

# GLOBAL VALUE

## MARKET COMMENTARY

The MSCI World Index gained 7.3% in the third quarter of 2025, advancing despite persistent trade frictions, tariff headlines, and the looming risk of a U.S. government shutdown. These factors contributed to elevated volatility and periods of investor caution, though sentiment was ultimately supported by resilient corporate earnings and sustained demand in high-growth industries. Regionally, MSCI World North American equities outperformed Asia Pacific and Europe as artificial intelligence infrastructure spending and robust earnings from large-cap growth companies playing a central role.

Sector performance highlighted the continued leadership of technology-related industries. Semiconductors and hardware companies were significant contributors to returns, benefiting from structural demand tied to artificial intelligence, cloud adoption, and data infrastructure investment. Companies both small and large delivered strong performance in the technology space. Media and entertainment names helped the communication services sector deliver notable gains, with Alphabet and Warner Bros. Discovery advancing on robust trends in digital advertising and media consolidation. Offsetting these strengths, consumer staples declined amid weakening consumer-confidence indicators, while real estate and healthcare managed low single-digit gains.

Market leadership was further defined by style and size dynamics. Growth stocks outperformed value as investors favored companies with strong earnings visibility and secular growth drivers during a period of policy and trade-related uncertainty. Performance was somewhat mixed across the market cap spectrum, though larger companies generally outperformed, underscoring investor preference for scale, financial resilience, and market leadership during the quarter. Collectively, the quarter underscored both the resilience of global equities in the face of geopolitical and policy headwinds and the growing influence of technology-oriented sectors in shaping overall index performance.

## ATTRIBUTION ANALYSIS – 3Q25

The Global Value portfolio underperformed the MSCI World Value Index in the third quarter of 2025 (gross and net of management fees). Stock selection and the underweight in financials detracted the most from relative performance.

As of 9/30/25, net of fee composite and MSCI World Value performance for 1-, 5-, and 10-year period: 14.83%, 19.99%, 10.72% and 11.98%, 13.90%, 9.36%, respectively. Net performance results are presented after management fees and all trading expenses but before custodial fees; the composite includes all Global Value discretionary accounts. Additional disclosures provided in Endnotes.

The specific investments shown are for informational purposes only and represent the top contributors and detractors for the relevant performance time period. The selection criteria used to determine the top contributors and detractors remains the same across performance measurement periods; additional disclosures provided in Endnotes. **Past performance is no guarantee of future results.**

Stock selection in materials, technology, healthcare, and industrials also detracted. Conversely, stock selection in communication services contributed positively thanks to strong performance from Alphabet. Stock selection in consumer staples and energy also added value, as did the overweight in technology and underweight in real estate.

## LARGEST INDIVIDUAL CONTRIBUTORS – 3Q25

Alphabet Inc. (GOOGL US) is one of the largest advertising companies in the world. Alphabet's stock rose during the quarter on robust earnings and the resolution to Google's antitrust case.

Warner Bros. Discovery (WBD) is one of the largest TV networks and production companies in the world. News regarding a potential takeover bid by Paramount Skydance helped boost WBD shares during the quarter.

JDE Peet's (JDEP NA) is a coffee and tea company. In August the Company agreed to be acquired at a premium by competitor Keurig Dr. Pepper.

## LARGEST INDIVIDUAL DETRACTORS – 3Q25

WPP PLC (WPP LN) is one of the world's largest ad agency holding companies. WPP shares came under pressure on worse than expected results that resulted in a dividend cut. While the Company has struggled recently, WPP introduced a new CEO during the quarter who brings a wealth of experience in digital transformation and artificial intelligence, capabilities which will be key to the Company's turnaround plans.

Elevance Health, Inc. (ELV US) is a large health insurer. The Company's shares have been under pressure due to concerns around Medicaid utilization trends and Medicare Advantage margins. We believe that these headwinds will be temporary.

Comcast's (CMCSA) cable business is one of the largest wireline telecom service providers in the US. Comcast also owns the NBCU media conglomerate and Sky European Pay TV business. The Company's shares fell during the quarter on concerns of slowing growth in its broadband business. Longer term, we expect wireless growth and modest Broadband pricing to drive net income growth that turns into strong earnings per share growth after capital return.

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## Endnotes:

All investments contain risk and may lose value. This commentary is for general information only and should not be relied on for investment advice or recommendation of any particular security, strategy, or investment product.

Portfolio characteristics and attribution are based on a representative Global Value portfolio. The representative portfolio is used for informational purposes only, does not predict future portfolio characteristics, and may differ from other portfolios in the strategy due to asset size, client guidelines, and other variables. H&W selected the representative portfolio based on non-performance criteria. The portfolio reflects the management style of the strategy, is part of the strategy's composite, and has the longest continuous duration under the Adviser's discretion. Selection of the representative portfolio considers one or more of the following factors, such as the portfolio's investment guidelines/restrictions, cash flow activity, or continuous duration under the Adviser's discretion.

Attribution is an analysis of a portfolio's gross of fee returns (without the deduction of fees and expenses) relative to the Index. Bloomberg calculates returns using daily holdings information. Returns calculated using this buy-and-hold methodology can differ from actual client portfolio returns due to data differences, cash flows, trading, and other activity (report is generated at a point in time and will not include any adjustments thereafter). Sector performance only covers the subset of investments specific to that sector. Analysis for different time periods and/or market environments can result in significantly different results.

Specific securities identified are the three largest contributors (or detractors) to the portfolio's performance, relative to the index. Other securities may have been the best and worst performers on an absolute basis. There is no assurance that the securities discussed will remain in the portfolio or that securities sold have not been repurchased. The securities discussed do not represent the entire portfolio, may only represent a small portion of the portfolio and should not assume the securities discussed were or will be profitable or that recommendations made in the future will be profitable or will equal the performance of the securities discussed. H&W's opinions regarding these securities are subject to change at any time, for any reason, without notice. Certain client portfolio(s) may or may not hold the securities discussed due to each account's guideline restrictions and other relevant considerations.

The value discipline used in managing accounts in the Global Value strategy may prevent or limit investment in major stocks in the MSCI World Value and returns may not be correlated to the index. Composite performance is available at [www.hwcm.com](http://www.hwcm.com), located on the strategy's Performance tab along with important disclosures included in the strategy's [GIPS Report](#); quarterly characteristics and portfolio holdings are located on the Portfolio and Literature tabs. For a list showing every holding's contribution to the overall account's performance and portfolio activity for a given time period, contact H&W at [hotchkisandwiley@hwcm.com](mailto:hotchkisandwiley@hwcm.com). Portfolio information is subject to the firm's portfolio holdings disclosure policy.

The MSCI World Index is a free float-adjusted weighted index capturing large and mid cap stocks. The MSCI World Value Index is a free float-adjusted weighted index capturing large and mid cap stocks, exhibiting overall value style characteristics across 23 Developed Markets (DM) countries and include reinvestment of dividends, net foreign withholding taxes. Any indices and other financial benchmarks shown are provided for illustrative purposes only, are unmanaged, reflect reinvestment of income and dividends and do not reflect the impact of advisory fees. It is not possible to invest directly in an index.

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