

Market Environment

International equities rose in the first quarter despite concerns over ongoing trade tariff uncertainty and the emergence of DeepSeek, a cost-efficient artificial intelligence model developed by a Chinese start-up. For the quarter, the MSCI ACWI (All Country World) ex USA Index was up 5.2%, while the Trivalent International Equity strategy outperformed the benchmark. Regions were all positive, with Europe leading the upside. The outcome of the German election served as a catalyst as Chancellor-elect Merz negotiated a deal to increase defense and infrastructure spending. This marks a shift from traditional conservative fiscal policies. The German market rose by 15.5%. Other smaller European markets followed higher, with Poland, the Czech Republic and Greece the top performers, up 31.3%, 28.7% and 23.4%, respectively. Thailand declined 13.7% and was the worst-performing country. Economic activity in Thailand slowed during the quarter, and the recent earthquake is expected to result in significant financial losses. Taiwan declined 12.6% as the tech-heavy index took a breather after an AI-led rally last year. Denmark slipped 12.1% as pharmaceutical giant Novo Nordisk continued to fall as alternatives to their key Wegovy franchise are gaining ground.

Ten of the eleven economic sectors were positive in the quarter. The Communication Services sector was the best, rising 11.2% as Chinese heavyweight Tencent gained 19%. Financials were also strong as a group, rising 10.2% with the promise for new European fiscal measures boosting the growth outlook. Information Technology stocks, down 6.3%, lagged as the expectations for rapid growth in AI investment were tempered by questions surrounding new models led by the surprising efficiency of the Chinese company DeepSeek.

Portfolio Review

Security selection was positive in the quarter and explained all the relative performance. Excess returns were generated in three of four regions and eight of the 11 economic sectors. From a style perspective, the strategy's exposure to value had a supportive impact on performance, while quality and business momentum were somewhat neutral. Security selection had the most positive contribution in the Industrials sector, led by three aerospace & defense holdings. South Korean defense equipment manufacturer Hanwha Aerospace gained as European export orders continued to rise. Italian aerospace & defense contractor Leonardo rose after several European governments committed to increased military spending. British jet engine manufacturer Rolls-Royce vaulted higher as improved performance on long-term service contracts prompted higher targets for growth in future cash flows. Materials holdings also had a strong positive impact. Northern Star Resources, an Australian-based precious metals company, rallied during the period following good quarterly results, the solid acquisition of De Grey Mining, and tailwinds from the gold price movement. Within Financials, Spanish lender Banco Santander surged following the release of strong fourth quarter earnings, an enhanced shareholder return policy, and continued strength across the Spanish economy.

Consumer Discretionary stock selection was negative. Danish jewelry brand Pandora declined as a combination of increasing economic uncertainty impacting consumer confidence and rising silver prices led to concerns about earnings growth. Italian luxury brand Prada declined despite stronger sales growth relative to peers on concerns over potential interest in buying privately held peer Versace. Within the Energy sector, U.K. oil & gas company Harbour Energy underperformed after disappointing the market by not announcing a stock buyback with its full-year result. In Mexico, Vista Energy underperformed following fourth quarter results that had higher costs from having to transport a greater proportion of its oil via trucks. The company awaits the completion of a pipeline expansion that will provide significantly lower transportation costs. Within Real Estate, India-based Oberoi Realty declined after missing expectations for pre-sales, delayed launches of new projects, and a general risk-off sentiment for Indian equities.

Market Outlook

International equities started the year with positive momentum as investors look to diversify away from U.S. market concentration into the broader global economy, drawn by attractive valuations and solid fundamentals. Market volatility has recently surged following U.S. tariff announcements, which risk disrupting global supply chains and eroding business confidence. As the next earnings season approaches, we anticipate forward guidance to reflect increased corporate uncertainty provided tariffs remain in place. It remains unclear whether the tariffs will act as a bargaining tool for more bilateral trade agreements or escalate into a wider global trade conflict. Amid escalating global trade tensions, Europe offers some counterbalancing tailwinds. The European Central Bank (ECB) cut rates for the sixth time in nine months to stimulate economic activity as inflation continues to slow. European countries are taking proactive steps in response to concerns that the U.S. may limit future aid to Ukraine. Germany's ambitious infrastructure and defense spending plan could provide a much-needed economic boost to the country's sluggish economy. European defense spending, which is also benefiting countries like Japan due to high demand, is projected to continue growing as nations focus on rearming. Japan has also seen significant developments, with its largest wage increase since 1993 following decades of stagnant wage growth. The artificial intelligence (AI) sector has cooled in recent months, especially after DeepSeek's groundbreaking AI model raised concerns about the long-term costs of AI development. Despite short-term challenges, AI is expected to continue its transformative role across various industries and will be a crucial long-term driver of productivity and economic growth. From a valuation standpoint, international equities are still trading at earnings multiples slightly below historical averages and at an attractive discount relative to U.S. peers. We continue to be guided by our bottom-up analysis and will digest upcoming earnings and outlook statements to evaluate our positioning. We believe opportunities for relative outperformance remain, particularly among the diverse and broad segment of international equities.

