

Small Cap Growth Equity

Second Quarter 2026 · Investment Commentary

+20.11%	+19.95%	+25.71%	-576 bps
Portfolio Return (Gross) Q2 2026	Portfolio Return (Net) Q2 2026	Benchmark Return Russell 2000® Growth Index	Underperformance vs. benchmark (Net)

MARKET BACKDROP

The second quarter of 2026 marked a decisive turnaround for U.S. equities, with major indices posting their strongest quarter in six years and reaching new highs across market caps and styles alike. Strong fundamentals kept the market resilient despite ongoing inflation concerns, powered by relentless AI infrastructure spending and an earnings season that kept beating expectations. That resilience was reinforced by a broader global backdrop, as PMIs across developed and emerging markets broke out together to multi-year highs, signaling a recovery in economic momentum more genuine and widespread than the headline numbers suggest. Leadership broadened away from the Mag 7 at the index level, but underneath the surface the rally told a more complicated story of narrow leadership around AI winners, momentum outperformance and low quality. We saw an unprecedented second straight quarter of 30%+ single-sector dominance as Energy collapsed from Q1's top sector to Q2's worst as oil retreated, while Technology roared back to become the quarter's sole outperformer, driven by renewed AI optimism. Small caps resumed leadership, but that leadership was driven by unprofitable, heavily shorted, and speculative names — small cap breadth ran well below historical norms, and not owning the R2000's top performers was costly for active managers.

PERFORMANCE OVERVIEW

Westfield's Small Cap Growth Equity Composite (the "portfolio") returned 19.95% net, underperforming the Russell 2000® Growth Index return of 25.71%. 2Q was a challenging quarter for active managers, with the Russell 2000® Growth Index advance driven by a narrow group of high-beta, low-quality names.

2Q26 brought an extraordinarily concentrated rally led by AI winners in the Tech & Industrials sectors that disproportionately affected the small cap indices. As shown in the chart below, low quality factors drove the Russell 2000® Index during the quarter, while quality factors underperformed. Extremely shorted, Unprofitable, High Beta, Recently Public & Retail Darlings were top performing factors, 2Q was Beta's best relative quarter within the Russell 2000® in over a decade and loss-makers beat profitable companies by over 1200 bps¹. Volatility and Momentum were the top performing factors for the broader market, another proxy for the low-quality nature of the recent market performance. The portfolio's higher-quality, lower-volatility positioning was a headwind against a rally led by Beta and other low-quality factors.

¹Source: Furey Research Partners, FactSet. Data as of 6/30/26.

High Beta, Low Quality Factors Led, Quality Underperformed

Factors Relative Return: Russell 2000		
Top/Bottom 5	2Q26	YTD
Extremely Shorted	13.6	(4.7)
Unprofitable	5.6	(1.3)
Recently Public	5.3	0.4
Beta	4.5	4.0
Retail Darlings	4.5	(12.4)
Neg Shldr Yield	(1.7)	(1.9)
Defensive	(2.1)	(6.2)
Profitable	(2.3)	0.0
Dividend Growers	(8.8)	(3.0)
Unprofitable ex. Tech/HC	(10.2)	(15.1)

Source: Furey Research Partners, FactSet. Data as of 6/30/26.

SECTOR HIGHLIGHTS

From a sector perspective, relative weakness in Industrials, Financials and Information Technology outweighed strength in Consumer Discretionary. Additionally, elevated residual cash held amid heavy rebalance-driven turnover in several core holdings was a drag on relative results given the benchmark advance. The following discussion reflects relative performance from the representative account.

Industrials (-278 bps): Idiosyncratic weakness in a small number of project- and execution-related setbacks, along with reduced exposure to select aerospace and defense names around the Russell rebalance, outweighed continued strength in the portfolio's core AI infrastructure and data center power themes. Backlog growth and demand tied to electrification and power buildout remained supportive across the portfolio's secular holdings, and the team maintained high conviction in these underlying drivers despite the sector's idiosyncratic setbacks.

