Seven Canyons Advisors Ark Global Emerging Companies, LP

June 2026

AEC Commentary (Q2 2026)

July 2026 The fund returned 21.1% in the second quarter versus 10.4% for the MSCI EM Small Cap ETF (EEMS). Nearly eleven points of outperformance is a satisfying result, indicating the market's acknowledgement of individual company attributes versus the singular thematic AI trade. Looking beneath the surface into the underlying drivers provides a gratifying feeling of vindication. The results of this quarter represent what a high-conviction concentrated portfolio can produce. Three of our four largest positions provided a net contribution of 16.5% to the fund's total return. The top ten positions, which represent about 47% of the portfolio, returned an average 35.5% over the quarter, with the only commonality being strong fundamental attributes and reasonable valuations. Simply put, the results make sense to us. Outperformance was entirely driven by stock selection. To frame the significance of selection, only one of our top ten positions (#10 to be exact) is a Taiwanese company. This is relevant given that Taiwan was again the top-performing geography of our benchmark, returning 42.5% over the last three months. Keeping Taiwan in mind, and the stylistic (momentum) headwind it's been for our fund over the past three years, we sense the backdrop shifting. We are confident that the AI re-rating has reached or overshot an appropriate level. We are not AI naysayers nor will we claim that a bubble must pop. But staying true to a GARPy strategy that's always hinged on owning high-quality mispriced businesses, instead of chasing market themes, gives us confidence through periods of transition. The chart below displays our track record over short- and long-term periods:

Periods ended 6/30/2026 AEC MSCI EM Small Cap ETF (EEMS)

