



The Brown Capital Management International All Company Fund

Management Discussion of Fund Performance
Third Quarter 2025



International All Company Fund – Investor and Institutional Share Classes

In the middle of the 2010s, professional basketball went through a revolution, in which the three-point shot went from an afterthought to the go-to option for offenses. Analysts such as ESPN's Kirk Goldsberry used NBA shot-chart data to show that while two-point shots succeed about 40% of the time, three-point shots land at around 36%. Since a successful three-point shot is worth 50% more than a two-pointer, the math clearly favors taking more (good) threes. Even with the slightly lower success rate, those long shots produce greater expected value.

We believe basketball's three-point revolution offers an effective analogy for the performance of the International All Company strategy in 2025. We think a large, broadly diversified portfolio that mirrors benchmark sector and industry weights resembles basketball's traditional two-point game. By contrast, our concentrated approach is more like a three-point offense—an approach focused on investing in scalable, innovative firms that we call Exceptional Growth Companies (EGCs). We believe EGCs offer mission-critical products and services, saving their customers time, lives, money and headaches, or providing exceptional value to consumers. EGCs are defined not only by their growth potential but also by specific attributes, including deep and sustainable competitive advantages that make them essential within their markets.

We know that these companies will not deliver perfectly every quarter, but we believe they offer superior potential for capital appreciation over the long run. For the third quarter of 2025, the International All Company Fund-Investor shares lost 4.46%, lagging the 2.84% total return for the MSCI World ex-US Growth-Net Index. Year to date, the Fund has returned 6.67%, significantly underperforming the benchmark's impressive return of 19.32%. While the Fund's nearly 7% absolute return over nine months reflects a healthy outcome in most environments, we are still well behind the index. The underperformance reflects a mix of company-specific challenges and missing out on some of the best-performing industries. During the third quarter, global markets rewarded two-point shots in broad beta, cyclicals and macro rate trades with a sharp run on cyclical strength (e.g., metals & mining, and electrical equipment makers) and rate cut optimism (11 of the 25 largest economies lowered rates during the quarter). As global valuations are rich and earnings leadership is narrow (i.e., AI hyperscalers), we believe that owning EGCs is the better three-point shot and long-term investment.

Software softness

Approximately 20% to 25% of the portfolio is allocated to software, which was the primary driver of underperformance in the quarter. Software companies in the benchmark declined 12.81%, as investors questioned whether advances in artificial intelligence (AI) might weaken the long-term prospects of standalone software providers. While the International All Company Fund's software holdings also declined, they outperformed benchmark software peers by 710 basis points on a weighted basis. We believe this outperformance reflects the market's recognition of the resilience and differentiation within the companies we own.

The companies we invest in tend to be mission-critical, deeply embedded in client workflows, and supported by recurring revenue streams and high switching costs. They often operate in vertical or industrial domains where generic AI is far less applicable, and most have iterated their roadmaps to develop purpose-built AI. We believe that software firms that resist AI risk falling behind—but those that embrace it thoughtfully can use AI to enhance

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products, streamline operations, and deliver greater customer value. We see this thesis at play in many of our holdings. Our CIO Damien Davis explored this in an article published this quarter titled “[How Our Portfolio Companies Are Using AI to Grow](#)”, documenting real cases where our holdings are integrating AI in meaningful ways.

Deep dive: Dassault Systèmes

An example that we believe illustrates our investment approach is **Dassault Systèmes**, a member of the out-of-favor software industry. In June, we had two productive days of discussions with the company—in meetings and over dinner at Dassault’s Capital Markets Day in Vélizy-Villacoublay, France—and those conversations reinforced our confidence in its durability. The company builds mission-critical software used in industrial design, engineering and manufacturing—tools that customers typically expect to use for many years. Its products are deeply embedded in workflows. Millions of designers and engineers build their skills and networks around Dassault’s software, and projects in sectors like aerospace, automotive and consumer products often depend on Dassault tools across the full product life cycle. These are not flashy apps but long-lasting platforms that are hard to replace.

