

iMGP Small Company Fund Fourth Quarter 2025 Commentary

The [iMGP Small Company Fund](#) gained 1.33% in the fourth quarter of 2025, lagging the Russell 2000 Index's 3.26% return. For the full year, the fund was flat with a 0.01% return. The Russell 2000 Index gained 12.81% in 2025.

Institutional class performance as of 12/31/2025	Three-month	Year-to-date	One Year	Average annual total Returns		
				Three Year	Five Year	Since inception
iMGP Small Company Fund (7/31/2020)	1.33%	0.01%	0.01%	12.55%	8.12%	12.34%
Russell 2000 Index	2.19%	12.81%	12.81%	13.73%	6.09%	11.49%
Morningstar Small Blend Category	1.48%	7.74%	7.74%	11.42%	7.42%	11.91%

*Gross expense ratio: 1.30% *Net expense ratio: 1.17%

Since Inception Date: 7/31/2020

Performance quoted represents past performance and does not guarantee future results. The 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 the funds may be lower or higher than the performance quoted. Short term performance is not a good indication of the fund's future performance and should not be the sole basis for investing in the fund. To obtain standardized performance of the funds, and performance as of the most recently completed calendar month, please visit www.imgpfunds.com. Returns less than one year are not annualized. The Advisor has contractually agreed to limit the expenses of the fund through April 30, 2026. Without this limit the fund's net expenses would be higher the return would be lower.

For standardized performance click here: <https://imgpfunds.com/small-company-fund/>

Gross expense ratio 1.30%

Net expense ratio 1.17%

The Advisor has contractually agreed to limit the expenses through 4/30/2026.

Quarterly Portfolio Commentary

Manager Commentaries

DF Dent and Company

US equity markets ended 2025 higher, with the Russell 2000 Growth Index returning 13.0%, its third year of double-digit returns. Entering the year, investors were enthusiastic about the potential for interest rate cuts, a business-friendly policy environment, and the potential for artificial intelligence (AI) to boost productivity and earnings. However, the first quarter turned choppy when in January, Chinese company DeepSeek showed similar AI technology performance to US competitors with much lower costs, sending AI stocks lower. Emerging apprehension over how the new administration's policies would affect growth came to a head in April when President Trump shocked the markets with expansive tariffs for many countries. The S&P 500 dropped 9% in one week and longer-dated government bond yields spiked as fears emerged around rising inflation and negative impacts on corporate profits and consumer and business sentiment. Despite the uncertainty, markets staged an impressive 2Q comeback led by high beta and momentum-oriented stocks. AI-related stocks recovered and were the dominant theme again in late 2025, propelling markets higher. The largest growth stocks continued to lead the way, with the Russell 1000 Growth gaining 18.5% for the year, ahead of the returns for small and midcap growth stocks. The small cap Russell 2000 Growth Index rose 13.0% and the Russell Midcap Growth Index rose 8.6%. The delta between growth and value stocks was less pronounced versus 2024.

The vast majority of underperformance for the year occurred in the third quarter. Style-based factors were the most significant detractors to performance. Our underexposure to momentum and high-beta stocks were the largest headwinds. We have often said we do not expect the portfolio to keep up with the benchmark at the extremes of positive market sentiment, which we would characterize as "go-go growth" markets or "junk rallies." The third quarter had elements of both as bond yields fell and high-growth industries such as those driven by AI investment continued to gain momentum, which boosted investors' appetite for risk and propensity to speculate. Retail investor flows carried significant weight, especially in the small cap benchmark. Benchmark returns were concentrated in a relatively small number of issues. The top contributing 50 companies in the benchmark in the third quarter returned an average of 68% and had a cumulative last-twelve-month (LTM) operating margin of 4%. Unprofitable companies broadly outperformed in the quarter while stocks in the highest quintile of free cash flow.



