

# INTERNATIONAL EQUITY ADR

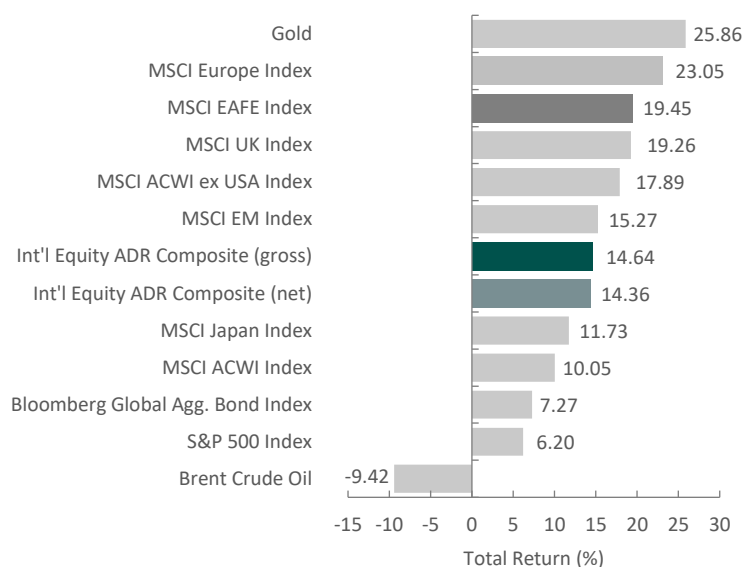


## 2Q 2025 Commentary

(All MSCI index returns are shown net and in U.S. dollars unless otherwise noted.)

### Markets Review

#### Year-to-Date Returns



Sources: CAPS CompositeHub™, Bloomberg

Past performance is not indicative of future results. Aristotle International Equity Composite returns are presented gross and net of investment advisory fees and include the reinvestment of all income. Gross returns will be reduced by fees and other expenses that may be incurred in the management of the account. Net returns are calculated by subtracting a model fee of 0.50% on an annual basis or 0.04167% on a monthly basis, which includes trading costs and the reinvestment of all income. Aristotle Capital Composite returns are preliminary pending final account reconciliation. Please see important disclosures at the end of this document.

Global equity markets rallied, with the MSCI ACWI Index advancing 11.53% in the second quarter. Global fixed income also performed well, as the Bloomberg Global Aggregate Bond Index returned 4.52%. Value stocks significantly lagged growth over the quarter, with the MSCI ACWI Value Index underperforming the MSCI ACWI Growth Index by 11.42%.

The MSCI EAFE Index rose 11.78% during the second quarter, while the MSCI ACWI ex USA Index climbed 12.03%. Within the MSCI EAFE Index, Europe & Middle East and Asia were the strongest performers, while the U.K. increased the least. On a sector basis, ten out of the eleven sectors within the MSCI EAFE Index posted positive returns, with Communication Services, Information Technology and Industrials generating the largest gains. Conversely, Energy was the only sector to finish in the red, and Health Care and Consumer Discretionary increased the least.

Trade policy remained a focal point. In early April, President Trump introduced a universal 10% import tariff, as well as reciprocal tariffs on dozens of countries, as part of “Liberation Day.” Roughly a week later, and to encourage the start of negotiations, a 90-day pause on reciprocal tariffs was enacted for almost all countries. Later in the

quarter, the U.S. and U.K. finalized the Economic Prosperity Deal, which included expanding American access to British markets and lowering tariffs on the first 100,000 of U.K. autos entering the U.S. each year. Meanwhile, negotiations continued with the EU, Japan, Canada and India. After escalating, trade tensions with China eased somewhat; however, considerable tariffs and other trade policy disputes remain for both countries as negotiations continue.

While the full impact of trade policy changes is still uncertain, major economies—including the U.S., U.K., eurozone and Japan—experienced downward revisions to 2025 GDP growth projections. Additionally, inflation trends were notably mixed during the quarter. In the U.S., changes in the Consumer Price Index (CPI) remained stable at approximately 2.4% year-over-year, while annual inflation in the eurozone fell below the European Central Bank’s 2% target. In contrast, the U.K. saw its CPI rise 3.4% year-over-year, with policymakers warning that ongoing geopolitical tensions may continue to



drive inflation higher by disrupting oil prices and global supply chains. Japan also experienced elevated inflation, with core CPI rising 3.7% year-over-year—its fastest pace since January of 2023.