Dassault’s partnership with Volkswagen Group underscores this long-term orientation. Earlier this year, Volkswagen selected Dassault’s 3DEXPERIENCE as its main engineering and manufacturing platform, aimed at standardizing engineering and speeding up vehicle development via virtual twin designs, cloud-powered simulation and other advanced tools. The deal is structured to support Volkswagen’s transition toward completely software-designed vehicles and reduce or eliminate the need for time-consuming physical prototypes.

In a market where many are asking “Which software companies will survive amid AI adoption?”, we believe Dassault stands out. Most general-purpose AI tools aren’t directly useful for its customers, who instead need very domain-specific AI: simulations, physical behavior models, regulatory compliance in 100-plus legal jurisdictions and design optimization. Dassault has been iterating its product roadmap accordingly, embedding AI into its product-design tools. It enjoys strong recurring revenue, high switching costs and a large installed base. In basketball terms, Dassault is one of our three-point shooters—it might not always make every shot when others are driving in layups (cyclicals, energy, etc.), but over time we believe its durability should compound value for shareholders.

Staying the course

We know that concentrated investing in EGCs can feel uncomfortable at times—especially when industries we do not own enjoy temporary rallies. However, just as basketball’s embrace of the three-pointer transformed the game and rewarded the teams that committed to it, we believe our focus on EGCs positions us for long-term success. Our philosophy is not about chasing the sectors and industries that are momentarily in favor, but about building a portfolio of companies positioned to compound capital over years and decades. This requires patience and tolerance, but we remain confident this strategy will reward those who stay the course.

Returns—Contributors and Detractors

Among the largest contributors to performance in the third quarter of 2025 were Shopify and CyberArk.

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Shopify, a Canada-based global leader in digital commerce solutions, provides turnkey services that enable merchants to seamlessly manage their online stores. Offering a comprehensive suite of features—including web design, inventory management, payment processing, analytics and reporting—Shopify simplifies business operations for merchants. By continuously innovating with user-friendly tools and unique offerings like the Shop Pay button, Shopify removes friction and empowers merchants to grow and thrive. Its all-in-one platform delivers extensive capabilities that create significant switching costs, as many merchants depend on its robust ecosystem to build and sustain their businesses.

Shopify delivered another impressive quarter, generating 31% year-over-year revenue growth and modest margin expansion. Gross Merchandise Value (GMV), or the total dollar value of orders processed through Shopify's platform grew 31% year-over-year to \$87.8 billion. Despite concerns about tariffs pressuring consumer spending, Shopify has seen its sales growth accelerate, notably second quarter sales growth was 400 bps higher than the first quarter. In fact, Shopify noted that it is seeing GMV and revenue growth rates accelerating in all regions, including North America, Europe and APAC. Notably, European GMV growth led the business, rising 42% year-over-year on a constant currency basis. Additionally, the company announced new business wins with iconic brands like Starbucks, Canada Goose, and Burton snowboards during the quarter. Riding continued digitization of commerce both online and in-store, Shopify is well positioned to continue delivering strong growth with its differentiated and leading-edge commerce solutions.

CyberArk, an Israeli company, is the leader in the quickly growing Privileged Access Management (PAM) market, which seeks to monitor, control and isolate access to “superuser” computer and network accounts. These superuser accounts are used for logging into a company’s most critical assets, such as database servers, firewalls, switches, etc. PAM is at the core of the broader identity-management space. While identity management often works to fend off “bad guys,” PAM works under the assumption that bad guys are already on a network and instead minimizes their ability to exploit a company’s key assets. PAM helps to reduce malware infections and the risk of downtime. According to Forrester, 80% of security breaches involve privileged credentials.

