



OPTIMIST FUND

To the Partners of Optimist Fund,

When we launched Optimist in 2022, our objective was explicit. Deliver exceptional long term investment performance. We articulate this as **compounding capital at mid teens or better over decades**. That goal remains unchanged and it is what we wake up every morning working toward.

Optimist has been operating for just under four years. While we have not yet completed our first five-year vintage, an important point given that we invest with a five-year lens, we are tracking in a direction I am pleased with.

% Returns	Optimist Fund*	Benchmark**
2025	32.2%	8.9%
Q4 2025	-8.5%	-2.0%
Q3 2025	9.1%	7.9%
Q2 2025	39.2%	11.3%
Q1 2025	-4.9%	-7.5%
2024	66.5%	34.1%
2023	82.9%	27.4%
2022***	-51.4%	-11.8%
Compound Returns as of December 31st, 2025		
1 Year	32.2%	8.9%
2 Year	48.4%	20.8%
3 Year	59.1%	23.0%
Since Inception	19.1%	13.8%

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

In Q4, Optimist declined 8.5 percent. While short-term drawdowns are never enjoyable, we remain highly encouraged by the fundamental performance of the businesses we own and have strong conviction in our prospective returns over the next five years.

Before walking through Q4 attribution and our positioning for 2026, I want to address an important higher-level question that I know sits in the minds of some investors.

1. Why have we been able to deliver market leading performance over the past four years?
2. Why do we believe that performance is repeatable over the next five and beyond?

Why We've Outperformed

We're Focused

At the core of our results is a very specific focus. Identifying businesses where deep, targeted research can uncover a meaningful gap between market expectations and long-term reality. We refer to this as developing *unique insights*.

If the market believes a company will generate five billion dollars of profit in five years and values it accordingly, but our research suggests it is far more likely to earn ten billion dollars over that same period, the outcome, if we are right, tends to be strong investment returns.

The obvious follow up question is how we consistently identify what the market is missing.

We do this by focusing on specific types of companies which can be overlooked or misunderstood for specific reasons we have come to understand.

We refer to these opportunities as **Compounders in Disguise** and **Inflecting Compounders**, which we discussed in depth at our [Investor Day](#) and in our [Q2 2025 Investor Letter](#). By deliberately focusing on these specific types of businesses, where we have developed deep domain expertise, we increase the likelihood of uncovering differentiated insight and, in turn, opportunities to materially outperform over the long term. This discipline, knowing where we can have an edge and ignoring the rest, is a core reason we believe our results have been strong and, more importantly, repeatable.

We Play the Long Game

From day one, we have been explicit that Optimist is run to maximize five-year investment outcomes, not quarterly results. As a result, stock price volatility is not something we fear. In fact, it is often an amplifier of long-term performance.

The bear markets of 2022 and 2025 allowed us to rebalance aggressively into businesses whose long-term fundamentals remained intact, but whose share prices were indiscriminately punished.

Being comfortable with short term volatility is a requirement to successfully execute our investment approach and to continue delivering the type of returns we have in the past.

Over the last four years, executing against this approach led us to add meaningfully to positions such as Carvana, Wayfair, ThredUp, DoorDash, and Uber during periods of extreme share price weakness. Those decisions have been very profitable. It has also led us to add to positions such as HelloFresh and Peloton, which were not good investments.

This brings me to an important final point as to why we have been able to generate strong long-term results.

We Acknowledge and Accept That We Will Not Get Everything Right

And importantly, we do not need to. The capital generated from our collection of correct investment decisions more than offsets inevitable losses from our mistakes, leaving us with attractive long-term investment returns.

Why We Believe Outperformance Is Repeatable

Many investors deliver strong early results by being a big fish in a small pond, only to lose their edge as assets grow and their opportunity set shrinks. Though our assets under management have increased over ten-fold over the last three years, our strategy can scale to at least 20x our current AUM.

The average market capitalization of our holdings has always exceeded five billion dollars and today sits above thirty billion dollars USD. Our edge does not depend on exploiting microcap or small cap inefficiencies. It comes from differentiated fundamental insight in global category leading businesses whose market capitalizations are most often measured in the many billions.

