

Portfolio Commentary

Market Update

Global equities extended their rally in 3Q, posting strong gains across developed and emerging markets. Economic growth across developed regions remained subdued but stable, and major central banks paused policy changes during the quarter. The MSCI All Country World Index rose 7.6% in 3Q, with U.S. stocks outperforming international peers as the S&P 500 advanced 8.1% versus a 4.8% gain for MSCI EAFE. Dollar strength modestly weighed on overseas returns. Year-to-date, international markets still lead, with MSCI EAFE up 25.1% compared to 14.8% for the S&P 500. Emerging markets added to robust gains, with MSCI EM rising 10.6% in 3Q and 27.5% YTD, driven by a 20.7% surge in China. Regional performance was led by Asia, where Japan's market advanced 8.0% while Europe and the U.K. lagged at 3.6%.

Sector trends favored cyclical areas. Financials and Industrials drove roughly two-thirds of MSCI EAFE's advance, led by Banks and Capital Goods, which together accounted for about 60% of total index gains. Banks continued to benefit from a benign credit backdrop and supportive interest-rate environment. Defensive groups such as Consumer Staples and Health Care underperformed. Turning to market factors, the Value, Yield, Size, Volatility, & Momentum factors were positive contributors during 3Q. Quality factors faced headwinds, while the Growth factor had mixed results.

Key Performance Takeaways

The International Equity portfolio declined 0.7% gross (0.9% net) during 3Q vs a return of 4.8% for the MSCI EAFE index. Sector exposure & stock selection were headwinds to relative performance.

Recent underperformance stemmed primarily from a sharp rebound in banks and deep-value sectors—areas where the International Equity portfolio has limited exposure. Pullbacks among several of our high-quality, structurally advantaged holdings were additional obstacles during the quarter. Our discipline is designed to protect capital during frothy periods & deliver steadier results when the cycle turns.

Top 3 Contributors to Relative Performance

CRH PLC (CRH) – CRH, a leading construction materials company, was the top contributor in the portfolio. The company raised guidance after reporting best-in-class volumes and continued margin expansion. CRH remains attractive as a competitively advantaged beneficiary of infrastructure investment and reindustrialization with consistently shareholder friendly capital allocation. Downside protection is underpinned by the company's strong balance sheet, well-aligned management team, and defensive growth profile.

Taiwan Semiconductor Manufacturing Co., Ltd Sponsored ADR (TSM) – TSM, the leading semiconductor fabrication company, performed strongly in the quarter as sales performance exceeded expectations, confirming attractive demand fundamentals. The company's dominant competitive position, favorable exposure to structural growth, and current valuation offers attractive upside.

ASML Holding NV (ASML NA) – ASML NA is a leading semiconductor equipment company with a dominant position in lithography. During the quarter, the company benefited from leading edge customers reiterating capex needs and medium-term growth expectations. Sentiment also improved due to inflecting memory demand trends and the US government's investment in Intel. ASML NA remains attractively positioned to capitalize on its unrivaled competitive position supplying critical equipment to chip manufacturers in a structurally growing end markets.

Top 3 Detractors from Relative Performance

Nintendo Co Ltd (7974 JP) – Nintendo was a bottom performer this quarter due to volatility at the beginning of the console cycle, with data points and estimates being updated. It remains a top contributor for the year. We remain attracted to Nintendo's integrated hardware-software model, brand franchises, and the strength of its balance sheet.

London Stock Exchange Group (LSEG LN) – LSEG LN underperformed in quarter as slower growth in recurring revenues, a disappointing report from a peer and general AI-risks weighed on market sentiment. As a leading provider of data, analytics and exchange services to financial market participants, LSEG LN is in a strong competitive position in a secularly growing market. With the pullback in the share, LSEG LN is attractively valued with a capable management team executing well and returning cash to shareholders.

SAP SE (SAP GY) – After a strong 2024, SAP GY underperformed as cloud enterprise software growth slowed in the current quarter. SAP GY, a leading enterprise software company, has invested heavily to transition its business from on-premise to the cloud which has depressed margins and obfuscated revenue growth trends. SAP GY is now leveraging those investments leading to higher revenue growth as the drag from licensing revenue declines abate and expanding margins as the company leverages fixed costs. We remain confident in the long-term potential.

Sector Influence

We are bottom-up stock pickers, but sector exposures influenced relative performance as follows:

- What Helped: Underweight Utilities & Health Care (two weaker performing sectors)
- What Hurt: Underweight Financials (a better performing sector) & overweight Consumer Staples (a weaker performing sector)

Trades During the Quarter

- Exited: **Seven & I Holdings Co (3382 JP)** – 3382 JP, the corporate parent of the 7-11 convenience stores, successfully rejected its Canadian rival Couche-Tard's take-out bid. While we view the valuation as modestly cheap, we don't have high conviction in management's reorganization strategy which includes listing a minority stake in its U.S. subsidiary. We sold and redeployed the capital where we have higher conviction with better risk/reward.
- Increased: **ICON PLC (ICLR), Unilever (ULVR LN), & Universal Music Group (UMG NA)** - We added to our positions where we viewed attractive risk/reward opportunities.