Representative Account Top 5 Contributors* (%)	Contribution to Return
Leonardo SpA	0.39
Hanwha Aerospace Co., Ltd.	0.36
Banco Santander, S.A.	0.34
Deutsche Telekom AG	0.26
Tencent Holdings Ltd.	0.24
Representative Account Top 5 Detractors* (%)	Contribution to Return
Taiwan Semiconductor Manufacturing Co., Ltd.	-0.47
Novo Nordisk A/S Class B	-0.16
Wiwynn Corporation	-0.16
Schneider Electric SE	-0.15
Oberoi Realty Limited	-0.11

Representative Account Top 10 Holdings	Country	Sector
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology
Novartis AG	Switzerland	Health Care
Tencent Holdings Ltd.	China	Communication Services
Siemens Aktiengesellschaft	Germany	Industrials
Deutsche Telekom AG	Germany	Communication Services
Alibaba Group Holding Limited	China	Consumer Discretionary
AstraZeneca PLC	United Kingdom	Health Care
Sumitomo Mitsui Financial Group, Inc.	Japan	Financials
Sony Group Corporation	Japan	Consumer Discretionary
Standard Chartered PLC	United Kingdom	Financials
Total % of Portfolio		14.12%

Source: FactSet.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines, and other factors. The representative account is believed to most closely reflect the current portfolio management style. Holdings are as of quarter end and may change at any time. This material should not be construed as a recommendation to buy or sell securities.

ANNUALIZED RETURNS

Composite Performance (%)	QTR	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception 1.10.10
Trivalent International Equity (Gross)	5.65	5.65	7.68	6.95	12.75	5.94	6.94
Trivalent International Equity (Net)	5.49	5.49	7.03	6.31	12.08	5.24	6.19
MSCI ACWI ex USA Index (Net)	5.23	5.23	6.09	4.48	10.92	4.98	4.95

DISCLOSURES

All investments carry a certain degree of risk including the possible loss of principal, and an investment should be made with an understanding of the risks involved with owning a particular security or asset class.

Past performance cannot guarantee future results. Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars. Composite and benchmark returns are net of transaction costs and gross of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings.

Performance prior to November 1, 2014 occurred while the portfolio management team was affiliated with a prior firm. Such members of the portfolio management team were responsible for investment decisions at the prior firm and the decision-making process has remained intact.] Gross-of-fees returns are presented before management and custodial fees but after any transaction costs. The composite net-of-fees returns reflect net-of-model fees and are calculated in the same manner as gross-of-fee returns using the Time Weighted Rate of Return method. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part 2A of its Form ADV.

The Trivalent International Equity Composite includes all portfolios of \$100,000 or more that are managed according to the Trivalent International Equity strategy. The strategy focuses on foreign companies that are characterized by improving business momentum and attractive valuations. The benchmark is the MSCI ACWI ex USA Index (Net). The composite creation date is December 2009.

The MSCI All Country World ex USA Index (ACWI ex-USA) is a free-float-adjusted, market-capitalization-weighted index designed to measure the performance of large- and mid-cap stocks across developed markets (excluding the United States) and emerging markets.

Country returns are represented by the respective MSCI Country Indexes. Index returns are provided to represent the investment environment during the periods shown. Index returns reflect the reinvestment of dividends and capital gains but do not include advisory fees, transaction costs, or other expenses. One cannot invest directly in an index.

Holdings do not include cash, money market instruments, options or futures.

The representative account serves as the model against which each Trivalent International Equity Strategy account is managed. The representative account is an actual portfolio and the information provided, including performance, will vary for other accounts. The representative account is being used solely as a tool to help demonstrate how performance can be attributed to the investment policies applied in the management of the Trivalent International Equity Strategy.

The information in this article is based on data obtained from recognized services and sources and is believed to be reliable. Any opinions, projections, or recommendations in this report are subject to change without notice and are not intended as individual investment advice. This information should not be relied upon as research or investment advice regarding any security in particular.

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*Contributors and Detractors Source: FactSet. The top contributors and detractors are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. Holdings are as of quarter end and may change at any time.

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