Furthermore, our results have not been driven by riding thematic cycles, whether commodities, AI, or broader technology waves. Our outperformance has come from idiosyncratic, company specific insights that are largely independent of macro or sector rotations.

Optimist launched in 2022, one of the most challenging periods for equity investors, particularly for those focused on higher-growth companies. Under significant pressure, many managers capitulated and exited businesses such as Carvana, DoorDash, Uber, Netflix, and Meta after share prices declined more than fifty percent at their lows. Instead, they rotated into companies perceived as safer simply because their share prices had fallen less. That decision proved costly, as many of those same businesses have meaningfully outperformed since the end of 2022.

As a result, those managers underperformed on the way down and again on the way up.

Our results were not the product of fortunate timing. **They were the result of remaining disciplined to our investment philosophy when doing so was most difficult.**

Stepping back, it should be clear that our edge is not accidental or dependent on a fleeting market condition. We know what we are good at. We are good at identifying misunderstood compounders, developing differentiated insight through deep research, and acting decisively when volatility creates opportunity. That skill set is not transitory. It is rooted in process, temperament, and focus.

Sustained long-term outperformance will never simply happen on its own. It requires continued intellectual honesty, relentless work, and a willingness to be uncomfortable and unpopular when the data supports it. We are well equipped for that challenge. More importantly, we are energized by it.

Looking Ahead

We believe the next five years will be better than the last four.

Not because of a top-down positive macro economic view but because current valuations, in our view, materially underappreciate the earnings and cash flow our core holdings will generate five years from now.

That gap is measurable. Consensus expectations remain anchored to prior periods, while the underlying businesses have materially improved. Cost structures are leaner,

balance sheets are stronger, unit economics are clearer and sales and earnings growth are accelerating.

We are seeing this in real-time.

Optimist Fund's best days are ahead.

Q4 Review

Top Q4 Contributors	Contribution	Top Q4 Detractors	Contribution
Wayfair	1.5%	ThredUp	-7.1%
Carvana	1.5%	Monday.com	-1.4%
		Latham	-1.0%
Top Contributor Total	3.0%	Top Detractor Total	-9.5%

Top Contributors

Wayfair – Last quarter, we highlighted that Wayfair's Q2 results were the strongest we had seen in several years and supported our thesis that the business was positioned for a meaningful rebound as the home furnishings market recovered. Q3 built on that momentum. Revenue grew 9% year over year, accelerating from 6% in Q2, while adjusted EBITDA increased more than 70% year over year. These results provide further evidence that Wayfair's future profit growth remains substantial and is materially underappreciated by the market. Wayfair continues to be a top five holding.

Carvana – Carvana's strong financial trajectory continues reporting record third-quarter results, with 155,941 retail cars sold (+~44% YoY) and total revenue of ~\$5.65 billion (+~55% YoY), both all-time quarterly highs. The company generated adjusted EBITDA of ~\$637 million +~50%, with an adjusted EBITDA margin of ~11.3%, well above typical industry profitability levels. Carvana remains a top 5 holding.

Top Detractors

ThredUp – ThredUp delivered an excellent third quarter, with revenue up approximately 34% year over year, one of the fastest growth rates in its recent history. Adjusted EBITDA improved to \$3.8 million, or a 4.6% margin, from roughly breakeven last year, while active buyers increased about 26%, driven by strong new buyer acquisition. Management also raised full year revenue guidance, signaling confidence in the outlook.

Notably, management highlighted that new buyer growth accelerated to 81% year over year in October, up from 54% in Q3, following a rebrand and the launch of a new product recommendation feed in late September.

While fundamentals continue to strengthen, the stock has declined over the past five months. These dislocations between price and fundamentals are common in the types of businesses we invest in and have led us to add to the position. ThredUp remains our largest holding.

Monday.com – In November, Monday.com reported a mixed quarter, with revenue and free cash flow growing approximately 26% and 10% year over year, respectively. Enterprise performance continued to accelerate, while growth in small and mid sized customers further decelerated.

We held the position through year end and into 2026, believing management could execute against the objectives they had outlined, supported by a strong historical track record. However, following the company's fourth quarter earnings release earlier this week, we have fully exited the position. The reported results were not aligned with our forecasts, and more importantly, management was unable to clearly articulate what is occurring within the business.