Financials (-169 bps): The portfolio's alternative asset manager holdings were repriced sharply, along with the broader financials sector, on investor concern around AI-related disintermediation and the potential extension of exchange-approved perpetual futures contracts. We view these pressures as disconnected from the underlying fundamentals and used the weakness to reposition within the group, consolidating exposure into names we believe are better positioned for a rebound.

Information Technology (-97 bps): Continued strength in AI-driven semiconductor and connectivity holdings, several of which were trimmed or exited as market capitalization growth pushed them beyond the strategy's opportunity set ahead of the June rebalance, was outweighed by softness in select application software holdings that remain pressured by concerns around AI-driven disruption.

Health Care (-54 bps): Gains from data-driven biotechnology catalysts and an underweight to health care equipment and facilities were offset by weakness in select vaccine and diagnostics holdings.

Consumer Discretionary (+130 bps): Relative outperformance was driven by idiosyncratic strength from holdings in health and wellness-oriented consumer names. Additionally, our underweight exposure to benchmark names tied to housing and casual dining also added to relative results over the period.

TOP CONTRIBUTORS

(MKSII-US) **MKS Inc.**, a supplier of process and materials equipment for semiconductor manufacturers, was the largest contributor to relative performance during the quarter. Shares advanced after the company reported revenue and earnings well above consensus and raised full-year guidance, benefiting from continued capital spending among its largest customers on AI-related chip capacity. We trimmed the position as valuations in the semiconductor equipment space became more extended, though fundamentals remain strong, in our opinion.

(CRDO-US) **Credo Technology Group Holding Ltd.**, a provider of high-speed connectivity solutions for AI and cloud data centers, was a top contributing name over the quarter. Shares continued to benefit from demand for active electrical cable products that reduce power consumption for hyperscale customers, along with a newly ramping second customer relationship. We exited the position during the quarter due to market cap appreciation, as the company grew beyond the strategy's typical small cap range.

(FIX-US) **Comfort Systems USA, Inc.**, a provider of mechanical and electrical installation and service for commercial and industrial buildings, was a notable contributor. The company reported results well above expectations, including a sharp increase in backlog tied to data center construction and other AI-related infrastructure demand. We exited the position during the quarter due to market cap appreciation and rotated the capital into more diversified, cap-appropriate AI infrastructure exposure.

(SMTC-US) **Semtech Corporation**, a maker of connectivity chips for Internet of Things and cloud infrastructure applications, was a top contributing name. Shares rose after the company reported results and guidance above expectations, supported by continued demand within its data center infrastructure business. We exited the position during the quarter due to market cap appreciation as part of a broader rebalancing of the portfolio's connectivity exposure.

(LGN-US) **Legence Corp.**, a provider of energy-efficient building engineering and maintenance services, was a notable contributor. The company reported a significant earnings beat and raised full-year guidance, supported by demand tied to AI infrastructure buildout and broader energy transition spending. We trimmed the position given emerging margin pressure related to the mix of pass-through revenue, though we continue to view the company favorably.

BOTTOM CONTRIBUTORS

(PRIM-US) **Primoris Services Corporation**, a builder of power lines, pipelines, and utility infrastructure, was the largest detractor from relative performance during the quarter. Shares declined sharply after the company missed quarterly expectations and reduced full-year guidance, citing cost overruns on a small number of renewable energy projects under new management. We believe the issues are idiosyncratic rather than indicative of a broader deterioration in the business, particularly given the company's below-peer valuation and open-market share purchases by its chief executive, and we continue to hold the position.

(KRMN-US) **Karman Holdings Inc.**, a manufacturer of aerospace and defense components, was a meaningful detractor. Although the company reported a solid quarter with record backlog and raised full-year guidance, shares declined as investor enthusiasm cooled and capital rotated toward other space-focused opportunities. We exited the position ahead of the print given a valuation we viewed as elevated relative to the company's growth trajectory.

(FTAI-US) **FTAI Aviation Ltd.**, a provider of aviation leasing and aftermarket parts services, was a detractor over the quarter. Results were mixed, with revenue ahead of expectations but earnings below consensus as management prioritized market share gains over near-term margins. We maintain conviction in the company's transition toward a higher-margin, recurring aviation services model and continue to hold the position.