On July 30, CyberArk announced that its board of directors agreed to an acquisition offer by U.S.-based Palo Alto Networks (PANW), a global cybersecurity leader. The mixed offer for cash and stock had a value of \$25 billion at the time of the announcement and reflected a 26% premium to the unaffected 10-day average daily share price. Market leadership in PAM and the theme of vendor consolidation have been tailwinds for our CyberArk investment thesis. Palo Alto’s acquisition follows that theme. We have begun gradually reducing our position in CyberArk following this announcement.

Among the detractors to performance this quarter were Monday.com and MonotaRO.

Monday.com is an Israel-based leader in the workflow-management software space. It integrates systems of records (such as ERP or CRM software) with other tools (email/calendar/storage/communication), as well as structures and automates tasks. We think Monday.com saves clients time, money and headaches. It differentiates itself from the competition in flexibility and ease of use. First, Monday.com uses a rather unique schema-less (NoSQL) database architecture. With a schema-less database, one does not have to worry about designing and maintaining a more rigid relational-type database with structured rows and columns, like an Excel spreadsheet. One can change the data structure on the fly without having to migrate or alter existing data. Second, Monday.com has added more verticals to its offerings (such as CRM and HR) without compromising ease of use. This allows Monday.com to adopt a “land and expand” strategy, where the adoption often starts with one team

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(such as marketing/sales) within an organization and expands grassroots more broadly. The company currently serves more than 245,000 customers globally across various industries.

Monday.com reported strong results during the quarter. Most notably, sales grew 27% year over year and GAAP operating margin improved 500 basis points from the year-ago level. The company raised its sales outlook for the full year to 26%-plus sales growth, a figure that was slightly less than what some investors had hoped for. Two comments appeared to unnerve investors. First, the company noted that it is seeing some weakness in small and medium-sized business customers. Second, it warned that Google's push to have a more AI-centric search experience is spurring Monday.com to reconfigure its customer acquisition model. Software companies have been hounded by concerns about how they will adapt to a new age of AI and potentially fewer customers who will buy their software on a "per seat" basis. We recently engaged with management and attended the company's 2025 Investor Day in New York City. We remain encouraged by its differentiation and market position but we note that strong execution will be key in reaffirming the long-term investment case.

MonotaRO is a Japan-based e-commerce platform for Maintenance, Repair and Operations (MRO) products for small, medium and enterprise customers. MRO covers a wide range of products, from gloves to cutting tools to nuts and bolts. The MRO market in Japan is estimated at 10 trillion yen (approximately \$70 billion USD), with roughly 80% of orders still processed offline, including fax and face-to-face transactions. MonotaRO offers 716,000 SKUs with same-day shipment, out of a total catalog of about 22.9 million items. The breadth of the catalog helps meet clients' needs in long-tail items that may not be otherwise available offline. The company also saves time and money for its clients through efficient fulfillment and delivery, and transparent pricing across all channels and customers.

Although MonotaRO started the third quarter announcing strong financial results featuring 15% year-over-year sales growth and 23% operating profit growth, later disclosures in the quarter hinted at business weakness. Notably the company announced 13% year-over-year sales growth in August which implies a business slowdown from second quarter results. In our assessment, the most recent monthly sales report reflects difficult year-over-year comparisons as August 2024 sales included a demand spike related to an earthquake. Despite the share price decline we remain believers in the long-term investment thesis. MonotaRO is the leading supplier in the heavily fragmented Japanese MRO market with less than 2% market share. We remain impressed with the company's ability to annually increase its wallet-share with customers and we believe it has many more years of mid-teens revenue growth in the future.

Additions and Deletions

There were no additions to or deletions from the International All Company portfolio in the third quarter of 2025.

