

Executive Summary as of June 30, 2024^{1,2}

Elections came into focus during the second quarter, with mixed impact thus far on global equities. Japanese intervention in response to yen weakness and a rebound in the Chinese equity market were among the quarter's other short-lived events. Longer-lasting: a global monetary loosening cycle began to take shape, though the US Federal Reserve has not yet joined in. Amid these gripping but perhaps confusing headlines, we continue to emphasize company, industry, and country fundamentals—which are strong across many foreign market segments. We remain optimistic in a range of opportunities both in developed and emerging equities.

Market Commentary^{1,2}

Equities cooled following a strong first quarter of the year, though muted returns concealed significant political and economic events. For one, the 'Year of the Election' heated up: South Korea, South Africa, Mexico, India, the European Parliament, and France (1st round) were the major elections during the quarter, with France (2nd round) and the UK well into campaigns for votes in early July. Though difficult to concisely characterize these disparate ballots, voters' discontent may be one common thread, as many incumbents underperformed expectations.

Economically, the expected monetary divergence between the US Federal Reserve and central banks elsewhere in the world took shape—the Fed held its target rate steady while the European Central Bank, Bank of Canada, and Swiss National Bank all loosened policy. The Bank of England held rates steady but indicated cuts may not be far away. Weakness in the Japanese yen caused officials there to intervene in the currency market—relieving the immediate pressure, but not its underlying cause (low interest

rates) or its longer-term trend (it fell to a generational low by quarter's end).

The Chinese (and Hong Kong) market rebounded briefly, amid a sustained multi-year slump. From mid-April through mid-May, its index surged 20%—perhaps due more to investor repositioning or sentiment stabilization, rather than fundamentals—before reverting somewhat.

Emerging markets led for the quarter (in addition to China, Taiwan and India put in strong showings), with the MSCI Emerging Markets Index up 5.00%, ahead of MSCI EAFE's -0.42% and All-Country World ex-USA's 0.96% returns. Japan and its weak currency held back developed markets, compared to the US (MSCI USA up 3.94%).

Composite Commentary^{2,3}

The Bailard EAFE Plus Composite's 0.62% net of fee quarter return was ahead of the MSCI EAFE Index developed market benchmark return of -0.42%. Health Care was the leading sector for the quarter, up 4.8%—many of the largest pharmaceutical

¹ Unless otherwise indicated, developed and emerging market returns and comments are based on the respective MSCI EAFE or Emerging Markets indices (U.S. dollar terms on a total return basis, reinvesting dividends after the deduction of withholding taxes). ² Regional, country and sector returns and comments cited in the composite commentary section are based on their respective MSCI regional and country indices (U.S. dollar terms on a total return basis, reinvesting dividends after the deduction of withholding taxes). Any references to specific securities are included solely as general market commentary and were selected based on criteria unrelated to Bailard's portfolio recommendations or the past performance of any security held in any Bailard account or fund. ³ The Bailard International Equity and Emerging Markets Equity Strategies are implemented across three separate composites. The Composite performance commentary reflects the EAFE Plus Composite, which represented 21.0% of total strategy assets as of June 30, 2024. **Past performance is no indication of future results.** All investments involve the risk of loss. Please see page 3 for additional performance data and page 4 for important disclosures.

names joined Novo Nordisk with double-digit gains. Financials also gained, up 3.8%, but other cyclical sectors fell, such as Consumer Discretionary (-8.8%), Real Estate (-6.6%), and Materials (-3.3%). Automobile manufacturers were particularly weak, with interest rate concerns and car price inflation leading to weak sales volume (investigation into certification misconduct of several Japan OEMs didn't help either). Positioning in this respect was mixed—though largely avoiding Real Estate, the Strategy's portfolio was underweight Health Care and overweight Discretionary—but more than offset by security selection within sectors.

Generic market factors such as value, quality, and momentum saw little differentiation, but our more nuanced expressions led us in the right direction—particularly value and quality metrics. This led to strong stock selection, the driver of the Strategy's active quarter outperformance.

