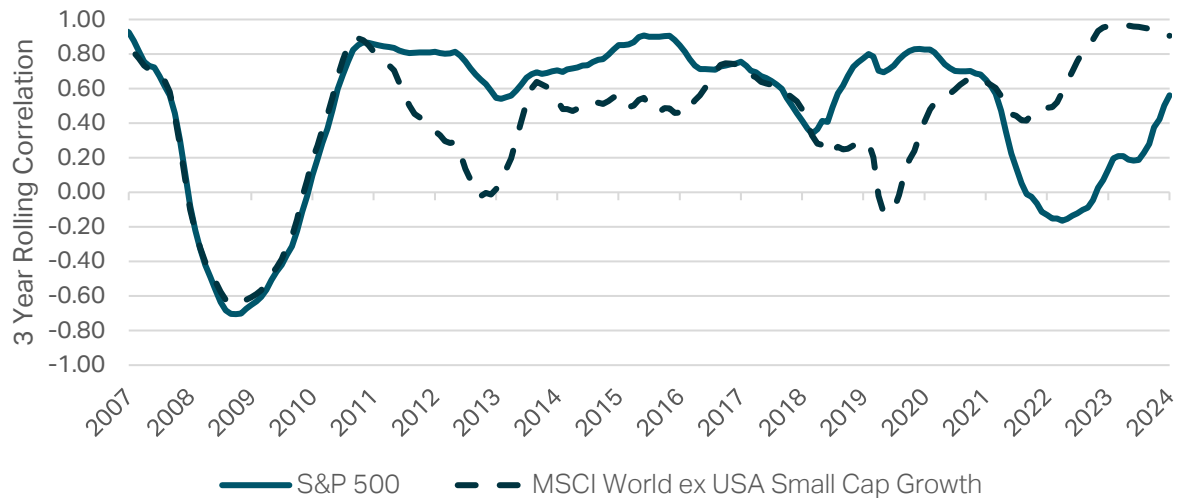


March 24, 2025

The Current *Value* in Foreign Small Cap Growth

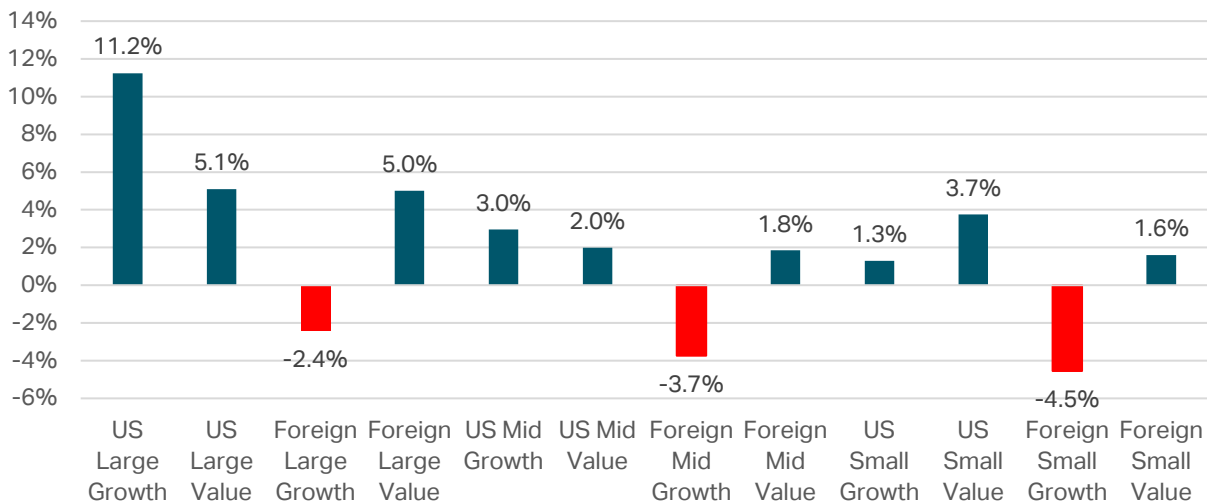
Foreign small cap growth stocks have been negatively impacted by the rising rate environment more than any other segment of the global equity market. In fact, the correlation between foreign small cap growth stocks and US interest rates is close to 1.0 since 2022.

Rolling 3 Year Correlation to Bloomberg US Ag



As a result, foreign small and mid-cap growth stocks have meaningfully underperformed the rest of the market.

