

Q4 2025 Bailard International Equity Strategy

Quarterly Recap and Outlook

Executive Summary as of December 31, 2025^{1,2}

2025 closed by continuing the year's theme: equity strength driven by economic and corporate resilience, despite policy uncertainty. The U.S.-centered nature of much of this uncertainty gave non-U.S. stocks an edge over U.S. peers for the quarter and year—resulting in the largest annual gap seen in over 30 years. International stocks have shown remarkable breadth—spanning numerous disparate countries, industries, and stocks—in contrast to a narrow U.S. market. A diversity of thematic tailwinds, ranging from AI infrastructure to security spending and improvements in governance, along with undemanding valuations and pressures on the U.S. dollar, support our belief that the year's strength is just the beginning of a multi-year period of non-U.S. equity leadership.

Market Commentary^{1,2}

The fourth quarter built on a remarkable comeback for international equities, with the MSCI EAFE Index delivering a full-year return of 31.2%—outpacing U.S. stocks by 13.7%, the widest gap since 1993. While AI advancements and record investments by U.S. tech giants dominated headlines, the rally in international markets proved more diversified. Gains extended well beyond technology into areas like Utilities—supported by surging power demand for data centers—and Industrials, which benefited from the same energy needs but also from the boost in infrastructure and security initiatives. The standout was Financials, driven by renewed Eurozone fiscal support, strong balance sheets, and a favorable regulatory environment. Monetary policy was also supportive of the banking sector, with major central banks easing rates through much of 2025. Paths diverged by year-end, however: the BoE and the ECB held rates steady to balance inflation and growth risks, while the Fed leaned into easing. By contrast, the BoJ raised rates to 0.75%, the highest in 30 years, and signaled a continuation of rate hikes amidst above target inflation and wage momentum. This environment was supportive for equities, but risk-off assets also surged to all-time highs as investors sought safe havens from escalating geopolitical

risks and U.S.-centric policy uncertainty. Precious metals led the surge: Gold climbed 65% for the year, reaching record highs of \$4,300/oz, and silver, up 38% in December alone, soared over 150%. Rhetoric of self-sufficiency and national security was a prevalent theme, as countries refocused their attention on security capabilities and strategic alliances. Tensions escalated between Japan and China over Taiwan, with Japan declaring that Chinese action against Taiwan would trigger military intervention—after which China demanded a retraction. China also conducted large-scale exercises around Taiwan, demonstrating its capabilities to blockade the island.

On the political front, progress resumed after a period of instability, highlighted by Japan's election of its first female prime minister, Sanae Takaichi—sparking investor confidence through her commitments to pro-growth policies and reviving strategic investments in growth sectors like technology, energy security, and national security. France also took a modest but meaningful step toward political stability as the National Assembly narrowly approved the 2026 social security budget. The social budget win is a positive signal of reduced gridlock under Sébastien Lecornu, a relief from France's recent “revolving door” of short-lived prime ministers.

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.

Composite Commentary^{3,4}

The Bailard EAFE Plus Composite's 5.45% net of fee quarter return outpaced the MSCI EAFE Index's 4.86% return, the MSCI Emerging Markets Index's 4.73% rally, and the MSCI ACWI ex-USA Index's 5.05% return. For the quarter, Utilities (+10.1%) led EAFE sectors, boosted by the data center demand and self-sufficiency tailwinds mentioned above. Health Care (+9.7%) was also strong, having lagged for much of the year, led by Switzerland's Roche (+26.8%) and the UK's AstraZeneca (+23.2%). Communication Services (-7.3%) was the only sector to fall, with soft returns across companies spanning gaming, streaming, and traditional telecoms. Among developed markets, only Australia (-1.02%) and New Zealand (-0.44%) fell for the quarter; China (-7.38%) was a notable laggard among emerging markets. Developed market leaders were all in the Eurozone: Austria (+17.92%), Ireland (+14.12%), Finland (+14.06%), and Spain (+12.99%). Korea (+27.31% for the quarter, +99.85% for the calendar year) continued its remarkable run, fueled by low starting valuations, AI/semiconductor exposures, and an investor-friendly "Value Up" reform program.

Country allocation was boosted by allocations to Korea and Spain, along with an underweight in Australia. Its allocation to China detracted against EAFE, as did an underweight in Switzerland. The portfolio's relatively small sector deviations to EAFE weights had minimal impact on portfolio active performance.

Strategy Review⁵

Our global volatility measure remained below its long-run average at year's end; while this may seem incongruent with latent geopolitical and economic risks, it does accurately describe markets that have steadily ticked higher through the latter part of 2025. The country ranking model's resulting focus on momentum served well through most of the year, and led to a rather stable group of top-ranked developed markets: Hong Kong, Spain, Italy, Austria, Israel, and Singapore all remain favored from three months prior. Japan's rise to the top rankings early in the quarter—coincident with new PM Takaichi's taking office—led to its increased allocation, to roughly in-line with EAFE. Out-of-EAFE

Canada's ranking slide (previously ranked towards the top) led to more selectivity and a reduction in country weight. Ireland rose slightly to count itself among the top at quarter's end, while the Netherlands fell; neither ranking movement led to significant allocation changes as stock-specific evaluation (most notably of the Netherlands' index giant, ASML) warranted little change in positions. Smaller shifts in weight elsewhere were primarily a reflection of individual stock evaluations.