In the fourth quarter, the market backdrop normalized in many respects. While AI continues to be a significant driver, industries illustrative of some of the most speculative tendencies in the market—such as quantum computing or crypto mining—retreated. The most significant factor in the portfolio's underperformance in fourth quarter was the strong performance by biotech companies, which rallied over 25%, driven by a series of high-profile biotech acquisitions by large pharma buyers. We generally avoid biotech stocks due to their highly binary nature, though we do participate in the industry through investments in “arms dealers” that sell products and services to biotech customers.

As we reflect on 2025, we are taking some lessons into 2026 in an effort to continue to refine our process and improve our performance. Portfolio positioning through sector and industry exposure in 2025 contributed to underperformance. We are scrutinizing those exposures more carefully going forward. We also held onto some poor performers for too long. In situations where our confidence has eroded, we plan to exit more quickly. With that said, we remain steadfast in our commitment to investing in high-quality growth companies with talented and ethical management teams, as we strongly believe it is the path to superior long-term risk-adjusted returns. Over time, the quality of the business, its potential for growth, and the choices made by management will continue to be the factors which most directly influence long-term value creation for shareholders. We believe our process remains well-suited to identifying compelling opportunities and discerning between good and bad businesses and their managers. Last, but not least, we will not abandon our valuation discipline. One of the few ways to destroy an investment in an excellent company run by a great management team is to overpay for it. Regardless of which investment style is “working” in the short term, we will keep a long-term view and will not invest in a stock unless we can justify its valuation.

Segall Bryant & Hamill

During the quarter, we continued to see the carryover of volatility particularly at the individual name level in what has remained an ongoing pattern over the last year or two. We did get some certainty as the Federal Reserve Board (Fed) continued to lower interest rates as inflation generally stabilized under the moving target of tariff rates and a slightly softening labor market. We also saw a trade agreement with China in some form, which lifted some uncertainty around the supply of rare earth magnets and semi-conductor chip exports that was needed relief by the market. We are still seeing pockets of excessive speculation occurring within the small-capitalization equity space, which mainly showed up in the Health Care space this quarter with pharma and biotech meaningfully outperforming the Health Care sector but also the overall benchmark, which impacted relative performance. While artificial intelligence (AI) has remained a desired area, we saw some broadening with Materials doing extremely well mainly due to the continued appreciation of metals from silver, gold, and copper to name a few. Regardless of these dynamics, we saw positive stock selection in the fourth quarter. As we look ahead to 2026, we are reminded that geopolitical risk can emerge at any time. However, there are number of positives emerging into 2026 that should benefit small-cap stock performance. We have a consumer boost from the OBBB tax breaks, while also having a new Fed Chair that will most certainly look to more aggressively lower interest rates. The term “Run it hot” might come into vogue in 2026, which has usually led to small-cap outperformance when tied to fiscal stimulus. This will remain an ongoing theme as we move into 2026. As always, inflation readings will be the key determinant in how fast the Fed can move but the push is there and is not likely to go away in the near term.

For the fourth quarter overall, we saw positive stock selection in the Strategy, approximately 80 basis points (bps). However, when looking at allocation, it was negative by over 100 bps due in part to the Health Care sector. On the positive side, Information Technology was the largest contributor to selection effect and, as you might recall, we were investing in new ideas over the course of 2025. As we move into 2026, we have trimmed some of our strongest winners from 2025 and have been fortunate to find replacements, which we view as having favorable reward-to-risk profiles, and fitting our process and philosophy. As always, our focus is on management teams that have significant opportunities to drive an inflection in return on invested capital (ROIC), regardless of the operating environment, by employing self-help strategies such as 80/20, LEAN, continuous improvement, and simplification.

Edited Commentary from the Respective Managers on Selected Contributors

It is worth remembering the fund's overall positioning is driven by the managers' stock picking. As a result, stock selection is always the main driver behind the fund's absolute and relative performance. Attribution analysis over a given time period may however show other factors also explain relative performance.

Stock selection and sector allocation detracted value during the fourth quarter. Sector allocation had a larger negative impact on returns. An overweight to technology stocks and underweight to health care stocks were the meaningful drag on relative returns. Stock selection in the health care sector had a negative impact on returns.

