

# MERIDIAN CONTRARIAN FUND

March 31, 2026 Update



## MARKET SUMMARY

U.S. equity markets experienced a turbulent start to 2026, shaped by escalating trade policy uncertainty and a dramatic escalation of geopolitical risk. Early-period performance was driven by optimism around domestically focused companies and expectations for continued Federal Reserve easing. However, sentiment deteriorated sharply as the administration expanded tariff actions and, most significantly, the U.S. and Israel launched military strikes against Iran on February 28, with the effective closure of the Strait of Hormuz sending oil prices past \$110 per barrel and triggering a sharp repricing of risk assets globally.

The Russell 2500 Growth Index declined 3.52% for the quarter, though this masked a pronounced style and capitalization divergence. Value outperformed growth across the entire cap spectrum: within SMID caps, the Russell 2500 Value returned 4.77% versus -3.52% for growth. The pattern was consistent at every level, with large-cap value returning 2.10% versus a 9.78% decline for large-cap growth. Smaller capitalizations also broadly outperformed larger ones, as investors favored domestically oriented businesses less exposed to trade disruptions and geopolitical risk.

## FUND PERFORMANCE

The Meridian Contrarian Fund (the "Fund") returned 1.10% (net) for the quarter ending March 31, 2026, underperforming its benchmark, the Russell 2500 Index, which returned 2.04%. Additionally, the Fund underperformed its secondary benchmark, the Russell 2500 Value Index, which returned 4.77% 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, exploring the reasons 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.

### 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).*

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## TOP 10 HOLDINGS (% OF PORTFOLIO)

| Holding <sup>1</sup> <i>(subject to change)</i> | Weighting |
|---|-----------|
| Texas Capital Bancshares, Inc.                  | 2.91%     |
| Envista Holdings Corp.                          | 2.86%     |
| First Citizens Bancshares, Inc.                 | 2.52%     |
| Regal Rexnord Corp.                             | 2.47%     |
| California Resources Corp.                      | 2.46%     |
| CACI International, Inc.                        | 2.32%     |
| Sun Communities, Inc.                           | 2.08%     |
| Constellium Se                                  | 2.08%     |
| Evergy, Inc.                                    | 2.06%     |
| Trimble, Inc.                                   | 2.06%     |

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

**California Resources Corp., nLight Inc., and Adeia Inc.** were the top three contributors to the Fund's relative performance during the quarter.

**California Resources Corp.** is an oil and gas producer in the state of California with a growing carbon management business harvesting CO<sub>2</sub> from industrial locations and storing it in spent oil caverns. We initially invested in California Resources shortly after an emergence from bankruptcy as the company's varied assets – oil and gas production, ocean front land south of Los Angeles, and carbon management – were misunderstood and growth drivers for the company. The stock outperformed in the first quarter as the company unveiled its unique ability to provide carbon neutral energy, land, and

water for AI data centers in California, and continues to grow its oil production. Higher oil prices at quarter end also pushed the stock higher. We remain investors after slightly trimming our position on strength as part of our disciplined risk management process.

**nLIGHT, Inc.** is a leading provider of high-power lasers serving the medical, industrial, and increasingly, defense markets. We initially invested in nLight as they transitioned the company to focus on laser defense applications that shield our troops from drones and enemy missiles. The use cases for the U.S. Department of War and allies continue to grow – including laser sensing applications enabling improved situational awareness and space-based communications. During the quarter, investors continued to re-rate the stock higher on the conflict in Iran and across the Middle East. We remain investors after trimming part of the position on strength as part of our disciplined risk management process.

**Adeia Inc.** is an intellectual property licensing company focused on media, entertainment, and semiconductor technologies. We initially invested in 2023 after it was a spin-out from a larger company and saw promise that its intellectual property was needed by semiconductor companies to enable the high-intensity computing required for AI. Shares rallied after the company announced several key licensing renewals and new agreements with large streaming and pay TV providers, and signed a key license with AMD, confirming Adeia's key design technologies. While we trimmed the position modestly into strength, we continue to see an attractive risk/reward profile given Adeia's high margin, recurring revenue model, and the potential for additional upside from incremental licensing wins.

## BOTTOM THREE DETRACTORS

**Zenas Biopharma Inc., Ranpak Holdings Corp., and Klarna Group PLC** were the bottom three detractors from the Fund's relative performance during the quarter.