(GWRE-US) **Guidewire Software, Inc.**, a core software platform used by property and casualty insurers, was a notable detractor. The company reported mixed results, with a key bookings metric coming in below expectations even as revenue, margin, free cash flow, and earnings all exceeded consensus and full-year guidance was raised. We continue to view the position as a comparatively defensive way to maintain exposure to enterprise software, given its system-of-record status within the insurance industry.

(PCVX-US) **Vaxcyte, Inc.**, a clinical-stage biotechnology company developing vaccines for infectious disease, was a detractor during the quarter. Shares came under pressure after management's commentary was interpreted as tempering expectations ahead of a year-end Phase 3 data readout, compounded by investor concern over competitive dynamics. We trimmed the position to manage risk but continue to view the vaccine candidate's broad serotype coverage favorably heading into the data.

POSITIONING HIGHLIGHTS

Industrials. During the quarter, we reduced exposure to several data center and power infrastructure winners due to market capitalization appreciation, rotating into smaller AI picks-and-shovels names and selective cyclical recovery holdings. The sector remains our largest overweight with positioning anchored in data center and power infrastructure, aerospace and defense, and select quality cyclicals.

Information Technology. We trimmed or exited several of the quarter's largest AI-driven semiconductor winners as valuations extended and market capitalization pushed them beyond the strategy's opportunity set, rotating into communications equipment and select IT services exposure. We added back to select semiconductor capital equipment names on renewed conviction in spending trends.

Health Care. We added Health Care exposure during the quarter, deploying capital into quality clinical-stage names ahead of the rebalance. We remain significantly overweight biotech, with exposure tilted towards commercial-stage names, where we believe fundamentals are undervalued. We have pulled back from names where our thesis has played out or conviction has waned.

Consumer. Positioning remains selective and underweight. During the quarter, we added to select health and wellness names while trimming or exiting fast-casual restaurant exposure.

Financials. We consolidated our alternative asset manager exposure into names we view as better positioned for a rebound, and added selectively to consumer finance and regional bank holdings.

OUTLOOK

Looking ahead, we believe the environment favors selectivity and balance over concentration. We continue to favor the other 493 over the Mag 7 and see potential for a multi-year small cap performance run, as decreasing correlations and a broadening earnings recovery across sectors should prove a tailwind for active managers able to look beyond the largest names. Crowding within AI winners warrants cautious positioning and disciplined risk management, but we don't see a broken thesis — unlike 1999, the earnings underpinning this cycle are real. At the same time, the momentum trade that carried much of the market higher looks extended and is beginning to crack, and we expect capital to keep rotating into laggards like Health Care and Financials as the market broadens. This is an environment where disciplined capital rotation, prudent risk management and deep fundamental research should be rewarded.

Performance Attribution Analysis

Representative Account vs. Russell 2000® Growth Index · April 1, 2026 – June 30, 2026

SECTOR ATTRIBUTION

Source: FactSet. All effects in basis points. Positive = contribution to relative performance (gross). Attribution is based on gross returns: The Small Cap Growth Composite returned +19.95% net of investment advisory fees in Q2 2026.

SECTOR	PORT. WT.	BENCH. WT.	PORT. RET. (GROSS)	BENCH. RET.	ALLOCATION EFFECT	SELECTION EFFECT	TOTAL EFFECT
Consumer Discretionary	6.2%	7.1%	+37.1%	+16.1%	+10 bps	+120 bps	+130 bps
Materials	1.5%	3.9%	-0.7%	+1.4%	+65 bps	-5 bps	+60 bps
Utilities	--	0.4%	--	+2.9%	+11 bps	--	+11 bps
Energy	2.3%	3.4%	-12.5%	-2.4%	+38 bps	-30 bps	+8 bps
Real Estate	0.0%	2.0%	--	+25.9%	+1 bps	-3 bps	-2 bps
Communication Services	1.8%	2.2%	+4.6%	+21.6%	+2 bps	-31 bps	-29 bps
Consumer Staples	3.0%	1.8%	+12.2%	+13.5%	-3 bps	-28 bps	-30 bps
Health Care	21.3%	22.7%	+20.9%	+25.5%	+28 bps	-82 bps	-54 bps
Information Technology	19.8%	22.5%	+41.9%	+46.8%	-22 bps	-74 bps	-97 bps
Cash	4.6%	--	+0.8%	--	-113 bps	--	-113 bps
Financials	9.6%	9.2%	+4.7%	+20.6%	-4 bps	-165 bps	-169 bps
Industrials	29.9%	24.5%	+15.6%	+25.7%	+41 bps	-320 bps	-278 bps
Total	100.0%	100.0%	+20.08%	+25.71%	+54 bps	-616 bps	-563 bps