Amid a backdrop of macroeconomic uncertainty and mixed economic data, central bank policy decisions generally aligned with expectations. Monetary authorities in the U.S. and Japan held their key interest rates steady, while their counterparts in the U.K. and eurozone implemented rate cuts.

In geopolitics, tensions in the Middle East escalated sharply during the quarter, with Israel and Iran engaging in direct missile exchanges—their most overt confrontation in decades. A succession of precision strikes on key Iranian figures and military sites, as well as U.S. airstrikes on nuclear infrastructure, further fueled fears of a broader regional conflict. However, after 12 days of war, a ceasefire was reached late in the quarter, easing immediate tensions but leaving uncertainty over its durability. In Europe, Russian forces entered eastern Ukraine in the Dnipropetrovsk region for the first time in three years. While the two sides engaged in a second round of negotiations and completed prisoner exchanges, prospects of a material advancement toward a ceasefire remain unclear. Despite the heightened geopolitical events, Brent crude oil fell 9.5% during the quarter.

## Performance and Attribution Summary

For the second quarter of 2025, Aristotle Capital's International Equity ADR Composite posted a total return of 10.18% gross of fees (10.05% net of fees), underperforming the MSCI EAFE Index, which returned 11.78%, and the MSCI ACWI ex USA Index, which returned 12.03%. Please refer to the table below for detailed performance.

Performance (%)	2Q25	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception*
International Equity ADR Composite (gross)	10.18	14.64	19.20	15.62	11.93	7.51	7.22
International Equity ADR Composite (net)	10.05	14.36	18.61	15.06	11.38	6.98	6.69
MSCI EAFE Index (net)	11.78	19.45	17.73	15.97	11.16	6.51	6.52
MSCI ACWI ex USA Index (net)	12.03	17.89	17.72	13.99	10.13	6.12	5.90

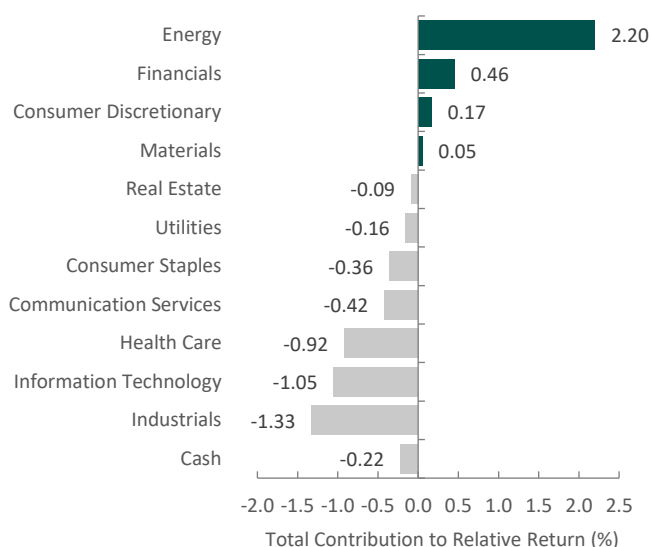
*\*The inception date for the International Equity ADR Composite is June 1, 2013. Past performance is not indicative of future results. Aristotle International Equity ADR Composite returns are presented gross and net of model fees and include the reinvestment of all income. Gross returns will be reduced by fees and other expenses that may be incurred in the management of the account. Net returns are presented net of model fees. Net returns are calculated by subtracting a model fee of .50% on an annual basis or .04167% on a monthly basis, which includes trading costs and the reinvestment of all income. Aristotle Capital Composite returns are preliminary pending final account reconciliation. Please see important disclosures at the end of this document.*

From a sector perspective, the portfolio's underperformance relative to the MSCI EAFE Index can be primarily attributed to allocation effects. While there were both positive and negative contributions from security selection across sectors, these impacts largely offset one another over the period. Security selection in Industrials, Health Care and Information Technology detracted the most from the portfolio's relative performance. Conversely, security selection in Energy, Financials and Consumer Discretionary contributed to relative returns.