Firm Update

This quarter, we announced new benchmarks for our international strategies that better capture their growth orientation and geographic focus. The International All Company strategy moved from the MSCI ACWI ex-US index and MSCI EAFE index to the MSCI World ex-US Growth-Net index. The International Small Company strategy moved from the MSCI ACWI ex-US Small Cap index to the MSCI World ex-US Small Cap Growth-Net index. These changes are described in detail in the August article ["Changing Our International Benchmarks."](#)

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About two years ago, Brown Capital senior leadership began to think seriously about AI. Since then, we have invested heavily in AI, educating our colleagues, completing the necessary data infrastructure for AI and developing task-specific GenAI bots to assist our investment research, with more to come. We describe our AI vision and the specific steps we have taken in an article published this quarter called “[AI at Brown Capital: Present and Future](#)”. In September, we [hired Mark Antonio Awada, PhD](#) to be our Chief Innovation and Digital Strategy Officer, after hiring Data Engineer [Jay Pi, PhD](#) in March. Finally, we held an AI-focused webinar for clients in September featuring a keynote presentation by Dr. Tsedal Neeley, professor and head of the MBA program at Harvard Business School.

As you can see, our firm continues to innovate and invest in our business, despite the headwinds we have faced. We thank you for your continued support of Brown Capital.

BCM-25-174

BRN002280

Company Name	Percentage Held in Portfolio
CyberArk Software Ltd.	4.66%
Shopify Inc - Class A	4.59%
MonotaRO Co., Ltd.	2.73%
Dassault Systemes SA	1.85%
Monday.com LTD	1.57%

Top 10 holdings may be accessed on Brown Capital Management’s website.

This is not a recommendation to buy or sell a particular security. Holdings are subject to change.

The table below shows the performance of the Fund versus several market indices:

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As of 09/30/2025

	Annualized								
	Since Inception	20 Years	15 Years	10 Years	5 Years	3 Years	1 Year	YTD	3 Months
International All Company Fund Inst. Class	4.35%	4.42%	5.48%	5.39%	2.28%	15.30%	-0.17%	6.93%	-4.35%
International All Company Fund Inv. Class	4.23%	4.27%	5.28%	5.13%	2.02%	15.01%	-0.50%	6.67%	-4.46%
MSCI World Ex US Growth-NET Index **	6.33%	5.81%	6.73%	8.02%	6.96%	18.08%	9.41%	19.32%	2.84%
MSCI EAFE-NET Index	6.10%	5.54%	6.75%	8.17%	11.15%	21.70%	14.99%	25.14%	4.77%
Morningstar Category: US Fund Foreign Large Growth	N/A	N/A	N/A	8.00%	5.87%	18.34%	10.71%	18.87%	2.17%
Excess Return Over Benchmark	-1.98%	-1.39%	-1.25%	-2.63%	-4.68%	-2.78%	-9.58%	-12.39%	-7.19%

Source: CFS.

Excess Return Over Benchmark is the difference between the return of the Fund and the MSCI World Ex US Growth-NET Index.

**Inception date for the Institutional Share Class is 8/1/2014. Performance of the Institutional Share Class prior to 8/1/2014 is based on the performance of the Investor Share Class. Inception date for the Investor Share Class is 5/28/1999.*

***In August 2025, the benchmark was changed from the MSCI EAFE--GROSS Index to the MSCI World ex US Growth--NET Index. For more, see the article "[Changing Our International Benchmarks](#)."*

As identified in the current Fund prospectus, the gross operating expense ratio for Investor Class was 1.95% before waiver and 1.25% after. As identified in the current Fund prospectus, the gross operating expense ratio for Institutional Class was 1.69% before waiver and 1.00% after.

Brown Capital Management, LLC (the "Advisor") has entered into an Expense Limitation Agreement with the Fund under which it has agreed to reduce the amount of the investment advisory fees to be paid to the Advisor by the Fund and to assume other expenses of the Fund, if necessary, in an amount that limits the Fund's annual operating expenses through at least July 31, 2024. Please see prospectus for additional information.

