

INTERNATIONAL EQUITY ADR

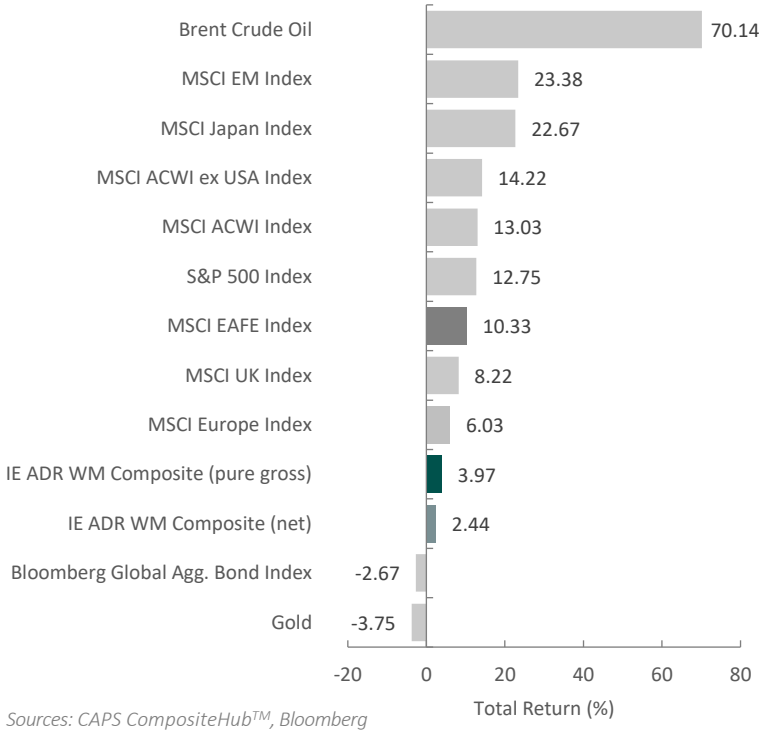
ARISTOTLE CAPITAL MANAGEMENT

3Q 2026 Commentary – Wealth Management

(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 ADR WM Composite returns are presented pure gross and net of the maximum wrap fee and include the reinvestment of all income. Pure gross returns do not reflect the deduction of any trading costs or other fees and are supplemental to the net returns. Net returns are calculated by subtracting the highest applicable wrap/SMA fee, which includes trading costs and custodial fees, from the pure gross composite return. (From inception to 12/31/2015, the highest applicable wrap/SMA fee is 3.00% on an annual basis, or 0.75% quarterly. From 1/1/2016 to 12/31/2023, the highest applicable wrap/SMA fee is 2.00% on an annual basis, or 0.50% quarterly and 0.17% monthly from 1/1/2024 to present.) Please see important disclosures at the end of this document.

Shocks to energy prices stemming from renewed conflict in the Middle East, changing interest rate expectations, trade tensions, and enthusiasm (and fear) surrounding artificial intelligence (even among companies outside the United States) have become recurring themes of the market environment. Though global equity markets continue to climb, macroeconomic headlines seem to draw investors towards certain industries and away from others regardless of business fundamentals.

Brent crude, for example, started the year at roughly $60 per barrel and nearly doubled by May, then dropped back to ~$70 in July, only to spike back up above $100 later in the third quarter. Turning to central bank policy, following an unprecedented tightening cycle that concluded in 2023, the U.S. Federal Reserve cut interest rates six times in 2024 and 2025 before reversing course in the most recent quarter, joining several European central banks in raising rates. As governments in the developed world face a mix of fiscal deficits and stubborn inflation, longer-dated sovereign bond yields are climbing as well.

