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Hello, I'm Rakesh Bordia. I am one of the co-portfolio managers on our international strategies.

International stocks continued their upward trend in the third quarter after a good second quarter. The tariff concerns abated, and there was increased risk appetite because the macro conditions were improving. As such, international stocks did fairly well. Emerging markets did particularly well within that, and China was one of the strongest countries overall.

There was a wide dispersion, though — even in Europe, for example, some countries were down in the quarter, whereas Spain was up double digits. Cyclical stocks generally did well. The strongest sectors were financials and consumer discretionary.

As a result, the EAFE Value Index outperformed the EAFE Index, and our portfolio outperformed the EAFE Index by around 2% and lagged the EAFE Value Index by about 60 basis points. As is generally the case with us, our performance was driven primarily by stock selection.

For example, the three strongest performers were Alibaba, Samsung, and Murata. Alibaba is a Chinese e-commerce player which has really fixed many of the issues the company was plagued by over the last few years. They stabilized their e-commerce market share and started growing very rapidly in quick commerce. The market also became very optimistic about their cloud business and some of the businesses where they've been losing money.

Samsung benefited as the DRAM industry stabilized, as well as from hope that they might get qualified for their HBM — high-bandwidth memory — which is used primarily for AI. Murata is a Japanese multi-layer ceramic capacitor manufacturer which benefited from very strong AI demand.

On the flip side, our biggest detractor was Teleperformance, which is a customer care company based in Europe. It reported weak revenue and weak results overall, but when you parse the results more deeply, most of the revenue weakness was driven by a one-off contract loss and some weakness in their language interpretation business.

The other weak stock in the quarter was Fresenius, where concerns escalated around GLP-1s and their impact on mortality rates.

During the quarter, we did not add any new positions to the portfolio. We did add to our positions in Michelin, Evonik, and Daikin, and we financed them through trims in Alibaba, Rexel, and T&D, mostly on strength.

While the tariff concerns abated this quarter, the market continues to be on edge. These volatile times are generally good hunting grounds for investors like us because the market tends to overreact in these periods. Of course, it's all about company research and company-specific analysis, but we find these choppy waters a very exciting time for us to look for great opportunities.

Thank you.

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