Elections impacted country index returns: Turkey (MSCI country index up 21.4%), South Africa (+12.3%), and India (+10.2%) saw investors cheer the moderation compelled by a blunting of their leaders' power. Mexico was a laggard (-16.1%), with investors concerned by the ruling party's concentration of power. Among developed markets, France (-7.5%) was held back by concerns over tax and spending plans of both right- and left-wing parties on the rise (as resulted in the early July election). Apart from elections, developed market leaders included Singapore (+8.9%), benefitting from China sentiment; Denmark (+7.5%), largely Novo Nordisk driven; and Taiwan (+15.1%), boosted by continued strength from TSMC (+27.8% for the quarter / +68.3% YTD). Taiwan was correctly held in the portfolio; outside of this, country allocation saw mixed results, missing opportunities in Switzerland and Australia but catching it in Denmark and the Netherlands.

Strategy Review⁴

While our global volatility measure remained below average, tighter monetary liquidity is leading our country model to give somewhat higher emphasis on value and risk than one quarter ago. Momentum remained in the driver's seat however, with many familiar top-ranked developed markets—Japan,

COUNTRY RANKINGS AT QUARTER END

The environment as of June 30, 2024 favored countries with strong value and momentum characteristics.

HIGHEST RANKED

Argentina	Japan
Austria	Malaysia
Colombia	Pakistan
Egypt	Singapore
Greece	Turkey
Hungary	UK

LOWEST RANKED

Australia	New Zealand
Finland	Philippines
France	Portugal
Indonesia	Switzerland
Mexico	Thailand
Morocco	Vietnam

Source: *Baird, Inc.*

Austria, Denmark, Italy, and Sweden persisting—joined by Singapore and the UK. Consequently, during the quarter the Strategy's portfolio reengaged with Singapore, also adding incrementally to Sweden, Spain, and China/Hong Kong. Reductions were made in France (from overweight to neutral) and Australia (more underweight). Sector positioning remained consistent with previous quarters: most overweight Information Technology while underweight Health Care.

Investment Outlook

Elections will continue to drive headlines. Already in early July, France's second round led to a split result, while the UK saw a landslide Labour victory and consequent change in government. US elections will come into increased focus as the year progresses, with implications for global trade and business. Macroeconomics and monetary policy will also continue as a focus: can the US economy continue to run somewhat 'hot' (higher GDP and inflation than much of the world), or will it cool and follow the rest of the world with looser monetary policy?

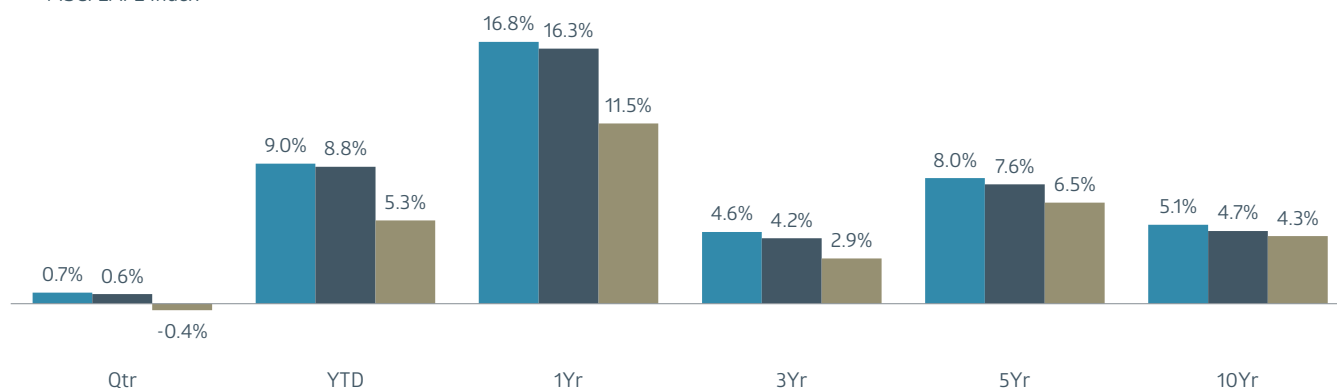
Though mindful of these dominant narratives, country/industry/company fundamentals will be our focus in making portfolio decisions, combining quantitative model outputs and our own qualitative evaluation of current trends. We continue to see a variety of opportunities in non-US equities, both in global leaders of segments with long-term tailwinds (e.g. infrastructure, automation, technology) and in names where expectations/valuations may be overly pessimistic relative to global peers. Positioning the portfolio to benefit from a range of catalysts, we aim to sustain its 'all-weather' quality regardless of headline events.

⁴ Data regarding holdings reflect ownership information as of June 30, 2024 and are not intended to represent any past, present, or future investment recommendations. Holdings are subject to change.