When we lose confidence in the accuracy or clarity of management's communication, we exit. That is what we have done here.

Latham Group – Latham delivered a solid third quarter, with net sales of approximately \$162 million, up ~7.6% year-over-year, outperforming a generally flat U.S. in-ground pool market and reflecting continued traction across key product lines, including pool covers, liners, and fiberglass pools. Adjusted EBITDA itself grew roughly 28.5% to about \$38.3 million. Latham also narrowed and modestly raised its full-year guidance, signaling confidence in its outlook despite broader industry headwinds, with net sales now expected in the ~\$540–\$550 million range and adjusted EBITDA of ~\$92–\$98 million. Overall, the quarter demonstrated a business that continues to grow revenue, expand profitability, and execute on strategic priorities even in challenging end-market conditions. We are pleased with results.

On the negative side, Latham's CEO, Scott Rajeski, announced his retirement. The incoming CEO appears credible, coming from James Hardie, a much larger organization, but we have not yet had the opportunity to engage with him and plan to do so following year-end results. Given the unexpected leadership change, we

reduced the position from 6% to 3% of the fund. This was not driven by a change in our view of the business, but by our emphasis on management quality and familiarity. Until we build conviction in the new leadership, our overall conviction is lower.

Aggregate Portfolio Composition

Here are the top 10 holdings in our fund, comprising approximately 85% of the portfolio as of December 31st, 2025.

ThredUp	Uber
Carvana	Monday.com
Wayfair	Latham Group
First Advantage	DiscoverIE
DoorDash	Root

Other Notable Changes

During the quarter, we exited our position in Fiverr, which had previously been among our top ten holdings. We also initiated new positions in Root, a disruptive insurance company, and Affirm, the leading buy now pay later provider in the United States. In addition, we increased our investment in DiscoverIE, elevating it to a top ten holding.

Our investment in Fiverr was based on the belief that the company could reaccelerate organic revenue growth back into the mid-teens, which we believed would drive a meaningful re-rating of the shares. Under that scenario, our five-year valuation target was well over \$100 per share, compared to a share price of roughly \$20 as of December 31st.

In Q4, we made the decision that we would rather own Fiverr at a higher price with greater conviction that their growth will reaccelerate than own it today at a lower price with less conviction. Put differently, we would be comfortable purchasing the shares at \$30 if we had stronger evidence that revenue growth is sustainably accelerating and that our longer-term ~\$100+ valuation target is increasingly likely to be realized.

This decision reflects our discipline around conviction and opportunity cost. While we do not own Fiverr today, it remains on our watchlist, and we would not hesitate to re-establish a position should the potential accelerating operating trends, begin to materialize.

DiscoverIE: A High-Quality Industrial Compounder at an Inflection Point

DiscoverIE Group plc is a leading designer and manufacturer of highly differentiated electronic components for mission critical industrial applications. The company specializes in bespoke, application specific products, including magnetics, sensors, power electronics, and connectivity solutions, that are designed into customer systems and typically remain in place for the life of the product. Examples include custom temperature sensors used in specialized medical devices and X ray sensors embedded in airport security scanners. These niche, high value components are small in cost but critical to system performance and reliability.

The strategy is simple and disciplined: operate in structurally growing end markets, focus on low-volume, high-complexity components that are difficult to switch, and compound growth through organic design wins and bolt-on acquisitions. This model has enabled 20%+ EPS and free cash flow per share growth over the past 10 years.

While challenging end markets led to negative organic growth in both fiscal 2024/fiscal 2025 and compressed the valuation from over 25x earnings to ~15x today, we believe the business is entering the early stages of a cyclical recovery. In our view, this supports the potential for ~20% EPS growth over the next five years alongside meaningful multiple expansion.

With aligned management, disciplined capital allocation, and a focused growth strategy, DiscoverIE fits squarely within the type of under-appreciated industrial technology compounder we seek to own.

Closing Remarks

I hope after reading this letter, you feel you have a better understanding of what we are doing at Optimist and why we remain so excited about the opportunity ahead.

Thank you to everyone who joined us at our 2025 Year in Review Webinar a few weeks ago. If you missed it, [click here](#) to watch the replay.

We deeply appreciate your continued trust and partnership. 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.

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