INTERNATIONAL VALUE

MARKET COMMENTARY

The MSCI World ex-USA Index returned +5.2% in the fourth quarter of 2025, bringing its calendar year return to +31.9%. In local currency terms, the index was up considerably less as the dollar weakened significantly relative to most other major currencies.

A full 17 years have now passed since the global financial crisis of 2007/2008. Since then, the S&P 500 Index is up tenfold, while the MSCI World ex-USA Value Index is up less than fourfold. Earnings growth outside the US is expected to accelerate, yet the multiple investors are paying for these earnings remains disciplined compared to domestic counterparts. The S&P 500 trades near 26x forward earnings, while the MSCI World Value ex-USA trades at nearly half that multiple (14x). Many argue the US premium is justified due to capital-light businesses and structurally higher returns on capital, particularly within the technology and communication services sectors. This argument has merit, but 26x earnings implies an earnings yield of less than 4%, a valuation with little margin of safety. Moreover, the capital-light narrative is being challenged by a renewed investment cycle. Fortunately, opportunities in international markets remain abundant. The portfolio trades at 13x forward earnings, reasonably in line with its own history.

International value stocks outperformed international growth stocks by a wide margin, an interesting dynamic considering growth outperformed value in the US. The MSCI World ex-USA Value Index returned +42% compared to +22% for its growth counterpart. The difference is almost entirely explained by financials, which comprised an average weight of 38.5% of the non-US value index and returned +60% in the year; it comprised less than 12% of the growth index. The portfolio's financials performed even better (+92%)[1] and we took a meaningful amount of capital out of the sector for the third consecutive year due to higher valuations.

Financials was the MSCI World ex-USA Value Index's top performing sector over the year (+60%), followed by utilities (+49%), industrials (+45%), and materials (+42%). Consumer discretionary (+19%) and technology (+20%) were the laggards but still considerably positive. Europe outperformed Japan, though much of this was due to currency changes. Over the course of the year, relative to the dollar, the Euro appreciated 13% and the Pound 8%, while the Yen was flat.

We remain optimistic about the portfolio's positioning and prospects, particularly relative to the broad market which we view as expensive.

ATTRIBUTION ANALYSIS – 4Q25 & 2025

The International Value portfolio underperformed the MSCI World ex-USA Value Index in the fourth quarter of 2025 (gross and net of management fees). Stock selection in industrials, materials, energy, and healthcare detracted from relative performance. The underweight exposure to financials, which comprise 40% of the index, also detracted modestly. Positive stock selection in financials, technology, and consumer discretionary helped relative performance in the quarter, as did the overweight position in energy.

Over the full calendar year, the International Value portfolio underperformed the MSCI World ex-USA Value Index (gross and net of management fees). Stock selection in communication services, energy, and healthcare detracted from performance. The underweight exposure to financials, the index's top-performing sector, also hurt. However, the portfolio's financial positions outperformed the index by a considerable margin, which helped relative performance. Stock selection was also meaningfully positive in consumer discretionary, industrials, and technology.

LARGEST INDIVIDUAL CONTRIBUTORS – 4Q25

Fuso Chemical (4368 JP), based in Osaka, Japan, has 90%+ market share in ultra-pure silica used as an abrasive particle in semiconductor polishing applications. Fuso's businesses are monopolies and oligopolies selling niche, high-value products into end markets with attractive growth outlooks. Fuso reported a very strong quarter that beat consensus forecasts and FY26 guidance was increased due to strength in colloidal silica sales.

(continued)

As of 12/31/25, gross/net of fee composite and MSCI World ex-USA Value Index performance for the following periods: 1-year (41.30%/40.39%, 42.23%), 5-year (16.38%/15.51%, 13.94%), and 10-year (10.90%/10.03%, 9.16%), respectively. Average annual total returns for periods greater than one year. Net performance results are presented after management fees and all trading expenses but before custodial fees; the composite includes all International Value discretionary accounts. Additional disclosures provided in Endnotes.

[1]Gross return without the deduction of fees and expenses.