Bailard EAFE-Plus Composite Statistics^{5,6,7}

PERFORMANCE total return (%) for periods ending June 30, 2024

- Composite Gross of Fees
- Composite Net of Fees
- MSCI EAFE Index



PERFORMANCE STATISTICS: 3-YEAR as of 6/30/24

	EAFE-PLUS COMPOSITE		MSCI EAFE INDEX
	GROSS OF FEE	NET OF FEE	
Standard Deviation	16.7%	16.7%	16.7%
Active Return (Net of Fee) vs.			1.3%
Tracking Error (Net of Fee) vs.			2.2%
Information Ratio (Net of Fee) vs.			0.60

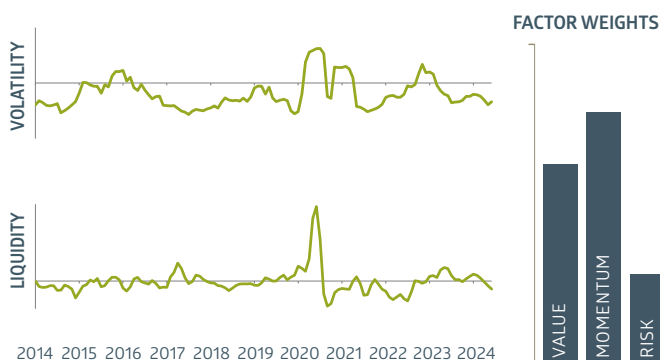
PERFORMANCE STATISTICS: 5-YEAR as of 6/30/24

	EAFE-PLUS COMPOSITE		MSCI EAFE INDEX
	GROSS OF FEE	NET OF FEE	
Standard Deviation	17.4%	17.4%	17.6%
Active Return (Net of Fee) vs.			1.2%
Tracking Error (Net of Fee) vs.			2.2%
Information Ratio (Net of Fee) vs.			0.52

Environmental Variables and Style Factors

as of 06/30/24

The charts below represent two variables that influence our assessment of the global investment environment and, in turn, dynamically affect the factor weights that are determinant in country selection.



Sources: MSCI, Federal Reserve, Bailard.

⁵ Sources: Bailard, MSCI/Datastream. **Past performance is no indication of future results.** All investments involve the risk of loss. Please see page 4 for important disclosures. ⁶ Three-, five- and ten-year return statistics are annualized. ⁷ Performance data shown reflect the EAFE Plus Composite. ⁸ Data regarding holdings reflect ownership information as of June 30, 2024 and are not intended to represent any past, present or future investment recommendations. Holdings are subject to change.

Representative Portfolio, Bailard EAFE-Plus International Equity Strategy⁸ as of 6/30/24

PORTFOLIO SUMMARY

# of Holdings	168
# of Developed Markets	16
# of Emerging, Frontier, and Other Markets	7
% Developed Markets	92.5%
% Emerging, Frontier, and Other Markets	6.7%
% Cash and Equivalents	0.8%

REGIONAL WEIGHTS

Continental Europe	50.6%
Japan	22.5%
United Kingdom	12.7%
Emerging Markets	6.7%
Pacific ex-Japan	5.6%
Other Developed	1.1%
Cash and Equivalents	0.8%

Bailard International Equity Strategy

Quarterly Recap & Outlook

Risks

In addition to the possible loss of investment value due to general market price movements, international investments might suffer losses due to unfavorable exchange rate movements or economic and/or political instability in foreign countries. In some cases, financial statement information might not be readily available or might not be reliable for certain foreign markets. International accounting standards might be different from U.S. accounting standards, and financial data might be subject to misinterpretation. Trading in international markets can be more expensive than trading in domestic markets. Stock markets of certain foreign countries, particularly emerging and frontier markets, may be illiquid, and settlements can be delayed. Emerging and frontier markets have greater risks and can have higher transaction costs than their developed market counterparts. There can be no guarantee that this or any investment strategy will achieve its objective.