Regionally, security selection was responsible for the portfolio's underperformance. Security selection in Europe & Middle East and Asia detracted the most from relative performance, while exposure to Canada and Emerging Markets contributed.



### Total Contribution to Relative Return by Sector Versus MSCI EAFE Index Second Quarter 2025



Source: FactSet

Past performance is not indicative of future results. Sector attribution shows how much of a portfolio's overall return is directly attributable to stock selection and asset allocation decisions within the portfolio, highlighting which sectors contributed or detracted to the total return. Attribution includes the reinvestment of income. Attribution is presented gross of fees and does not include the deduction of all fees and expenses that a client or investor has paid or would have paid. Please refer to the gross and net composite returns included within to understand the overall impact of fees.

### Contributors and Detractors for 2Q 2025

Relative Contributors	Relative Detractors
Cameco	Alcon
Safran	Accenture
Pan Pacific International	Otsuka Holdings
Erste Group Bank	Sony
Credicorp	Kubota

**Alcon, a global leader in eye care, was the largest detractor during the quarter.** Aside from its earnings report, there was little material news, and we did not view anything in the report as affecting the company's long-term fundamentals. While quarterly updates can influence sentiment, our focus remains on the strength and quality of the business. Alcon operates in a resilient, oligopolistic industry with high barriers to entry and recurring revenue streams tied to its large installed base of cataract surgery systems. It also continues to innovate across product categories, including its premium intraocular lens portfolio (e.g., PanOptix, Vivity), ultra-premium daily contact lenses (e.g., Dailies Total1) and over-the-counter products, such as Systane for dry eyes. Since its spinoff from Novartis in 2019, the company has also demonstrated greater agility in R&D, commercial

execution and capital allocation—catalysts we previously identified. More broadly, we believe Alcon's ability to strengthen its partnerships with eye care professionals and broaden access to underutilized premium technologies makes the company uniquely positioned to benefit from an aging population, increased access to eye care in emerging markets, and rising awareness and diagnosis of chronic dry eye conditions.

**Kubota, the Japanese maker of tractors and construction equipment, was a top detractor during the quarter.** Despite rising revenue, results were pressured by a stronger yen, elevated fixed costs, and slowing North American tractor demand. Investor concerns were further heightened by the potential for new U.S. tariffs, which could impact profitability. However, despite these near-term headwinds, we believe the fundamentals remain solid. Kubota continues to expand its footprint in Southeast Asia's "wet field" rice markets as farming becomes increasingly mechanized, while gaining share in "dry field" agriculture globally through new market entry and a broader product lineup. In North America, the company has also reinforced its leadership in compact machinery, building on established strengths in mini-excavators and track loaders. Its long-standing reputation for quality, reliability, ease of use, and distribution support reinforces our view that Kubota remains well-positioned to benefit from long-term global demand for efficient agricultural and construction solutions.

**Cameco, one of the world's largest uranium producers, was the biggest contributor during the quarter.** The company continued to demonstrate the hallmarks of a high-quality business: a long-duration contract portfolio, disciplined capital allocation and resilience in the face of operational disruption. Despite a nearly 30% decline in uranium spot prices year-over-year, Cameco reported higher average realized prices under its contracted sales—underscoring its pricing power and long-term customer relationships. The company maintained stable operations despite a temporary production pause at the Inkai joint venture and wildfires in northern Saskatchewan. Meanwhile, management continued to deepen its exposure to the nuclear fuel cycle through its Westinghouse unit, which expands its reach into reactor services and fuels. With rising global



interest in nuclear energy for energy security and decarbonization, Cameco’s strong balance sheet, vertically integrated platform and ability to flex production volume (thereby controlling costs) remain important catalysts in our eyes.