Quarter 21.06% 10.37%

1 Year 22.37% 20.72%

3 Years Annualized 13.17% 15.52%

5 Years Annualized 7.27% 6.62%

ITD Annualized (1/1/2018) 11.13% 6.95%

Source: Bloomberg Data shows past, net-of-fees performance. Past performance is not indicative of future performance and current performance may be lower or higher than the data quoted. After a few digestion years, India was the big performer in Q2. By our measure, the businesses we own in India have the largest headroom and are among the highest quality in the portfolio. Despite India's reputation as an expensive market, our positions were purchased at valuations that were reasonable by any global measure. This quarter the market agreed with that assessment emphatically. Across all regions, our healthcare holdings returned 72%, while the benchmark's healthcare sleeve declined 7.5%. Narrow the lens to India and the picture sharpens. Our seven Indian healthcare holdings produced a weighted average total return of nearly 110%, against 27% for the benchmark's Indian healthcare names. India as a whole returned 70% for us, against 24% for the benchmark's India sleeve. We owned the right companies rather than just owning the right sector or country. Our largest India weight, Kwality Pharmaceuticals (KWPL IN), rose 115%, and our second largest weight, Bliss Pharma (BLIS IN), rose 151%. Number three, Beta Drugs (BETADR IN), a small maker of oncology generics, rose 84%. Kwality and Bliss both reported strong sales and earnings growth during the quarter, and the market responded in-kind. Beta's report was soft, as macro chaos temporarily stalled export sales. Now, with an expected recovery of the export business and a recent acquisition that's yet to appear in the numbers, we anticipate 70% EPS growth this fiscal year. The market read the quarter as a matter of timing rather than trajectory. So do we. By geography, India accounted for roughly 11.0 percentage points of our return over the benchmark, with Poland adding another 3.3 percentage points. Owning 0% China added 2.4 points, with the China market declining 14% in Q2. Taiwan cost us 4.3 points, and Korea cost about 1.0 point. Taiwan deserves its usual paragraph, and the arithmetic is familiar. The fund's three-year performance versus the benchmark traces to Taiwan (20 points of attribution!). We don't own Taiwan at index weight because it hasn't fit our style and process. That said, we have been able to identify a second wave of Taiwanese AI-beneficiaries trading at valuations we find reasonable. However, access to management often remains a hurdle and has dissuaded us from leaning more deeply into the companies that, on paper, appear the most attractive. Our Taiwanese holdings returned 37.8% against 42.5% for the benchmark, with MSSCorps (6830 TT) up 72%, Phoenix Silicon (8028 TT) up 78%, and Ample Electronic (4760 TT) up 80%. We held 11% of a country that makes up 25% of the index. This has cost us in the short term, but we have consciously declined to conform to a crowded and incredibly expensive trade. It is not that we lack ideas in Taiwan, yet a long-term strategy generally requires time to build conviction and confidence, and that recipe has been more difficult in Taiwan than elsewhere in the world. Taiwanese stocks have been sprinting from reasonable to fully priced within a quarter, and conviction that has to be re-earned every few weeks is hard to properly size. In contrast, our largest India positions were awarded major positions in the portfolio because they offered durable growth at valuations that, to us, showed negligible downside, and strong upside potential from basic compounding earnings. Since inception, technology has been the fund's biggest allocation, strongest performer, and a consistent overweight. Our tech weight has averaged nearly four points above the benchmark's, and has contributed roughly 16 percentage points more to our return than to the index's. What has changed is the price of admission. The technology positions inside our benchmark now trade more than 84% above their average trailing-earnings multiple since 2018, and their weight in the index sits about 60% above its average over the same stretch. The large- and mid-cap sibling (EEM) is stretched too, with a 75% valuation premium on a technology weight that is 120% above its long-term average. Put simply, today's emerging-market index investors pay more than they ever have for a bigger slice of technology than they ever have held. We pay considerably less. Our technology names trade (on average) below not only the 34x and 31x that tech commands inside EEMS and EEM today, but below the 19x and 18x those sleeves have averaged since our inception. The fund as a whole trades at roughly 17x trailing earnings, which also happens to be cheaper than either index in its entirety. We continue to be overweight tech, but remain rational in what we are willing to pay. Achieving this has not been a challenge, but it has kept a lid on our Taiwan exposure. Our five biggest detractors were all weighted below 2%, so even in aggregate the impact was minimal next to the outperformance from our largest positions. Essex Bio (1061 HK) and Arlen (ARL PW) each fell 24%. Several Brazilian positions showed further derating, with GPS (GGPS3 BZ) declining 31%, BR Partners (BRBI11 BZ) 24%, and Profarma (PFRM3 BZ) 17%. The quarter's three largest contributors deserve a closer look. What's interesting is that the first position required speed, the second patience, and the last, a steady hand. Kwality Pharmaceuticals (KWPL IN) makes generic formulations in nearly every dosage form, from injectables to oral solids, and exports them to dozens of markets. The quality shows up in the numbers: a non-cash return on assets of almost 21% and a return on equity of 23% - each improving in every quarter over the last two years. The March quarter was the company's best ever (outside the COVID years), with sales up 36% and earnings up 75%. The stock has risen more than 50% since results were published May 19th. That re-rating places the shares at roughly 43x trailing earnings - no longer the sub-20x P/E bargain we paid upon initiating the position. Kwality was our favorite company from last year's India trip, and we moved accordingly - first purchasing shares December 9th and building the position above a 6% weight by late February after the company posted strong Q3 results. This is what the nimbleness of a small team looks like in practice. Looking forward, the math remains solid. We expect momentum to accelerate over the next year, and believe the company can compound sales and earnings at 30% or better for the next three to four years. On our estimates, the stock trades at 25x CY 2026, 16x 2027 and 11x 2028 earnings. Paying less than one times that growth rate (a three-year forward PEG under one), leaves the stock very attractive despite the recent move higher. Bliss Pharma (BLIS IN) is a niche dosage-form specialist, and one of the world's largest manufacturers of suppositories and pessaries. Two things happened this quarter. First, the company closed the year with record revenue and earnings (up more than 80% for the full year). Second, control changed hands; in May Anupam Rasayan (ANURAS IN) agreed to acquire a 43% stake, triggering a mandatory open offer for a further 26% of the company at 299 per share. The market's verdict was emphatic: the stock climbed 80% from the announcement, closing the quarter at 540, far above the offer price. At roughly 44x trailing earnings, the shares are no longer the neglected asset we once bought. Our job shifted from patience to discipline, and the position (which at one point was our largest) was trimmed significantly during the quarter. We feel partially vindicated, but the result is somewhat bittersweet. The takeover is proof that the value we saw was real, but we had hoped the appreciation would occur over years, not weeks. As the stock ran higher, we trimmed more aggressively. We continue to own a small position, (~1%), but with a full valuation we no longer see risk/reward as lopsided as when we purchased. Digital Network (DIG PW) is our largest position and, at first glance, an unglamorous one. Through its Screen Network subsidiary, it operates Poland's largest network of digital out-of-home advertising screens, with more than 20,000 of them reaching millions of Poles every day. In plain terms, it owns the screens and rents the attention. The quarter was a loud one for a quiet business: first-quarter revenue grew 179% year over year, the dividend payout increased, and the shares rose 65% to new highs. After the run, the stock trades at roughly 29x trailing earnings. Looking forward, we see significant synergies and growth opportunities due to their acquisition in October 2025 of Brightcom Outdoor. On our estimates, the shares trade at 17x this year's earnings, with room to do better as synergies are realized and the consolidated return on assets climbs back toward its pre-acquisition level. We have owned the stock since early last year. A double inside the first year offered plenty of invitations to take profits. But a trip to Poland to meet with the company, and ongoing due diligence since, held our growing conviction ahead of the price. We still believe the market is early in understanding the very attractive return potential of what a national digital screen network will earn at maturity. Our strategy was rewarded this quarter, and the result was the intended product of our process, not a lucky detour. The greatest attribute of finding and owning undiscovered companies is that they are mispriced. Mispricing can take time to be recognized and, in our view, that timing (dead money) is one of the greatest risks we assume. We are comfortable with this type of risk. We are not comfortable chasing stocks and paying valuations that leave little room for error. AI has been the primary driver of the benchmark for the past three years. But with the "price of admission" sitting at record valuations and weighting, we feel very good about our strategy. So we will continue to stick with our process: undervalued, quality growth companies, bought at protective prices, with compounding earnings. The payoffs cannot be scheduled, but the discipline that produces them can. Sincerely, Spencer Stewart, Portfolio Manager,Ark Global Emerging Companies, LP DEFINITIONS MSCI EM Small Cap ETF (EEMS): iShares MSCI Emerging Markets Small Cap ETF. The fund generally will invest at least 80% of its assets in the component securities of the underlying index and in investments that have economic characteristics that are substantially identical to the component securities of the underlying index. The index is designed to measure the performance of equity securities of small-capitalization companies in emerging market countries. The MSCI Emerging Markets Small Cap Index includes small cap representation across 27 Emerging Markets countries. With 1,693 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. The small-cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments. This report was prepared by Seven Canyons Advisors, a federally registered investment adviser under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. 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Next AEC Commentary (Q1 2026)

AEC Commentary Seven Canyons April 1, 2026

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