Looking Ahead

From an economic perspective, we expect current trends in policy rates to remain accommodative across Europe and the UK. While domestic focused defense and infrastructure spending should provide modest boost to GDP providing boost to certain industries, we expect economic growth to remain subdued. Japan's leadership change could create pressure to slow the normalization in policy rates higher and more stimulative fiscal policies. From a trade perspective, there's a possibility of escalating trade tensions with China creating volatile market conditions.

In terms of equities, international markets added to robust YTD gains but the tailwind from the weaker USD moderated in the current quarter. International markets are still valued at a discount to the U.S, despite the YTD market moves. We believe this will continue to be supportive of fund flows into international markets. YTD the MSCI EAFE has been led higher by lower quality businesses – note that Bank industry group is up over 50% YTD and the quality factor has been a laggard. We believe this creates attractive opportunity for our process focusing on high quality companies with downside protection.

Annualized Returns

As of 9/30/2025

	QTD	YTD	1Y	ITD
International Equity (Gross)	-0.7%	18.1%	12.9%	21.4%
International Equity (Net)	-0.9%	17.4%	12.0%	20.5%
MSCI EAFE	4.8%	25.1%	15.0%	19.8%

Inception date: 9/30/2023. Performance is preliminary. Subject to change. Past performance should not be taken as a guarantee of future results. Net of fee returns are calculated net of a model management fee of 0.75%. Please see the disclosure notes found on the last page.

Disclosure Notes

The London Company's performances are size weighted and annualized based on calculations for the period ending September 30, 2025. The characteristics discussed herein relate to a representative account, and not every client's account will have these exact characteristics. As London manages its client portfolios according to each client's specific investment needs and circumstances, London cannot affirm that the characteristics of the account shown are similar to all accounts participating in the strategy. This is due in part to the timing of trades by the Advisor, market conditions, cash availability, and the timing of client deposits and withdrawals. Therefore, prospective clients should not assume that similar performance results to those shown would have been achieved for their accounts had they been invested in the strategy during the period. None of the information contained herein should be construed as an offer to buy or sell securities, or as investment recommendations.

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Composite Creation/Inception Date: September 30, 2023

Composite Definition: The International Equity strategy invests mainly in conservative, low-beta international equities with a focus on above-average downside protection. Primarily, we seek profitable, financially stable companies that consistently generate free cash flow, sustain high returns on unleveraged operating capital, trade at significant discounts to their intrinsic values, and are run by shareholder-oriented management. Positions are usually within the market capitalization range of the major, international indices. Accounts in this product composite are fully discretionary taxable and tax-exempt portfolios with a minimum of \$500,000 in assets. Prior to 7/1/2024 the minimum portfolio size was \$100,000. The product is measured against the MSCI EAFE Index (Net) and has a creation and inception date of September 30, 2023. There is no use of leverage, derivatives or short positions. All actual fee-paying discretionary portfolios are included in one or more composites that have been managed for a full calendar quarter with limited restrictions and similar objectives. Investing in global/international markets involves risks not associated with U.S. markets, including economic, political, and currency fluctuation risks. The TLC International Equity product may contain companies domiciled in the U.S., but have a business mix that is predominantly international.

Benchmark Description: The MSCI EAFE Index (Net) measures performance of large and mid-cap securities across developed markets around the world, including countries in Europe, Australia, Asia, and the Far East, excluding the U.S. and Canada. It includes over 900 securities, and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries. Benchmark returns are shown net of withholding taxes. Benchmark returns are not covered by the report of independent verifiers. Any referenced international index is presented net of foreign withholding tax, unless stated otherwise.

Performance and Fees: Gross of fee returns are calculated gross of management and custodian fees and net of transaction costs. Net of fee returns are calculated net of a model fee of 0.75% and transaction cost and gross of custodian and other fees. The 0.75% model London Company management fee applied is the highest tier of the current composite fee schedule. This fee is applied monthly to the gross return at 1/12th the annual rate, which is 0.0625% per month. Actual investment advisory fees incurred by clients may vary. Returns may be net of miscellaneous fund expenses. The gross figures do not reflect the deduction of investment advisory fees. Returns are calculated and stated in U.S. dollars. Composite performance is calculated net or gross of foreign withholding taxes on dividends and interest income dependent on custodian data. Dividends are reinvested. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

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