Against this backdrop, we believe it is particularly important to distinguish between businesses whose financial outcomes are dependent on prevailing macro conditions and those capable of succeeding across a range of environments. We recognize that “quality” is an over-used term—and often used too broadly—across the investment industry. For us, it is important to distinguish among three distinct forms of quality:

- **Transient Quality** can look exceptional at the peak of a cycle, with scarcity-driven pricing power, expanding margins and high returns on capital. On the surface the economics can appear highly attractive, but when supply eventually catches up, prices normalize and investors realize what has happened, significant valuation resets can occur.
- **Conventional Quality** possesses many of the characteristics traditionally associated with great businesses—powerful brands, customer loyalty, incumbency advantages and ecosystem lock-in—but the old moats are eroding. Digital advertising, ecommerce, private label, low barriers to entry and technological disruption have made certain franchises less structurally resilient than they once were.
- **Durable Quality** is where we are most energized because scarcity is permanent rather than cyclical (or at least less so). These businesses can raise prices ahead of inflation for years without impairing volume, protected by natural monopolies, geology, irreplaceable infrastructure, essentiality, regulation or deliberate scarcity. Consider businesses like luxury goods manufacturers, regulated utilities and mission-critical technology solutions, or specialty data providers, unique ingredient producers and transportation platforms.

By focusing on durable quality, we seek to look beyond the whipsaw of macroeconomic events and capitalize on the disconnects they can create between share prices and long-term normalized earnings power. Importantly, we believe today's environment continues to provide such opportunities, enabling us to selectively enhance the portfolio when we identify businesses offering a particularly compelling combination of quality, valuation and catalysts.

Performance and Attribution Summary

For the third quarter of 2026, Aristotle Capital's International Equity ADR WM Composite posted a total return of 0.07% pure gross of fees (-0.43% net of fees), underperforming the MSCI EAFE Index, which returned 0.81%, and the MSCI ACWI ex USA Index, which returned 0.48%. Please refer to the table below for detailed performance.

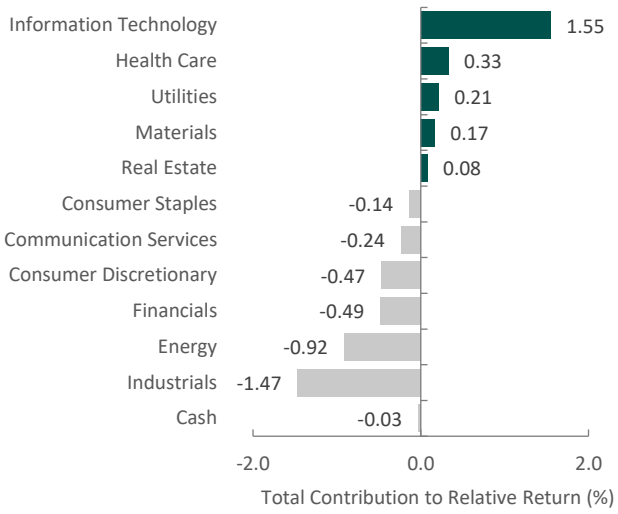
Performance (%)	3Q26	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception*
International Equity ADR WM Composite (pure gross)	0.07	3.97	10.01	14.79	7.08	8.75	8.63
International Equity ADR WM Composite (net)	-0.43	2.44	7.87	12.56	4.97	6.60	6.30
MSCI EAFE Index (net)	0.81	10.33	15.69	18.40	9.32	9.07	8.50
MSCI ACWI ex USA Index (net)	0.48	14.22	20.00	20.54	9.55	9.25	8.13

**The inception date for the International Equity ADR WM Composite is 7/1/2012. Past performance is not indicative of future results. Aristotle International Equity ADR WM Composite returns are presented pure gross and net of the maximum wrap fee and include the reinvestment of all income. Pure gross returns do not reflect the deduction of any trading costs or other fees and are supplemental to the net returns. Net returns are calculated by subtracting the highest applicable wrap/SMA fee, which includes trading costs and custodial fees, from the pure gross composite return. (From inception to 12/31/2015, the highest applicable wrap/SMA fee is 3.00% on an annual basis, or 0.75% quarterly. From 1/1/2016 to 12/31/2023, the highest applicable wrap/SMA fee is 2.00% on an annual basis, or 0.50% quarterly and 0.17% monthly from 1/1/2024 to present.) 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 attributed to security selection while allocation effects contributed. Security selection in Industrials, Energy and Financials detracted most from the portfolio's relative performance. Conversely, security selection in and an underweight in Information Technology, as well as security selection in Health Care, contributed.

Regionally, allocation effects were responsible for the portfolio's underperformance while security selection contributed. Security selection in Developed Asia and exposure to Canada detracted most from relative performance, while security selection and an underweight in Developed Europe & Middle East contributed.

