Q2 2025 Bailard International Equity Strategy

Quarterly Recap and Outlook

Executive Summary as of June 30, 2025[1,2]

Non-U.S. equities built on a strong first quarter with continued gains in the second, albeit with significant short-term swings along the way. Trade and political uncertainties continued to weigh on the U.S. dollar, providing a boost for firms' revenues and profits outside American borders. Similar concerns are likely to weigh on economic growth, causing convergence in GDP expectations for 2025 between the U.S. and other developed markets. By contrast, several themes have seen expectations increase year-to-date, including defense, financials, and infrastructure. These and other diverse potential catalysts support our belief that the events and strong performance of the year-to-date can be the start of a favorable long-run cycle.

Market Commentary[1,2]

Global markets experienced significant volatility this quarter, driven by unpredictability around U.S. economic policies and inconclusive tariff negotiations, underscoring a fragile trade environment. President Trump's April 2nd "Liberation Day" and punitive tariff announcement sparked a sharp sell-off only to reverse on a subsequent tariff "pause" a week later. The 90-day pause, which capped tariffs at 10%, brought few concrete outcomes ahead of the July 9th deadline, such as a U.S.-China framework which included a rare-earths deal and a tariff truce extension as well as the UK's negotiation of a reduced 10% tariff rate. Real economic activity bore the brunt of this muddied trade environment, with U.S. Q1 GDP declining 0.3% from accelerated imports and the OECD revising global growth estimates downward. Markets surged higher despite the lack of progress as the U.S. administration softened its stance toward countries negotiating in "good faith" and backed away from a strict deadline. In emerging markets, South Korea was a bright spot, surging 12% in June alone as newly elected President Jae-myung pledged to address the "Korea Discount" with pro-market reforms and corporate governance overhaul.

Though concrete changes are thus far minimal, the ongoing policy back-and-forth has left noticeable shifts in the currency markets. The U.S. dollar experienced its worst first half of a year since 1973, slumping over 10%, disrupting its familiar rhythm of strength during periods of risk and volatility. The euro, pound, and Swiss franc hit three-year highs, while the Taiwan dollar surged 8% amid dollar hedging by exporters and institutions against currency losses. Gold briefly breached $3,400/oz. several times, as investors sought safe havens. Tensions in the Middle East escalated after Israel and the U.S. launched airstrikes on Iran's nuclear facilities, triggering retaliatory attacks from Iran. This prompted a brief oil price spike above $81/barrel before falling to below pre-conflict levels, assisted by a ceasefire as well as OPEC+ production increases.

Amid a backdrop of U.S.-induced unpredictability, nations are pursuing strategic alliances and increasing efforts toward self-reliance. The UK-EU Summit realigned cooperation, lowering trade barriers and boosting collaboration on defense and energy security. In Canada, Carney's re-election reflects his stance toward national unity and opposition against Trump's tariff and annexation threats. Similarly, Australia's Labor Party secured victory by championing the "Australian Way," in contrast to its opponent's policies of government cuts and immigration restrictions.

The net result for the quarter was a strong rally across developed markets, with EAFE up 11.78%, just slightly ahead of the U.S.' 11.25% return (all MSCI country indexes total returns, net dividends). Eurozone countries surged, led by Portugal (+23.8%), Austria (+21.9%), Netherlands (+18.3%), and Spain (+16.8%). Outside the Eurozone, Israel (+22.1%), Hong Kong (+15.8%) and Australia (+15.1%) led the pack. Even developed-market laggards yielded high single-digit returns: Denmark (+7.5%), Switzerland (+7.5%) and the UK (+8.7%). Emerging market returns varied, with China relatively weak (+2%) but Korea (+32.7%) and Taiwan (26.1%)

[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. ***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.*

strong; Saudi Arabia fell (-5.1%). Its woes reflected weakness of Energy, the only sector to fall (-1.5%), with Health Care (+3%) and Consumer Discretionary (+5.7%) also lagging. The sector standouts were Communication Services (+20.6%), Information Technology (+19.1%), and Industrials (+18%).

Composite Commentary[3,4]

The Bailard EAFE Plus Composite's 11.37% net of fee quarter return was slightly behind the MSCI EAFE Index developed market benchmark return of 11.78%.

Country allocation was broadly correct in continuing to emphasize many of the Eurozone leaders rather than Developed Asia, as well as benefitting from two of three emerging allocations (Korea and Taiwan; China detracted). The portfolio's sector deviations to EAFE weights were relatively small but benefitted slightly from overweights to Communication Services and Technology, and an underweight to Health Care.