**Zenas Biopharma Inc.**, a clinical-stage biopharmaceutical company focused on autoimmune and inflammatory diseases, was a notable detractor from performance in the first quarter of 2026. We invested in 2022 when a tough biotech funding environment created an opportunity in the stock. During the most recent quarter, the stock declined sharply when trial results for its lead product for chronic fibroinflammatory disease did not meet high expectations for efficacy vs. competing products. We believe that efficacy was strong

enough for eventual commercialization, and that the safety profile, delivery mechanism, and cost are superior to the competition. As such, we maintain a modest position in the stock.

**Ranpak Holdings Corp.** is a manufacturer of paper-based protective packaging solutions. The company was an early leader in sustainable packaging products, which are superior to plastic, foam, and other common packaging materials. We first invested in 2023 after Ranpak's earnings declined due to tough ecommerce comps post-pandemic and as profitability was impacted by investments in its automation products. Our thesis was that Ranpak would continue to gain share in the large protective packaging market and that the automation business would gain traction and reach profitable scale. During the quarter, the stock performed poorly due to soft earnings results blamed on the macro environment, and was exacerbated by higher EU energy prices, driven by the conflict in Iran, which will impact profitability for the ~45% of sales that come from that region. We trimmed our position during the quarter for risk management purposes, but we remain shareholders due to the large potential of the automation business.

**Klarna Group PLC** is the global leader in the buy-now-pay-later (BNPL) payments platform. The fund started our position this quarter, and shares sold off after management issued cautious guidance that showed Klarna's growth was above expectations, but in a newer US credit product that delays the profitability path. Regulatory headlines in both the U.S. and EU around tighter consumer-lending rules further pressured sentiment, overshadowing continued user growth and higher merchant adoption. We remain constructive on Klarna's long-term opportunity to monetize its large user base and expand into broader payment and shopping services; we kept our position size modest to reflect elevated regulatory and credit-cycle risk as the company works through these headwinds.

## OUTLOOK

We continue to see long runways supporting the portfolio's core themes and remain focused on what we can control. Our disciplined and repeatable investment process is designed to identify investment opportunities in companies that can deliver performance largely independent of macroeconomic conditions. We continue to seek businesses trading at attractive valuations where internal efforts to turn the business around by resolving operational and other challenges can drive meaningful value creation. Thank you for your continued partnership with ArrowMark.

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## FUND TOTAL PERFORMANCE (As of 3/31/2026)

| 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  | 1.47%               | 1.47%             | 11/15/13       | 1.08%   | 28.11% | 11.15%              | 5.84%               | 11.82%               | 11.85%                         |
| Class A Shares - With Load            | MFCAX  | 1.47%               | 1.47%             | 11/15/13       | -4.74%  | 20.75% | 8.97%               | 4.59%               | 11.16%               | 11.64%                         |
| Class C Shares                        | MFCCX  | 2.25%               | 2.25%             | 7/1/15         | 0.84%   | 26.98% | 10.24%              | 5.00%               | 11.04%               | 11.12%                         |
| Investor Class Shares                 | MFCIX  | 1.21%               | 1.21%             | 11/15/13       | 1.09%   | 28.27% | 11.38%              | 6.08%               | 12.10%               | 12.13%                         |
| Legacy Class Shares                   | MVALX  | 1.18%               | 1.18%             | 2/10/94        | 1.10%   | 28.35% | 11.42%              | 6.12%               | 12.20%               | 12.31%                         |
| Russell 2500 Index <sup>2</sup>       | -      | -                   | -                 | -              | 2.04%   | 23.45% | 13.25%              | 5.48%               | 10.58%               | 10.03%                         |
| Russell 2500 Value Index <sup>3</sup> | -      | -                   | -                 | -              | 4.77%   | 25.43% | 14.46%              | 7.64%               | 9.87%                | 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 1.47% as of 6/30/25. The annual net expense ratio is 1.47% as of 6/30/25. 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 6/30/25. The annual net expense ratio is 2.25% as of 6/30/25. 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 6/30/25. The annual net expense ratio is 1.21% as of 6/30/25. 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 6/30/25. The annual net expense ratio is 1.18% as of 6/30/25.

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MANAGED BY ARROWMARK PARTNERS

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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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