/1/15, the actual performance and expenses may have differed from the amounts shown. **Investor Class:** The historical performance shown for periods prior to inception on 11/15/13 was calculated using historical Legacy class performance as adjusted for estimated class-specific expenses for shareholder servicing and sub-transfer agency fees without consideration to any expense limitation or waivers. The annual gross expense ratio is 1.21% as of 6/30/24. The annual net expense ratio is 1.21% as of 6/30/24. If the class had been offered prior to 11/15/13, the actual performance and expenses may have differed from the amounts shown. **Legacy Class:** Legacy class shares of the Fund are no longer available for purchase by new investors, except under certain limited circumstances which are described in the Statement of Additional Information. The annual gross expense ratio is 1.18% as of 6/30/24. The annual net expense ratio is 1.18% as of 6/30/24.

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## Principal Investment Risks

There are risks involved with any investment. The principal risks associated with an investment in the Fund, which could adversely affect its net asset value, yield and return, are set forth below. Please see the section "Further Information About Principal Risks" in the Prospectus for a more detailed discussion of these risks and other factors you should carefully consider before deciding to invest in the Fund. *An investment in the Fund may lose money and is not a deposit of a bank or insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.* **Investment Strategy Risk:** The Investment Adviser uses the Fund's principal investment strategies and other investment strategies to seek to achieve the Fund's investment objective of long-term growth of capital. There is no assurance that the Investment Adviser's investment strategies or securities selection method will achieve that investment objective. **Equity Securities Risk:** Equity securities fluctuate in price and value in response to many factors including historical and prospective earnings of the issuer and its financial condition, the value of its assets, general economic conditions, interest rates, investors' perceptions and market liquidity. **Market Risk:** The value of the Fund's investments will fluctuate in response to the activities of individual companies and general stock market and economic conditions. As a result, the value of your investment in the Fund may be more or less than your purchase price. **Growth Securities Risk:** Because growth securities typically trade at a higher multiple of earnings than other types of securities, the market values of growth securities may be more sensitive to changes in current or expected earnings than the market values of other types of securities. In addition, growth securities, at times, may not perform as well as value securities or the stock market in general, and may be out of favor with investors for varying periods of time. **Small Company Risk:** Generally, the smaller the capitalization of a company, the greater the risk associated with an investment in the company. The stock prices of small capitalization and newer companies tend to fluctuate more than those of larger capitalized and/or more established companies and generally have a smaller market for their shares than do large capitalization companies. **Foreign Securities Risk:** Investments in foreign securities may be subject to more risks than those associated with U.S. investments, including currency fluctuations, political and economic instability and differences in accounting, auditing and financial reporting standards. Foreign securities may be less liquid than domestic securities so that the Fund may, at times, be unable to sell foreign securities at desirable times or prices. In addition, emerging market securities involve greater risk and more volatility than those of companies in more developed markets. Significant levels of foreign taxes are also a risk related to foreign investments. **Glossary: Beta:** A statistical measure of the Fund's volatility relative to the broader peer group is measured against the benchmark Index, which is deemed to equal 1.00. **Free cash flow:** A measure of a company's financial performance, calculated as operating cash flow minus capital expenditures. **Basis Point:** A common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

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The statements and opinions expressed in this commentary are as of the date of the commentary. All information is historical and not indicative of future results and is subject to change.

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