Total Contribution to Relative Return by Sector Versus MSCI EAFE Index
Third Quarter 2026



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 pure 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 pure gross and net composite returns included within to understand the overall impact of fees.

Contributors and Detractors for 3Q 2026

Relative Contributors	Relative Detractors
DBS Group	Brookfield
ING Groep	Cameco
Accenture	Rentokil Initial
Sony	Fast Retailing
DSM-Firmenich	FANUC

Relative contributors and detractors are based on attribution total effect and exclude benchmark securities not held in the portfolio.

Cameco, one of the world's largest uranium producers, was a primary detractor during the quarter. The company's stock sold off amid concerns that disruptions at its Canadian uranium operations (including Cigar Lake, McArthur River and Key Lake) would temporarily dampen near-term production. Despite these challenges, the company maintained its annual production outlook, while average realized prices continued to improve and long-term uranium prices reached decade highs. Cameco's extensive use of long-term contracts, combined with the production flexibility of its tier-one assets, helps insulate the business from short-term commodity price fluctuations and operational volatility. We believe the company remains well-positioned to benefit from growing global demand for nuclear energy through its high-quality uranium assets, fuel services capabilities and ownership interest in Westinghouse.

Rentokil Initial, the U.K.-based pest control and hygiene services company, was a detractor during the quarter. Shares declined following the company's interim results as investors focused on weaker growth in portions of its North American pest control business and management's decision to retire its previous 2027 North American margin target. Importantly, North American organic growth improved from the prior year, while customer retention and profitability also increased. Under newly appointed CEO Mike Duffy, the company has strengthened its North American leadership team and is undertaking a broader operational restructuring, with plans to reinvest cost savings into initiatives intended to accelerate organic growth rather than maximize near-term margins. While we continue to assess the new management team's strategy and execution, we believe Rentokil's scale, route density and recurring service model provide the company with meaningful competitive advantages.

DBS Group, a leading Asian financial services company headquartered in Singapore, was a top contributor during the quarter. Shares rose following another strong earnings report, with record earnings supported by continued growth in wealth management and other fee-based businesses, as well as resilient net interest income despite lower local interest rates. The company continues to benefit from growing wealth creation across Asia, while its strong capital position has supported increased shareholder distributions and disciplined capital allocation. We believe DBS's strong market position, diversified sources of earnings and disciplined capital allocation support attractive long-term returns.

Accenture, a leading technology consulting and managed services company, was a primary contributor during the quarter after being the strategy's largest detractor during the first half of the year. Shares rallied as investor sentiment improved following significant concerns about the potential impact of artificial intelligence on traditional consulting and technology services. While market perceptions of AI's impact on the industry have shifted considerably, our focus has remained on the underlying business and Accenture's ability to create value for its clients. For decades, the company's deep industry expertise, longstanding client relationships, and broad technology ecosystem positioned it to help enterprises integrate new technologies and redesign increasingly complex business processes. The latest wave of technological innovation is no different. We believe these capabilities become more valuable, rather than less, as the pace of technological change accelerates and Accenture becomes mission critical to global enterprises seeking to evolve, adapt and grow.

Recent Portfolio Activity

Buys	Sells
WEG	Michelin

During the quarter, we sold our position in Michelin and invested in WEG.

We initially invested in Michelin, one of the world's largest tire manufacturers, in the first quarter of 2021. In our view, the company benefits from a strong competitive position driven by its global scale, brand strength and continued leadership in cutting-edge tire technology. During our ownership, Michelin made progress on several of the catalysts we had identified, including shifting its product mix toward higher-margin specialty and large-diameter tires, while pursuing initiatives to improve operating efficiency and expand into higher-growth businesses. However, our ongoing research, including work on Michelin's competitors, led us to reassess some elements of our original investment thesis as competitive dynamics evolved and the opportunity for further profitability improvements became less certain. As a result, we chose to exit our position to fund what we believe is a more compelling opportunity in WEG.

WEG S.A.

Headquartered in Jaraguá do Sul, Brazil, and founded in 1961, WEG is a global electrical equipment manufacturer that has evolved from a Brazilian electric motor producer into a diversified industrial platform. The company makes equipment that helps generate, transmit, convert, control and use electricity across industrial and infrastructure applications, including motors, drives, automation systems, transformers, generators and alternators. These products serve end markets such as manufacturing, mining, oil and gas, water infrastructure, utilities, renewable energy, and data centers, giving WEG exposure to both traditional industrial demand and longer-term investment in electrification, grid modernization and automation.