*Safran, the French aerospace propulsion and equipment manufacturer, was a top contributor during the quarter.* The company continues to demonstrate high-quality characteristics—namely durable aftermarket revenue, strong pricing power and long-standing customer relationships across its propulsion, avionics and interiors franchises. Record 2024 results carried into 2025, supported by strong air traffic recovery, particularly in Asia, and increased aircraft utilization. As the dominant supplier of narrow-body aircraft engines (approximately 70% market share), Safran benefits from rising demand for required maintenance as airlines extend the lives of aging fleets. With roughly one-fifth of its revenues tied to defense, the company also stands to gain from rising European defense budgets, where policymakers are placing increased emphasis on sourcing from regional suppliers. We also continue to view the transition from the legacy CFM56 engine to the more fuel-efficient LEAP platform as a meaningful catalyst—especially given that a large portion of the installed LEAP fleet has yet to reach its first maintenance cycle, providing a long and visible runway (pardon the pun) of profit growth. Looking ahead, we believe Safran remains well-positioned to benefit from global fleet modernization and the industry’s pivot toward more efficient and sustainable aircraft platforms.

Recent Portfolio Activity

Buys	Sells
None	None

Consistent with our long-term horizon and low turnover, there were no new purchases or sales completed during the quarter.

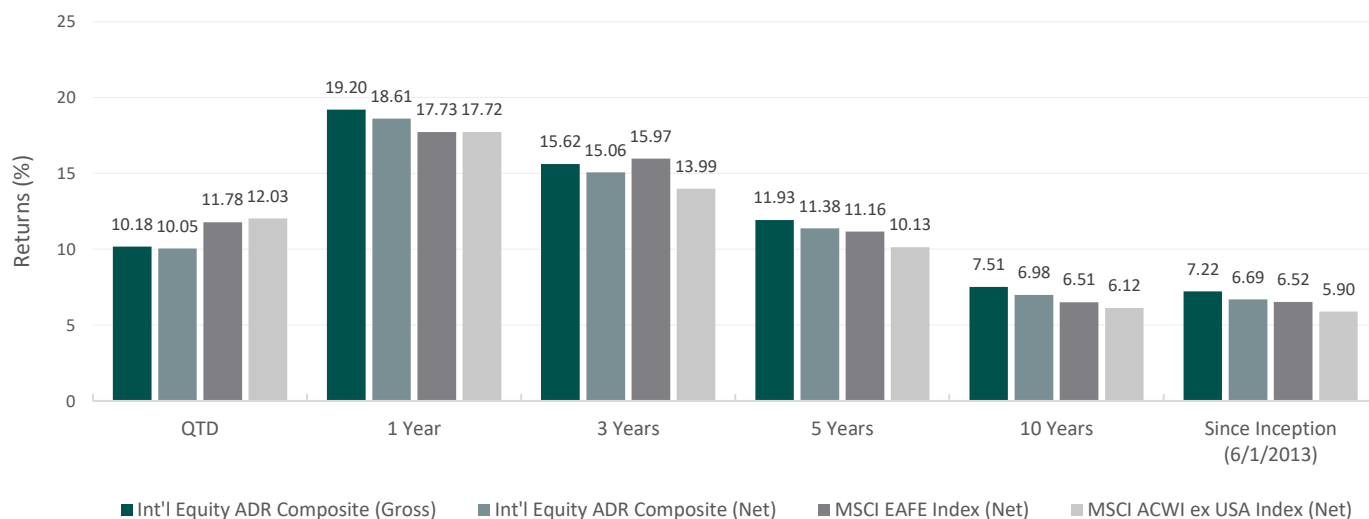
Conclusion

As the world continues to navigate shifting trade dynamics, complex monetary and fiscal policy decisions, and heightened geopolitical uncertainty, the broader implications for the global economy remain unclear. While we are mindful of these macroeconomic forces, we do not attempt to predict their timing or short-term market impact. Instead, we anchor our investment approach in what we believe to be more reliable and enduring: the fundamentals of individual businesses and their long-term potential. By concentrating on high-quality companies with management teams we consider proven, we aim to build portfolios capable of withstanding a wide range of economic environments and delivering attractive returns over full market cycles.