Attribution based on the representative account. Allocation and selection effects may not sum exactly to Total Effect due to rounding and interaction terms.

TOP 5 CONTRIBUTORS

Representative account, Q2 2026

SECURITY	AVG. WT.	TOTAL EFFECT
(MKS) MKS Inc.	1.50%	+82 bps
(CRDO) Credo Technology Group Ltd.	2.31%	+77 bps
(FIX) Comfort Systems USA, Inc.	3.63%	+56 bps
(SMT) Semtech Corporation	1.23%	+52 bps
(LGN) Legence Corp. Class A	2.12%	+50 bps

BOTTOM 5 DETRACTORS

Representative account, Q2 2026

SECURITY	AVG. WT.	TOTAL EFFECT
(PRIM) Primoris Services Corporation	1.70%	-88 bps
(KRMN) Karman Holdings Inc.	0.62%	-78 bps
(FTAI) FTAI Aviation Ltd.	4.12%	-69 bps
(GWRE) Guidewire Software, Inc.	1.19%	-65 bps
(PCVX) Vaxcyte, Inc.	1.51%	-61 bps

COMPOSITE TRAILING PERFORMANCE

Small Cap Growth Equity Composite · As of June 30, 2026 · Annualized for periods greater than one year

	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPT.
Composite (Gross)	20.11%	21.15%	34.86%	16.95%	7.77%	14.60%	14.19%
Composite (Net)	19.95%	20.83%	34.14%	16.31%	7.17%	13.93%	13.41%
Russell 2000® Growth Index	25.71%	22.18%	38.74%	18.44%	5.57%	11.97%	8.61%

Composite inception date: July 1, 1989. Returns are preliminary and unaudited. Past performance is not indicative of future results. Source: FactSet.

Disclosures & Important Information

Specific securities identified do not represent all of the securities purchased, sold or recommended. The top 5 and bottom 5 securities mentioned have been selected by calculating the average weight invested in each holding in the representative account multiplied by the rate of return for that holding during the period noted and then comparing each to the respective benchmark return during the same period to obtain a relative return contribution. A list showing the relative contribution of each holding in the representative account during the period is available by contacting Westfield's Marketing and Client Service department via email at clientservice@wcmgmt.com or 617-428-7100.

Past performance is not indicative of future results. Returns are preliminary and unaudited; the attribution table and the relative contribution tables are presented gross of management fees and include the reinvestment of all income and the deduction of transaction costs. Actual net returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of \$59,816 over five years and \$143,430 over ten years. The net return for the time period referenced can be found within the first paragraph of this commentary. Our current disclosure statement and fee schedules are set forth in Part 2A of Form ADV, which is available upon request. A GIPS Compliant Presentation also is available upon request.

The product is evaluated against the Russell 2000® Growth Index, which is designed to measure the small-cap segment of the U.S. growth equity universe. We have chosen this benchmark as it most closely represents the investment strategy discussed in this commentary. The product's holdings, characteristics, and performance may differ substantially from the benchmark and will therefore have different risk and reward profiles. Stock performance is based on price movement during the quarter or for the time held during the quarter in our representative account. Due to differences in investment restrictions, account holdings, account funding periods, timing and frequency of contributions and withdrawals, as well as other factors, client account performance may differ substantially from the composite performance and/or the representative account performance that is discussed in this commentary. Existing clients can request their account performance and holdings by contacting your Marketing & Client Service representative.

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