The performance data quoted represent past performance. Returns are presented net of fees. Past performance is no guarantee of future results and 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 may be lower or higher than the performance data quoted. Performance current to the most recent month-end may be found at www.browncapital.com or by calling 1-877-892-4226. Please see disclosures.

The **MSCI World Ex-USA Growth--NET Index** is a market capitalization-weighted index captures large and mid-cap securities exhibiting overall growth style characteristics across 22 of 23 Developed Markets countries. The index's performance reflects the reinvestment of dividends after accounting for the typical withholding taxes applied to foreign investors. The **MSCI EAFE (Europe/ Australia/Asia/Far East) -NET Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding U.S. and Canada. **Morningstar US Fund Foreign Large Growth Category:** Portfolios focus on high-priced growth stocks, mainly outside of the United States. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex Japan). Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). These portfolios typically will have less than 20% of assets invested in U.S. stocks. The volatility (beta) of an account may be greater or less than it's respective benchmark. One may not invest directly into an index.

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Brown Capital Management, LLC ("BCM") is an investment advisor registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training. More information about BCM, including its investment strategies, fees and objectives, can be obtained by visiting www.browncapital.com. BCM's Form ADV contains information regarding our business practices and background of our key personnel. Form CRS contains key considerations for retail clients. A copy of BCM's Forms ADV Part 2 and Form CRS is available, without charge, upon request or by calling (800) 809-3863.

Brown Capital Management, LLC (the "Advisor") has entered into an Expense Limitation Agreement with the International All Company Fund under which it has agreed to reduce the amount of the investment advisory fees to be paid to the Advisor by the International All Company Fund and to assume other expenses of the International All Company Fund, if necessary, in an amount that limits the International All Company Fund's annual operating expenses (other than interest, taxes, brokerage commissions, acquired fund fees and expenses, other expenditures which are capitalized in accordance with generally accepted accounting principles, other extraordinary expenses not incurred in the ordinary course of the International All Company Fund's business, and amounts, if any, payable under a Rule 12b-1 distribution plan) to not more than 1.00% until July 31, 2024. The Expense Limitation Agreement may not be terminated by either party prior to that date. Subject to certain conditions such as Fund asset levels being at certain thresholds and operating expenses being less than the operating expenses limit for the International All Company Fund, the International All Company Fund may reimburse the Advisor for fees waived or limited and other expenses assumed by the Advisor pursuant to the Expense Limitation Agreement. Each waiver or reimbursement of an expense by the Advisor is subject to repayment by the International All Company Fund within three years following the month in which the expense was incurred, provided that the International All Company Fund is able to make the repayment without exceeding the lesser of the expense limitation in place at the time of the waiver and/or reimbursement or the current expense limitation arrangement.

Past performance does not guarantee future results. Returns are presented net of fees. All investments involve risk, including loss of principal and there is no guarantee that investment objectives will be met. All holdings information is provided for informational purposes only and should not be interpreted as a recommendation to buy or sell any of the securities/sectors represented. Sector exposure represents nontraditional classifications as determined by the Fund's managers. This same objective, non-performance based criteria is consistently used to select portfolio holdings. It should not be assumed that any of the securities transactions, holdings or sectors discussed herein were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. BCM reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. Diversification does not eliminate the risk of experiencing investment losses.

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An investor should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. The prospectus contains this and other information about the Fund. A copy of the prospectus is available at www.browncapital.com or by calling Shareholder Services at 1-877-892-4226. The prospectus should be read carefully before investing.

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Principal Risks of Investing in the Fund: As with all mutual funds, an investment in the Fund is subject to investment risks, including the possible loss of the principal amount invested. There can be no assurances that the Fund will be successful in meeting its objectives. Investment in the Fund is also subject to market risk, investment style risk, investment adviser risk, market sector risk, equity securities risk, portfolio turnover risk, small companies risk, and other risks as set forth in the Fund's prospectus. Funds that emphasize investments in smaller companies generally experience greater price volatility.

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