## Aristotle International Equity ADR Composite Performance

All Periods Ended June 30, 2025



Sources: CAPS CompositeHub™, MSCI

Year	International Equity ADR Composite (Gross %)	International Equity ADR Composite (Net %)	MSCI EAFE Index (Net %)	MSCI ACWI ex USA Index (Net %)
2025 YTD	14.64	14.36	19.45	17.89
2024	7.46	6.95	3.82	5.53
2023	18.17	17.60	18.24	15.62
2022	-17.60	-18.02	-14.45	-16.00
2021	16.17	15.60	11.26	7.82
2020	9.91	9.37	7.82	10.65
2019	23.21	22.61	22.01	21.51
2018	-8.44	-8.90	-13.79	-14.20
2017	23.82	23.21	25.03	27.19
2016	0.71	0.21	1.00	4.50
2015	1.41	0.90	-0.81	-5.66
2014	-4.31	-4.79	-4.90	-3.87
6/1/13 – 12/31/13	11.04	10.72	13.75	10.34

Composite returns for all periods ended June 30, 2025 are preliminary pending final account reconciliation.

Past performance is not indicative of future results. The information provided should not be considered financial advice or a recommendation to purchase or sell any particular security or product. Performance results for periods greater than one year have been annualized. Returns are presented gross and net of model fees and include the reinvestment of all income. Gross returns will be reduced by fees and other expenses that may be incurred in the management of the account. Net returns are presented net of model fees. Net returns are calculated by subtracting a model fee of .50% on an annual basis or .04167% on a monthly basis, which includes trading costs and the reinvestment of all income.



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Returns are presented gross and net of model fees and include the reinvestment of all income. Gross returns will be reduced by fees and other expenses that may be incurred in the management of the account. Net returns are presented net of model fees. Net returns are calculated by subtracting a model fee of .50% on an annual basis or .04167% on a monthly basis, which includes trading costs and the reinvestment of all income.

All investments carry a certain degree of risk, including the possible loss of principal. Investments are also subject to political, market, currency and regulatory risks or economic developments. International investments involve special risks that may in particular cause a loss in principal, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in emerging markets. Securities of small- and medium-sized companies tend to have a shorter history of operations, be more volatile and less liquid. Value stocks can perform differently from the market as a whole and other types of stocks.

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The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. The MSCI EAFE Index consists of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The MSCI ACWI captures large and mid-cap representation across 23 developed market countries and 24 emerging markets countries. With approximately 2,600 constituents, the Index covers approximately 85% of the global investable equity opportunity set. The MSCI ACWI Growth Index captures large and mid-cap securities exhibiting overall growth style characteristics across 23 developed markets countries and 24 emerging markets countries. The MSCI ACWI Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 23 developed markets countries and 24 emerging markets countries. The MSCI ACWI ex USA Index captures large and mid-cap representation across 22 of 23 developed markets countries (excluding the United States) and 24 emerging markets countries. With approximately 2,000 constituents, the Index covers approximately 85% of the global equity opportunity set outside the United States. The MSCI Emerging Markets Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 24 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. The S&P 500® Index is the Standard & Poor's Composite Index of 500 stocks and is a widely recognized, unmanaged index of common stock prices. The Brent Crude Oil Index is a major trading classification of sweet light crude oil that serves as a major benchmark price for purchases of oil worldwide. The MSCI Japan Index is designed to measure the performance of the large and mid-cap segments of the Japanese market. With approximately 200 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in Japan. The Bloomberg Global Aggregate Bond Index is a flagship measure of global investment grade debt from 27 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. The MSCI United Kingdom Index is designed to measure the performance of the large and mid-cap segments of the U.K. market. With nearly 100 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in the United Kingdom. The MSCI Europe Index captures large and mid-cap representation across 15 developed markets countries in Europe. With approximately 400 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization across the European developed markets equity universe. These indexes have been selected as the benchmarks and are used for comparison purposes only. The U.S. Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The U.K. Consumer Price Index is a measure of inflation that is calculated by the Office for National Statistics (ONS). It measures the change in the price of a basket of goods and services consumed by households in the U.K. The Japanese core Consumer Price Index measures changes in the prices paid by consumers for a basket of goods and services, excluding fresh food costs. The volatility (beta) of the Composite may be greater or less than the respective benchmarks. It is not possible to invest directly in these indexes.

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