Ericsson (ERIC US/ERICB SS) is one of the largest vendors of hardware and software needed to operate wireless networks outside China. Ericsson's earnings are below normal as demand for wireless equipment is low in Japan and India. Management is turning around its mismanaged Cloud Software and Services business. We believe valuation is attractive even if Ericsson's competitors do not lose market share due to political or scale problems, but there is substantial additional upside if these possible outcomes occur. Ericsson's stock outperformed as the company signaled a pivot towards returning more capital to shareholders and 3Q25 results were modestly better than expected: company gross margins and the Cloud Software and Services business continued to improve.

AstraZeneca (AZN LN) is a diversified pharmaceutical company headquartered in Cambridge, England with >$50 billion in sales. We believe AZN is highly likely to grow revenue and earnings well over the next 5 to 7 years, driven by approved and launched de-risked drugs. Over the long term, it should also grow well, driven by an exceptionally deep pipeline. Shares rose ~23% over the quarter, alongside other European pharmaceutical companies, following news of Pfizer's pricing arrangement with the U.S. government, which investors viewed as increasing the likelihood of similar arrangements across the sector, and positive readouts in AZN's R&D pipeline.

LARGEST INDIVIDUAL DETRACTORS – 4Q25

Nippon Sanso (4091 JP) is the world's fourth largest industrial gas company. While the industrial gas majors trade for premium valuations due to their "unregulated utility" quality attributes, Nippon Sanso trades at a substantial discount to its peers. Some discount is justified based on weaker relative historical performance and some structural aspects of the Japan market, however, we believe much of this discount should close over time due to a combination of powerful macro (Japanese governance reform, positive inflation) and micro (motivated and skilled management, shift to value-based pricing, osmosis of best-in-class operating culture from Praxair) factors. A weak volume environment and input cost pressure have caused Nippon Sanso and other industrial gas peers to de-rate in recent quarters. We believe recovering volume growth, thoughtful capital allocation, and a narrowing of the valuation gap to the majors should drive outperformance over the long-term.

Akzo Nobel (AKZA NA) is one of the world's largest paints and coatings company, with leading positions in European decorative paints and a portfolio of coatings across automotive, marine, industrial, and powder end markets. We believe Akzo's margins should normalize through disciplined pricing, portfolio pruning, and structurally lower costs driven by formulation simplification and procurement optimization, even in a low volume growth environment. The stock declined in Q4 as reported results reflected weak volumes in several end markets, unfavorable mix (particularly in North America), and an FX headwind that affected underlying pricing progress. Shares were further pressured by a modest trim to FY25 volume and EBITDA guidance. Investors and analysts are skeptical of the value creation potential of the proposed merger with US-based coatings provider Axalta, which also weighed on sentiment. We have a more positive view.

Randstad (RAND NA) is one of the world's largest staffing companies, providing a range of HR services for its clients, including sourcing temporary and permanent employees, outsourcing services, worker training, and HR consulting. We believe Randstad will benefit from a cyclical recovery when employers 'catch up' on hiring and from secular tailwinds such as talent scarcity and growing worker preference for flexible jobs including temp roles. Randstad also has an investment grade balance sheet and a shareholder friendly management team. The most recent quarter showed that Randstad continues to maintain industry leading margins despite a challenging market. Once labor demand recovers, Randstad should benefit from margin expansion because of the operating leverage in the business model.

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.**

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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 International 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 International Value strategy may prevent or limit investment in major stocks in the MSCI World ex-USA Value and returns may not be correlated to the index. Composite performance is available at 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. Portfolio information is subject to the firm's portfolio holdings disclosure policy.

The MSCI World ex-USA Index is a free float-adjusted weighted index capturing large and mid cap stocks. The MSCI World ex-USA Value and MSCI World ex-USA Growth Indices are free float-adjusted weighted indices capturing large and mid cap stocks, exhibiting overall value or growth style characteristics, respectively. The MSCI indices represent stocks across 22 of 23 Developed Markets (DM) countries, excluding the United States and include reinvestment of dividends, net foreign withholding taxes. The S&P 500® Index is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. 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.

Forward price-to-earnings ratio divides the current share price of a company by the estimated future ("forward") earnings per share (EPS) of that company; **Earnings before interest and taxes (EBIT)** measures a company's net income before income tax and interest expenses are deducted; **Mergers and acquisitions (M&A)** are the process of consolidating companies or major assets of companies through financial transactions; and **Research and development (R&D)** is the series of activities that companies undertake to innovate.

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