The London Company International Equity

June 2026

International Equity - 2Q2026 vs MSCI EAFE - The London Company

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Market Update Global equity markets opened 2026 on a volatile note, as geopolitical shocks and shifting rate expectations reversed last year's momentum. The MSCI ACWI declined 3.2% for the quarter, reflecting a broad pullback in risk appetite. In the U.S., the S&P 500 fell 4.3%, weighed down by a sharp March correction. International Developed and Emerging Markets entered the period with stronger momentum through February, enabling relative outperformance for the full quarter despite a more severe March selloff. The MSCI EAFE finished down just 1.2%, even as the U.S. Dollar's flight-to-safety rally turned currency movements from a 2025 tailwind into a headwind. Emerging Markets proved most resilient, finishing nearly flat at -0.2%, supported by commodity-exporting regions. Macro conditions were increasingly shaped by the Middle East energy shock. The EU held rates steady, the Bank of England paused its easing cycle, and the Bank of Japan halted hikes while reaffirming its normalization path. Yield curves steepened broadly as inflation expectations rose. China remained mixed with stabilizing unemployment offset by weak industrial production and an unresolved property sector. Within the MSCI EAFE, sector performance was sharply bifurcated. Energy surged +40.1% on rising crude prices, while Utilities and Materials also benefited from commodity tailwinds. Consumer Discretionary fell 14.6% on inflationary pressure, and Financials declined 3.5% amid stability concerns. On the factor side, Value, Yield, and Size were positive contributors; Volatility was a headwind; and Growth, Quality, and Momentum produced mixed results.

Key Performance Takeaways

The International Equity portfolio returned 10.1% (9.9% net) during the quarter vs a 10.8% gain for the MSCI EAFE Index. Sector exposure was a contributor to relative performance, partially offset by stock selection

The International Equity portfolio trailed its benchmark but captured approximately 93% of the index's gain, exceeding our 85-90% upside capture expectations. Index returns continue to be driven by lower-quality, higher-beta factors - the same dynamic that's challenged the strategy's quality orientation over the past year. Against this backdrop and in a quarter when the market compounded at double-digit returns, we were encouraged by the portfolio's improved relative performance in the second quarter. We believe our discipline around business quality and valuation supports downside protection and compelling risk-adjusted returns over full market cycles.

Top 3 Contributors to Relative Performance

Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR (TSM) - TSM shares rose sharply during Q2, continuing to benefit from attractive demand fundamentals as AI-driven investment accelerated. TSM maintained its upgraded revenue outlook after consistently exceeding sales expectations in prior quarters. Its dominant position and favorable exposure to structural growth remain attractive.

ICON, PLC (ICLR) - ICLR shares rallied during Q2 recovering sharply from first quarter weakness following the completion of the internal investigation into its revenue recognition policies. Earnings updates demonstrated commercial momentum and strong competitive positioning in a stabilizing demand environment. Valuation remains compelling.

InterContinental Hotels Group (IHG LN) - IHG LN shares rose sharply during the quarter as de-escalation in the Middle East eased macro concerns that had weighed on travel-related stocks earlier in the year. Underlying travel demand remains resilient, supporting healthy RevPAR trends and continued net unit growth. We remain attracted to IHG LN's asset-light, fee-based model, strong free cash flow generation, and consistent return of capital to shareholders.

Top 3 Detractors from Relative Performance

Nintendo Co Ltd (7974 JP) - Nintendo's stock has been pressured this year by rising memory chip costs, a key input for its hardware. In response, the company will raise the price of the Switch 2 console in September, raising fears that price elasticity could weigh on the installed base after a very strong first year for the console. We believe hardware demand will be less elastic than the market anticipates, and that cycle profits will be predominantly driven by associated software sales, box office receipts, and other monetization efforts in the years to come. Cash on the balance sheet equal to roughly 27% of market cap provides downside protection.

BAE Systems PLC (BA/ LN) - BA/ LN shares declined during the quarter, giving back a portion of the first quarter's gain as the ceasefire in the Middle East weighed on sentiment across the defense sector. Sentiment around defense names shifts quarter-to-quarter with geopolitical developments, and we expect that volatility to continue. Our long-term thesis is unchanged: defense spending growth remains well supported across NATO member countries over the coming decade, with BA/ LN well positioned to benefit.

Willis Towers Watson, PLC (WTW) - Shares of WTW were down in Q2 after bracketing its Risk & Broking segment growth outlook toward the lower end of its prior range. Negative sentiment centered on AI-driven disintermediation also weighed on the sector. We continue to see evidence of improving growth, margins, and free cash flow generation, and believe AI represents more of a margin expansion opportunity than a competitive threat for WTW. Valuation remains attractive and supports downside protection.

Sector Influence We are bottom-up stock pickers, but sector exposures influenced relative performance as follows:

What Helped: Underweight Energy (the weakest performing sector) & overweight Information Technology (the best performing sector)

What Hurt: Underweight Financials (a better performing sector) & overweight Consumer Staples (a weaker performing sector)

Trades During the Quarter

Exited: Burford Capital Limited (BUR) - BUR lost its appeal in the case against Argentina, an outcome we had judged as unlikely. Given this change to our investment thesis, we sold the position and redeployed the capital into holdings where we have higher conviction and better risk/reward.