Performance Disclosures

The Bailard International Equity and Emerging Markets Equity Strategies are implemented across three separate composites with a total AUM of \$938.5M as of June 30, 2024. All data and performance presented in this publication reflect the EAFE Plus Composite, previously called the Bailard International Equity Composite (the “Composite”), which consists of all discretionary fee-paying accounts that are invested primarily in non-U.S. securities both in developed and emerging markets. As of June 20, 2024, the Composite consisted of a single mutual fund account with a market value of \$197.5M or 21.0% of the strategies’ assets, which has been managed using a quantitative methodology in an advisory or sub-advisory capacity since 1995. Prior to that time, the account was managed using a different strategy. The Composite’s returns are presented both gross and net of management fees, and assume reinvestment of dividends and other earnings. The returns also reflect transaction costs. Three-year, five-year and ten-year returns are annualized. Composite returns do not reflect a fiduciary fulfillment fee payable to Bailard (where applicable), or custody and other expenses not payable to Bailard which the composite account incurred.

Through June 2009, gross of fee performance was calculated by grossing up the NAV performance by the annual expense ratio. Through March 2006, net of fee performance was calculated by netting down the gross return by a model fee of 0.95% on first USD 250M (applied by reducing monthly returns by 1/12 of 0.95%); 0.90% per annum thereafter. From April 2006 through June 2009, net of fee performance was calculated by netting down the gross return by a model fee of 0.475% on first USD 250M (applied by reducing monthly returns by 1/12 of 0.475%); 0.45% per annum thereafter. This model fee represents the highest management fee for the composite. From July 2009, both gross of fee and net of fee returns are taken directly from Bailard’s portfolio accounting system, and net of fee performance was calculated by netting down the gross return by our actual management fee as of the date paid from each account. The composite’s complete return history and a complete list of Bailard’s composites are available upon request.

Individual account management and construction will vary depending on each client’s investment needs and objectives, including liquidity needs, tax situation, risk tolerance, and investment restrictions. Individual accounts may not have the same management fees, expenses, diversification, distributions, cash flows and currency hedging policies as the Composite account. As a result, an account’s actual performance may differ from the performance presented in this piece due to among other things, timing of investment, contributions and withdrawals, and the client’s restrictions, such as restrictions of

currency hedging. In addition, performance does not reflect the effects of taxation, which can result in lower returns to taxable investors. An investment in this strategy involves risk of loss, and the value of an investment may decrease as well as increase. No representation is made that any account will obtain similar results to those shown here.

Other Performance Definitions: Standard deviation is the annualized standard deviation of monthly returns. “Information ratio” is the ratio of added value to tracking error. “Tracking error” is the annualized standard deviation of monthly added value, where added value is [Composite return – benchmark return]. Valuations are computed and performance reported in U.S. dollars.

Market Indices: The MSCI EAFE, MSCI Emerging Markets, and MSCI ACWI ex USA indices are free float-adjusted market capitalization indices. The MSCI EAFE Index is designed to measure equity market performance of international developed markets. The MSCI Emerging Markets Index is designed to measure equity market performance of international emerging markets. The MSCI ACWI ex USA Index is designed to measure equity market performance in international developed (excluding the U.S.) and emerging markets. These indices are presented in U.S. dollar terms on a total return basis, reinvesting dividends after the deduction of withholding taxes (if any). The indices are unmanaged and uninvestable and do not reflect any transaction costs.

Unlike the MSCI EAFE Index, the Composite account invests in emerging and frontier markets. Unlike the MSCI Emerging Markets Index, the Composite account invests in developed and frontier markets. Unlike the MSCI ACWI ex USA Index, the Composite account can invest in frontier markets. Unlike all of these indices, the Composite account invests in cash equivalents, depository receipts and exchange-traded funds, and may engage in currency hedging. The Composite often employed different country weights than these indices. The Composite’s country weights, security weights, and security holdings may differ materially from these indices.

Past performance is no indication of future results. All investments have the risk of loss.

Other Disclosures

The information in this publication is based primarily on data available as of June 30, 2024, and has been obtained from sources believed to be reliable, but its accuracy, completeness and interpretation are not guaranteed. In addition, this publication contains the opinions of the authors as of that date and such opinions are subject to change without notice. We do not think this publication should necessarily be relied on as a sole source of information and opinion. This publication is not a recommendation of, or an offer to sell or solicitation of an offer to buy any particular security or investment product. It does not take into account the particular investment objectives, financial situations or needs of individual clients. Bailard cannot provide investment advice in any jurisdiction where it is prohibited from doing so.

Bailard

Published July 2024

For more information, please call 800.BAILARD (800.224.5273) or visit www.bailard.com.

Bailard Asset Management
950 Tower Lane, Suite 1900
Foster City, California 94404