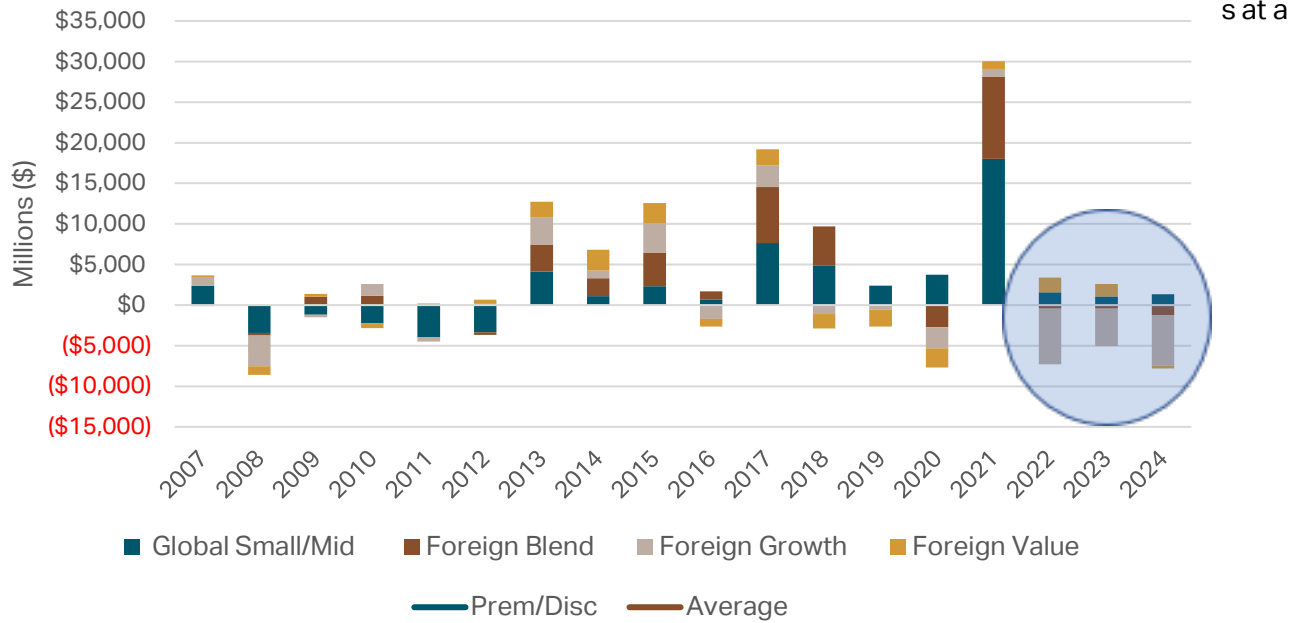
3 Year Returns Ending Dec '24





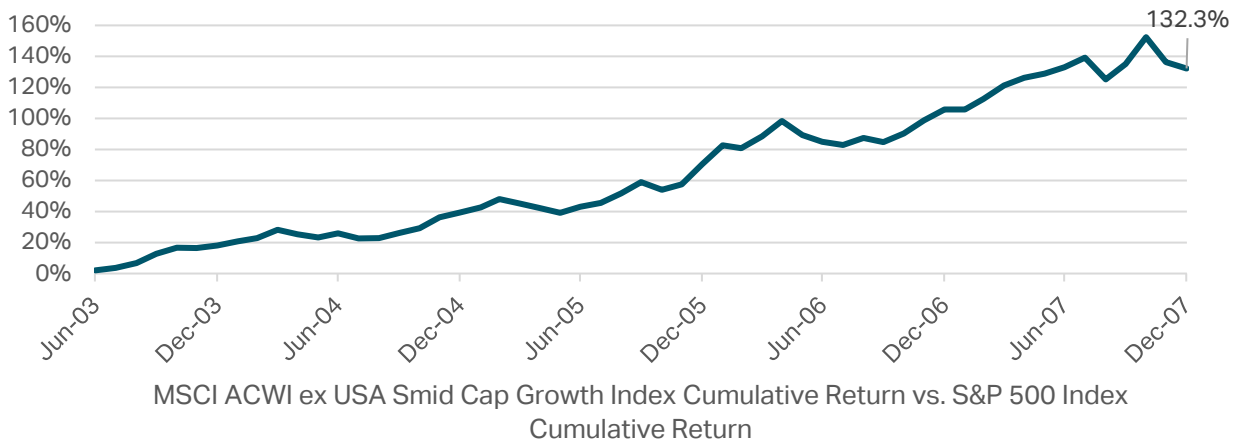
The underperformance has caused investors to redeem out of foreign small- and mid-cap growth-oriented funds at record pace.

Global/Foreign Small & Mid Cap Flows



The last time foreign smid cap growth traded at a discount to US large caps was in 2003. From May 2003 to December 2004, the 30% valuation premium was restored, and foreign smid cap outperformed US large cap by nearly 40%. But it didn't stop there. It continued to outperform. By the end of 2007, foreign smid cap growth stocks outperformed US large caps by 130%.

Foreign Smid Growth Excess Return over US Large Caps 5/31/2003-12/31/2007





It's been over 20 years since foreign small cap growth offered investors such attractive relative value and may be another 20 years before we see an opportunity like this again. We believe it's time investors appreciated the value in foreign small cap growth.

Sources: Morningstar, Factset, 1998-2024

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An investor should consider investment objectives, risks, charges and expenses carefully before investing. [Click the link](#) to obtain a prospectus for the Grandeur Peak Funds, which contains important information about risk factors and disclosures, or call 1.855.377.PEAK (7325). Read the prospectus carefully before investing in the Grandeur Peak Funds.

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