Antimony Corporation (Shaun Nicholson and Mark Dickherber, SBH)

Antimony Corporation (UAMY) was a top contributor. UAMY has taken advantage of the export restrictions of antimony for military use out of China by winning a \$245 million five-year sole source contract to rebuild the U.S. antimony supply. Given the volatility in the name and the speed at which it appreciated, along with further announcements of new antimony processing investments by other players, we exited the name.

Perimeter Solutions (Brady Cox and Gary Wu, DF Dent)

Perimeter Solutions Inc (PRM) is the sole supplier of aeri ally deployed fire-retardant chemicals used to prevent or slow the spread of wildfire. The stock outperformed in 4Q as the market continues to gain confidence in the business which, in our view, was grossly undervalued at the start of the year. When we initially invested in PRM in 2022, two of our most significant critiques of the business were that 1) its monopoly status was being challenged by a new entrant and 2) the business was inherently volatile due to the unpredictability of wildfire activity. In 2025, PRM's would-be competitor shuttered its business and PRM signed a new five-year agreement with the U.S. Department of Agriculture, locking in its position for the next several years. In addition, PRM's 3Q results reported in October demonstrated significant progress in reducing the volatility of the business. PRM grew its fire retardant revenue

despite acres burned in the U.S. declining by -60% year-over-year. That better-than-expected result was a function of the government's more aggressive attack posture to suppress fires (especially in light of high-profile events such as the Palisades fire) as well as PRM's efforts to improve the mix of recurring services revenue in its contracts. The competitive clarity and improved revenue mix should improve the multiple investors are willing to place on PRM's earnings, which are growing considerably. Lastly, we were encouraged to see the company deploy capital to acquire a substantial new business platform which, given our trust in management and their track record with the legacy PRM businesses, we expect will generate strong returns for shareholders. PRM remains the largest position in the portfolio.

RBC Bearings (Brady Cox and Gary Wu, DF Dent)

RBC Bearings, Inc. (RBC) manufactures engineered precision bearings and related products for customers in the aerospace, defense, and industrial markets. It is a market leader with a strong reputation for technical capabilities, product quality, and on-time delivery. RBC outperformed in 4Q as its quarterly results beat consensus estimates on both revenue and EPS. Its Aerospace and Defense business (A&D, 44% of total revenue) was particularly strong, essentially "firing on all cylinders." Management expects strong growth in its A&D backlog and is in the process of adding capacity to meet demand. Growth in its Industrial business (56% of total revenue) remains sluggish, but management has significantly improved the profit margins of this business and is now in the process of implementing growth initiatives. We continue to like RBC's leadership team, well-established strategic playbook, as well as its opportunities for growth and capital deployment.

Amkor Technology (Shaun Nicholson and Mark Dickherber, SBH)

Amkor Technology Inc. (AMKR) was the top performer. AMKR saw a re-rating that centered around AI/Advanced Packaging excitement, which is being driven by significant demand for AI compute. This was bolstered in November when NVIDIA Corp. (NVDA) cited AMKR as an Advanced Packaging partner as part of a broader investment cycle we are seeing to reshore and expand chip production capacity in the U.S.

Edited Commentary from the Respective Managers on Selected Detractors

Advance Auto Parts (Shaun Nicholson and Mark Dickherber, SBH)

At the individual name level, the largest detractor during the quarter was Consumer Discretionary holding Advance Auto Parts Inc. (AAP). AAP is undertaking a significant turnaround under new leadership. Although we are seeing ROIC enhancing decisions and actions, earnings have yet to inflect. As we have discussed in the past, the current market continues to view only real-time results as those that deserve credit. AAP remains one of our highest convictions long-term ROIC opportunity holdings, but the timing of a larger inflection has been slightly pushed out by inflation dynamics and consumer behavior.