Increased: RELX PLC (REL LN) - We view the company's shares as attractively valued, offering a favorable risk/reward.

Increased: Willis Towers Watson, PLC (WTW) - We view the company's shares as attractively valued, offering a favorable risk/reward.

Looking Ahead As we enter the second half of 2026, the macro backdrop has shifted from geopolitical shock to policy response. While the ceasefire in the Middle East has eased the immediate pressure on energy prices, central banks abroad have made clear they are unwilling to look through the inflationary effects of the shock, with the ECB and Bank of Japan now tightening alongside a more hawkish Federal Reserve. Whether this synchronized shift proves to be a brief adjustment or the start of a more sustained tightening cycle will likely shape markets in the second half of the year, and we would not be surprised to see renewed volatility as investors recalibrate. As always, our strategy remains unchanged. We continue to look past short-term noise, focusing on long-term fundamentals and assuming modest economic growth as we select companies from the bottom up. Within equities, we continue to find attractive opportunities abroad trading at reasonable valuations and significant discounts to the U.S. Market leadership over the past several quarters has swung from one extreme to another, moving from energy and defensive names amid conflict to speculative, higher-beta names on de-escalation, while a narrow group of lower-quality companies has continued to drive index returns. We do not view this leadership as sustainable. Rising rates and tightening financial conditions have historically favored companies with pricing power, durable cash flows, and strong balance sheets, precisely the characteristics we seek. While timing the reversal of this trend is impossible, we believe our approach can serve as an important ballast and a valuable diversifier for portfolios going forward.

Annualized Returns As of 6/30/2026

Inception date: 9/30/2023. Performance is preliminary. Subject to change. Past performance should not be taken as a guarantee of future results. Net of fee returns are calculated net of an annual model management fee of 0.75%. Please see the disclosure notes found on the bottom of the page. View All Connect Get in touch with us to get started on your journey Contact Us Join Our Mailing List

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Job Title (Required)

Strategies of Interest

Income Equity

Large Cap

Mid Cap

SMID Cap

Small Cap

Concentrated

Disclosure Notes

The London Company's performances are size weighted and annualized based on calculations for the period ending June 30, 2026. The characteristics discussed herein relate to a representative account, and not every client's account will have these exact characteristics. As London manages its client portfolios according to each client's specific investment needs and circumstances, London cannot affirm that the characteristics of the account shown are similar to all accounts participating in the strategy. This is due in part to the timing of trades by the Advisor, market conditions, cash availability, and the timing of client deposits and withdrawals. Therefore, prospective clients should not assume that similar performance results to those shown would have been achieved for their accounts had they been invested in the strategy during the period. None of the information contained herein should be construed as an offer to buy or sell securities, or as investment recommendations.

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Composite Creation/Inception Date: September 30, 2023

Composite Definition: The International Equity strategy invests mainly in conservative, low-beta international equities with a focus on above-average downside protection. Primarily, we seek profitable, financially stable companies that consistently generate free cash flow, sustain high returns on unleveraged operating capital, trade at significant discounts to their intrinsic values, and are run by shareholder-oriented management. Positions are usually within the market capitalization range of the major, international indices. Accounts in this product composite are fully discretionary taxable and tax-exempt portfolios with a minimum of $500,000 in assets. Prior to 7/1/2024 the minimum portfolio size was $100,000. The product is measured against the MSCI EAFE Index (Net) and has a creation and inception date of September 30, 2023. There is no use of leverage, derivatives or short positions. All actual fee-paying discretionary portfolios are included in one or more composites that have been managed for a full calendar quarter with limited restrictions and similar objectives. Investing in global/international markets involves risks not associated with U.S. markets, including economic, political, and currency fluctuation risks. The TLC International Equity product may contain companies domiciled in the U.S., but have a business mix that is predominantly international.

Benchmark Description: The MSCI EAFE Index (Net) measures performance of large and mid-cap securities across developed markets around the world, including countries in Europe, Australia, Asia, and the Far East, excluding the U.S. and Canada. It includes over 900 securities, and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries. Benchmark returns are shown net of withholding taxes. Benchmark returns are not covered by the report of independent verifiers. Any referenced international index is presented net of foreign withholding tax, unless stated otherwise.

Performance and Fees: Gross of fee returns are calculated gross of management and custodian fees and net of transaction costs. Net of fee returns are calculated net of an annual model fee of 0.75% and transaction cost and gross of custodian and other fees. The 0.75% model London Company management fee applied is the highest tier of the current composite fee schedule. This fee is applied monthly to the gross return at 1/12th the annual rate, which is 0.0625% per month. Actual investment advisory fees incurred by clients may vary. Returns may be net of miscellaneous fund expenses. The gross figures do not reflect the deduction of investment advisory fees. Returns are calculated and stated in U.S. dollars. Composite performance is calculated net or gross of foreign withholding taxes on dividends and interest income dependent on custodian data. Dividends are reinvested. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

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