Strategy Review[5]

Our global volatility measure remains slightly below average at quarter-end: despite heightened trade uncertainty and noisy daily returns (most notably in April), the aggregate monthly returns were rather tame (and positive) across most markets. The country ranking model accordingly retains a focus on momentum, though we qualitatively remain alert to the risks of shifting geopolitics, economics, and investment narratives. Almost all top-ranked developed markets as of three months ago remain, including Hong Kong, Singapore, Germany, Austria, Spain, Norway, and Canada. Israel fell out of this top tier in June, on heightened political/geopolitical risks, while Italy joined, climbing slightly on strong momentum.

Through the quarter, we purchased several stocks in out-of-EAFE Canada on a strong country ranking, as well as reducing our underweight to Australia as its country ranking improved. Trims in country weights came from poorly-ranked Japan, as well as moderately-ranked UK and Sweden. At quarter-end, the portfolio against EAFE has a moderate overweight to the Eurozone (well overweight most competitors), as well as Emerging Markets (modest relative to our own history and underweight the average competitor) and Canada (similarly underweight many competitors). The largest regional underweights against EAFE are to Japan and the rest of Developed Asia (though we believe both are moderate against competition). Sectorally, Health Care, and Real Estate remain the portfolio's largest underweights, with Information Technology (a slight add) and Communication Services the largest overweights.

Investment Outlook

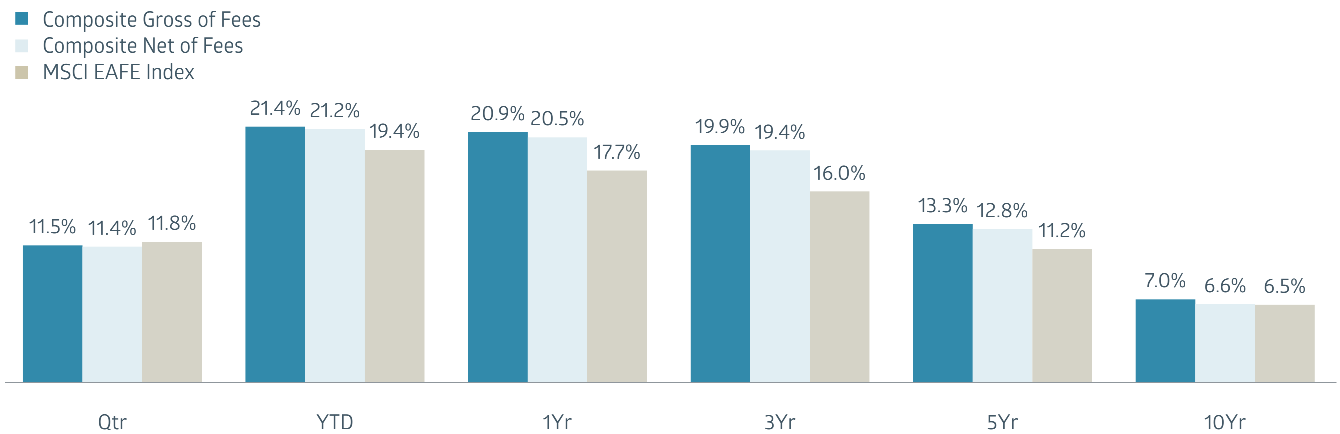
Investors received some clarity on the U.S. fiscal front in early July, with the passing of the 'One Big Beautiful Bill'. Extending 'temporary' tax cuts from President Trump's first term should assist corporate profits in the short-term, but the bill solidifies a budget deficit likely to be worst among developed markets: -5.9% for 2025, per current Economist Intelligence Unit estimates. Few emerging markets exceed this mark – an unenviable list of Brazil (-8.1%), Colombia (-7.2%), Egypt (-7.7%), and Poland (-6.1%). The rest of the world has thus far been willing to finance U.S. debt at reasonable rates, but its growing scale may continue to pressure the dollar, as seen year-to-date.

By contrast, little clarity has been found on the trade front, as the previous July 9 tariff negotiation deadline (itself a 90-day delay of an April 9th implementation) has since pushed back to August 1. Muted market reactions may be seeing through the Trumpian 'escalate to de-escalate' pattern, anticipating further delays or watering-down of tariff rates threatened in the administration's recent letters to trading partners. Alternatively, complacent markets run the risk of renewed volatility, if this pattern is disrupted.