WEG's differentiation lies less in the product categories themselves than in the operating model it has built around them. Motors, transformers and other electrical equipment markets can be cyclical, competitive and capital intensive, but WEG has historically generated attractive profitability through vertical integration, engineering discipline, cost control and a long-term reinvestment culture. Its roots in southern Brazil, a region with a strong engineering and manufacturing tradition, have helped shape this operating culture. In our opinion, this model has allowed the company to expand from a strong Brazilian base into international markets while maintaining attractive returns and a strong balance sheet.

High-Quality Business

Some of the quality characteristics we have identified for WEG include:

- A vertically integrated manufacturing model that supports cost efficiency, quality control, product customization and supply-chain reliability;
- Significant scale and established market positions across core product categories, including global leadership in low-voltage industrial motors and a dominant position in Latin American transformers;

- A long-term ownership culture, with the founding families retaining a controlling interest and supporting continued reinvestment in the business; and
- A strong financial profile, including a net cash balance sheet and a long track record of growth, with only one year of negative revenue growth over the past 15 years.

Attractive Valuation

We believe shares of WEG are attractively valued given our estimates of normalized earnings. In our view, the company's long-term opportunities for international expansion, additional manufacturing capacity and market share gains are not fully reflected in its current valuation, as investor attention remains focused on near-term uncertainty surrounding tariffs, renewable energy demand and Brazil-related macroeconomic volatility.

Compelling Catalysts

Catalysts we have identified for WEG, which we believe will cause its stock price to appreciate over our three- to five-year investment horizon, include:

- Continued expansion beyond Brazil, particularly in motors, transformers, alternators and automation, as WEG builds scale and market share in international markets;
- Further localization and vertical integration of manufacturing capacity, supporting customer service, supply-chain efficiency and WEG's ability to replicate its operating model outside of Brazil;
- Continued integration and improvement of acquired businesses, including Marathon in motors and alternators and Crompton Greaves Power Systems in transformers, as WEG applies its manufacturing discipline and reinvestment model to these platforms; and
- Expansion of transformer manufacturing capacity, including planned capacity additions through 2028, supported by demand for grid investment, electrification and data center-related electrical infrastructure.