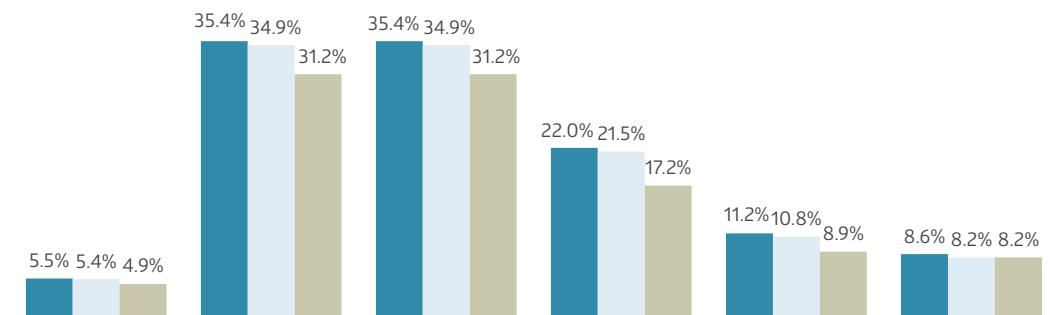
Investment Outlook

The seeming disconnect between strong markets and policy risk has continued to start 2026, most notably with U.S. intervention in South America, unrest in the Middle East, and challenges to Fed independence. At the time of writing, equity markets continue to edge higher, though gold's continued rise may be reflecting concern. Company fundamental strength goes a long way to bridge this gap: earnings have grown significantly over the past year (10.1% for EAFE, 16.4% for the U.S.) and are anticipated to continue along that trajectory into 2026. Non-U.S. stocks are involved in a variety of secular themes which support such growth: from AI-required infrastructure and energy to security spending and policy reforms. Additionally, the U.S.-centric nature of many policy risks sparked recalibration of U.S. asset allocations broadly in 2025, a backdrop which is likely to provide a continued tailwind for assets elsewhere in the world. We remain confident that our strategy—blending quantitative measurement of investment characteristics with fundamental understanding, macroeconomic analysis, and geopolitical consideration—is well-equipped to navigate whatever challenges the year ahead may bring.

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). **Past performance is no indication of future results.** All investments involve the risk of loss. 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 21.1% of total strategy assets as of December 31, 2025. ⁵ Data regarding holdings reflect ownership information as of December 31, 2025 and are not intended to represent any past, present, or future investment recommendations. Holdings are subject to change.

TRAILING PERFORMANCE³ total returns for periods ending December 31, 2025

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



Active Return

	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
Composite (Gross) vs. Index	0.68%	4.15%	4.15%	4.74%	2.27%	0.40%
Composite (Net) vs. Index	0.59%	3.65%	3.65%	4.28%	1.85%	-0.01%

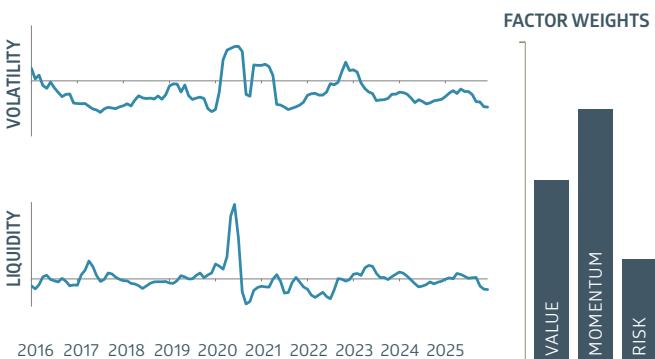
3-Year Performance Statistics

	Composite Gross of Fee	Composite Net of Fee	MSCI EAFE Index	Composite Gross of Fee	Composite Net of Fee	MSCI EAFE Index
Standard Deviation	11.5%	11.5%	11.9%	14.1%	14.1%	14.2%
Tracking Error (Net of Fee) vs.			1.8%			1.9%
Information Ratio (Net of Fee) vs.			2.32			0.97

ENVIRONMENTAL VARIABLES AND STYLE FACTORS

as of December 31, 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, Baird.

REPRESENTATIVE PORTFOLIO, BAILARD INTERNATIONAL EQUITY STRATEGY⁷ as of December 31, 2025

Portfolio Summary

Weighted Average Market Cap	\$125.6B
Wtd. Avg. P/E Ratio (trailing 12 mo.)	16.3x
# of Holdings	183
# of Developed Markets	20
# of Emerging, Frontier, and Other Markets	7
% Developed Markets	91.0%
% Emerging, Frontier, and Other Markets	7.5%
% Cash and Equivalents	1.6%

Regional Weights

Continental Europe	45.5%
Japan	21.6%
United Kingdom	14.7%
Emerging Markets	7.5%
Pacific ex-Japan	6.7%
Other Developed	2.4%
Cash and Equivalents	1.6%

Sources: FactSet and Morningstar.

⁶ Performance data shown reflect the EAFFE Plus Composite. Three-, five-, and ten-year return statistics are annualized. ⁷ Data regarding holdings reflect ownership information as of December 31, 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

Composite Definition: The Bailard International Equity Strategy is implemented across two separate composites with a total AUM of of \$1.3 billion as of December 31, 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 December 31, 2025, the Composite consisted of a single mutual fund account with a market value of \$265.5 or 21.1% 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 December 31, 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.



Published January 2026

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