Clearer to us is that the urgency for self-reliance of trading blocs and countries is just beginning to take form in policy and market responses. In the European Union, reforming fragmented financial markets may better balance the bloc's supply of capital with internal demands for capital investment in defense and infrastructure; this effort should provide opportunities for a variety of firms in the region, though value recognition will not be uniform across time or industries. Long-sought corporate governance reforms in Japan and Korea may come with greater urgency, as may more consumer-focused stimulus in China. With a variety of potential catalysts for the asset class and portfolio, we believe the events and performance of the year-to-date can be the start of a favorable long-run cycle.

[3] 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. [4] The Bailard International Equity Strategy is implemented across two separate composites. The Composite performance commentary reflects the EAFE Plus Composite, which represented 20.6% of total strategy assets as of June 30, 2025. [5] Data regarding holdings reflect ownership information as of June 30, 2025 and are not intended to represent any past, present, or future investment recommendations. Holdings are subject to change.

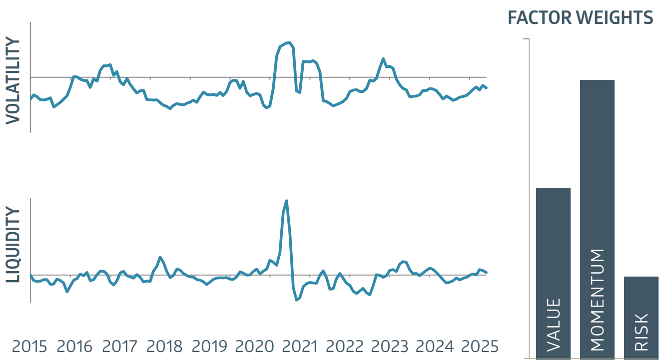
TRAILING PERFORMANCE[6] total returns for periods ending June 30, 2025



	3-YEAR PERFORMANCE STATISTICS			5-YEAR PERFORMANCE STATISTICS		
	Composite Gross of Fee	Composite Net of Fee	MSCI EAFE Index	Composite Gross of Fee	Composite Net of Fee	MSCI EAFE Index
Standard Deviation	14.7%	14.7%	15.2%	15.4%	15.4%	15.9%
Active Return (Net of Fee) vs.			3.4%			1.7%
Tracking Error (Net of Fee) vs.			1.9%			2.2%
Information Ratio (Net of Fee) vs.			1.80			0.78

ENVIRONMENTAL VARIABLES AND STYLE FACTORS
as of June 30, 2025

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, Bailard.

REPRESENTATIVE PORTFOLIO, BAILARD INTERNATIONAL EQUITY STRATEGY[7] as of June 30, 2025

Portfolio Summary	
Weighted Average Market Cap	$113.5bn
Weighted Average P/E Ratio (trailing 12 mo.)	14.8x
# of Holdings	170
# of Developed Markets	19
# of Emerging. Frontier, and Other Markets	3
% Developed Markets	94.5%
% Emerging. Frontier, and Other Markets	4.8%
% Cash and Equivalents	0.8%

Regional Weights	
Continental Europe	51.5%
Japan	17.8%
United Kingdom	14.1%
Pacific ex-Japan	7.7%
Emerging Markets	4.8%
Other Developed	3.4%
Cash and Equivalents	0.8%

Sources: FactSet and Morningstar.

[6] Performance data shown reflect the EAFE Plus Composite. Three-, five-, and ten-year return statistics are annualized. [7] Data regarding holdings reflect ownership information as of June 30, 2025 and are not intended to represent any past, present, or future investment recommendations. Holdings are subject to change.

***Past performance is no indication of future results.** All investments involve the risk of loss. Please see page 4 for important disclosures.*

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 Strategy is implemented across two separate composites with a total AUM of $1.1 billion as of June 30, 2025. All composite data and performance presented in this publication reflect the EAFE Plus Composite, previously called the Bailard International Equity Composite (the "Composite"), which consists of a discretionary, fee-paying account that is invested primarily in non-U.S. securities both in developed and emerging markets. As of June 30 2025, the Composite consisted of a single mutual fund account with a market value of $233.0 or 20.6% of the Strateg's 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 fulfilment 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, 2025 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 2025

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

Bailard
950 Tower Lane, Suite 1900
Foster City, CA 94404