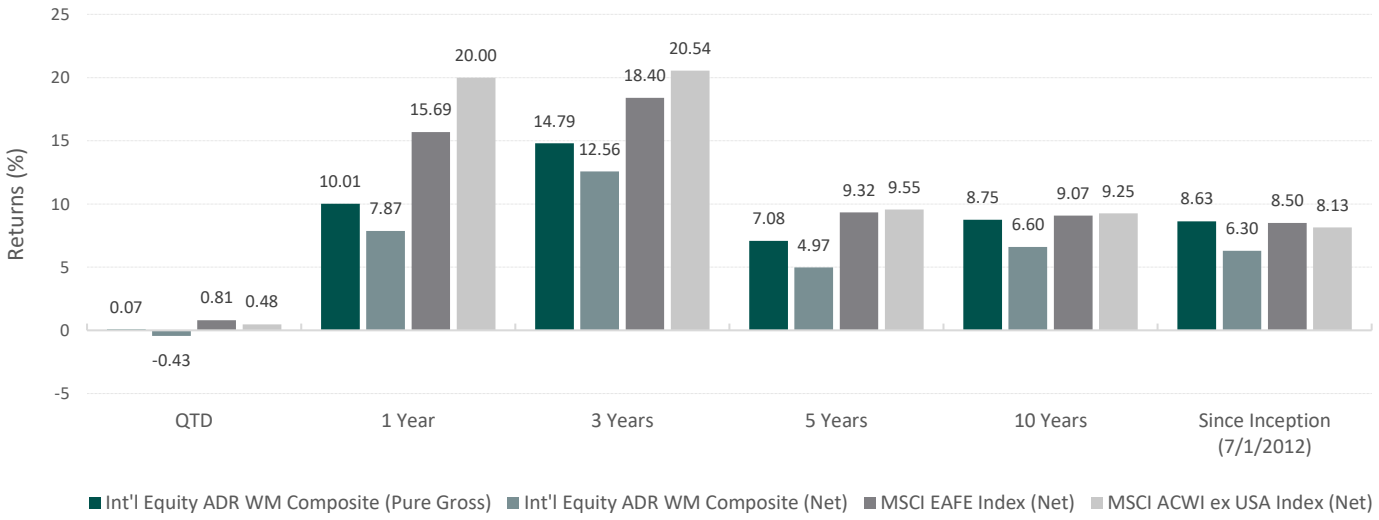
Conclusion

Periods of relative underperformance can test conviction, particularly when market leadership is narrow and rapidly changing. However, we believe the appropriate response is not to chase what has recently worked but to remain focused on the long-term drivers of value creation. This discipline has guided our investment process across multiple market cycles and continues to shape how we position the portfolio today.

Importantly, recent performance has not been accompanied by a deterioration in the businesses we own. In many cases, earnings have continued to grow even as valuation multiples have compressed, creating what we believe is an increasingly attractive disconnect between share prices and normalized earnings power. While periods like this are challenging, they can also create opportunity for long-term investors. We believe the very conditions that have challenged recent relative performance have strengthened the portfolio's prospective return potential.

Aristotle International Equity ADR WM Composite Performance

All Periods Ended September 30, 2026



Sources: CAPS CompositeHub™, MSCI

Year	International Equity ADR WM Composite (Pure Gross %)	International Equity ADR WM Composite (Net %)	MSCI EAFE Index (Net %)	MSCI ACWI ex USA Index (Net %)
YTD 2026	3.97	2.44	10.33	14.22
2025	24.59	22.19	31.22	32.39
2024	6.85	4.76	3.82	5.53
2023	18.15	15.85	18.24	15.62
2022	-17.89	-19.61	-14.45	-16.00
2021	16.64	14.35	11.26	7.82
2020	9.87	7.61	7.82	10.65
2019	23.28	20.91	22.01	21.51
2018	-8.27	-10.11	-13.79	-14.20
2017	23.79	21.35	25.03	27.19
2016	0.82	-1.13	1.00	4.50
2015	1.05	-1.02	-0.81	-5.66
2014	-3.42	-6.32	-4.90	-3.87
2013	22.42	18.84	22.78	15.29
7/1/12 – 12/31/12	12.15	10.53	13.95	13.68

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.

The Aristotle International Equity ADR WM Composite has an inception date of 7/1/2012. As of 1/1/2024, the Composite was renamed from the International Equity ADR Wrap Composite.

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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. While Large-capitalization companies may have more stable prices than smaller, less established companies, they are still subject to equity securities risk. In addition, large-capitalization equity security prices may not rise as much as prices of equity securities of small-capitalization companies. Securities of small- and medium-sized companies tend to have a shorter history of operations and be more volatile and less liquid. Value stocks can perform differently from the market as a whole and other types of stocks. The material is provided for informational and/or educational purposes only and is not intended to be and should not be construed as investment, legal or tax advice and/or a legal opinion. Investors should consult their financial and tax adviser before making investments. The opinions referenced are as of the date of publication, may be modified due to changes in the market or economic conditions, and may not necessarily come to pass. Information and data presented has been developed internally and/or obtained from sources believed to be reliable. Aristotle Capital does not guarantee the accuracy, adequacy or completeness of such information.

The MSCI EAFE Index (Europe, Australasia, Far East) is an equity index which captures large and mid cap representation across Developed Markets (DM) countries around the world, excluding the US and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country The MSCI ACWI Index captures large and mid cap representation across Developed Markets (DM) and Emerging Markets (EM) countries. The index covers approximately 85% of the global investable equity opportunity set. The MSCI ACWI ex USA Index captures large and mid cap representation across Developed Markets (DM) countries (excluding the US) and Emerging Markets (EM) countries. The index covers approximately 85% of the global equity opportunity set outside the United States. The MSCI Emerging Markets Index captures large and mid cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country. The S&P 500 Index is the Standard & Poor's Composite Index and is a widely recognized, unmanaged index of common stock prices. It is market cap weighted and includes 500 leading companies, capturing approximately 80% coverage of available market capitalization. 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 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 Europe Index captures large and mid cap representation across Developed Markets (DM) countries in Europe. 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 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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