Manhattan Associates (Brady Cox and Gary Wu, DF Dent)

Manhattan Associates, Inc. (MANH) is a leading provider of warehouse management systems and related supply chain software. The stock underperformed in 4Q, in part driven by 3Q results that included weaker-than-expected bookings, interrupting any momentum that was rebuilding. Some weakness in the retail sector and still-poor market sentiment in software did not help the stock, either. As for MANH's results, bookings are inherently volatile and the yet-to-be-reported 4Q results should be more important seasonally. Following last year's disappointment and CEO transition, it appears to us the market is still looking for consistency to regain confidence in the stock. We continue to have conviction in MANH's competitive position and the growth opportunity ahead of it. We are also growing increasingly positive on new CEO Eric Clark's potential to improve growth, which we believe could become more evident in the coming quarters, especially as a significant customer renewal cycle builds into late 2026 and 2027.

AppFolio (Brady Cox and Gary Wu, DF Dent)

AppFolio, Inc. (APPF) is a cloud-based software, data, and services provider to the real estate industry with a focus on small to medium-sized property managers. Results in the quarter were negatively impacted by a bonus accrual impact that caused margins to contract in 2025. This was a surprise. Our understanding is that this bonus accrual was partly driven by new units added. Long-term, this is a good problem to have. Every new customer APPF adds should have an extremely high lifetime value. We attended APPF's Investor Day intra quarter and came away more confident in APPF's ability to add solutions that further build that lifetime value. We view APPF management as disciplined operators and would argue that appropriately compensating employees for new business is important. We suspect that the stock was also negatively impacted by concerns around AI. APPF has a direct AI native competitor for certain modules – EliseAI. APPF is introducing comparable solutions in 2026. We're positive on AI for APPF long-term as APPF controls their own destiny as a system of record, serves SMBs, already has unit-based pricing rather than seat-based pricing, and has generally executed well on product, including AI.

Top 10 Holdings

Perimeter Solutions Inc	4.5%
Valmont Industries Inc	2.9%
RBC Bearings Inc	2.7%
Repligen Corp	2.5%
Onto Innovation Inc	2.4%
Ingevity Corp	2.4%
Hayward Holdings Inc	2.2%
Novanta Inc	2.2%
Medpace Holdings Inc	2.2%
Hamilton Lane Inc Class A	2.1%
Total	26.2%

Stay Informed

iMGP Funds emails provide investors a way to stay in touch with us and receive information regarding the funds and investment principles in general. Topics may include updates on the funds and managers, further insights into our investment team's processes, and commentary on various aspects of investing.

First Name *

i.e. John

Last Name *

i.e. Doe

Company

i.e. Google Inc.

Email *

i.e. Johndoe@gmail.com

I am an existing shareholder.

I am an investment professional. *

Yes No

CAPTCHA

I'm not a robot
reCAPTCHA is changing its terms of service. [Take action.](#) reCAPTCHA
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SUBMIT

DISCLOSURE

The funds' investment objectives, risks, charges, and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and it may be obtained by calling 1-800-960-0188, or visiting imgpfunds.com. Read it carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Past performance does not guarantee future results.

Investing in small companies subjects investors to additional risks, including security price volatility and less liquidity than investing in larger companies. Though not an international fund, the fund may invest in foreign securities. Investing in foreign securities exposes investors to economic, political and market risks and fluctuations in foreign currencies. These risks are greater for investments in emerging markets.

A **basis point (bps)** is a value equalling one one-hundredth of a percent (1/100 of 1%)

Return on Invested Capital (ROIC) is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. Return on invested capital gives a sense of how well a company is using its money to generate returns.

The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Each Morningstar Category Average represents a universe of Funds with similar investment objectives.

Index performance is not illustrative of fund performance. An investment cannot be made directly in an index.

iM Global Partner Fund Management, LLC has ultimate responsibility for the performance of the IMGP due to its responsibility to oversee the funds' investment managers and recommend their hiring, termination, and replacement.

The iMGP Funds are Distributed by ALPS Distributors, Inc. LGM001444 exp. 12/31/28

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Funds

iMGP APA Enhanced Income Municipal Fund

iMGP Global Select Fund

iMGP Low Duration Income Fund

iMGP Dolan McEniry Corporate Bond Fund

iMGP International Fund

iMGP Small Company Fund

ETFs

iMGP Berkshire Dividend Growth ETF

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