Quarterly Portfolio Commentary – First Quarter 2026
Lone Peak International Value Portfolio

Summary of the *Lone Peak International Value Portfolio* Composite Historical Return* (unaudited)

	1st Quarter 2026	1-year	3-year, annualized	5-year, annualized	Since Inception**
Portfolio, gross[1]	-3.48%	21.85%	12.18%	9.54%	10.16%
Portfolio, net	-3.69%	20.84%	11.25%	8.62%	9.19%
MSCI EAFE Index	-1.24%	21.27%	13.62%	7.91%	8.94%

* Individual account performance will differ from the overall Composite.

** Inception Date: August 1, 2019, annualized

Past Performance does not guarantee future results.

International Markets

International markets fell in Q1 despite a strong start to the year as the US/Israel/Iran conflict weighed on markets in March. The EAFE index fell 1.24% in Q1 with the Lone peak International Value Composite falling 3.48% (gross of fees). The quarter started well with International markets generally up as pro-growth sentiment in Japan and expectations of strong earnings in AI related stocks drove the markets forward. Continued speculation in Gold and Silver as well as some concern over general geopolitical risk pushed precious metal prices to unprecedented levels helping many of the metals and mining stocks in the first half of the quarter. Everything changed on February 28th with the start of the US/Israel/Iran conflict. Almost overnight, energy markets rallied and risk appetite faded. Sentiment turned negative very quickly and the remainder of the quarter was dominated by Energy stocks and defensive sub-sectors with utilities and metals and mining stocks performing well, but Energy dominating performance, rising 39% in the quarter. Concerns over inflation and higher interest rates crept into the psyche of markets and stocks that were both liquid and had performed well were hit particularly hard as investors moved away from equity markets into more defensive asset classes.

The Nikkei fell 14.8% in US$ terms in March as growth expectations tempered, the yen weakened and concerns over fuel supply intensified. Japan is still a heavy fossil fuel dependent country and Japanese refiners receive around 70% of their oil from the Middle East, through the Strait of Hormuz. They do have healthy reserves compared to most nations at over 200 days as of January, according to the IEA, but the longer the Straight is blocked the more severe this crisis becomes for the Asian nations and Japan in particular. The situation in Europe is more nuanced with a relatively low percentage of oil imports originating in the Middle East (around 7%), but prices are still influenced by global supply and demand, so price rises are feeding into economies and influencing expectations of inflation and interest rates. LNG is a similar concern as around 8% of European LNG comes from Qatar and the disruption to the Strait of Hormuz and production facilities in the region have seen prices soar. The knock-on effect on energy prices is notable and the longer the conflict lasts the more durable the damage. Markets are relatively sanguine in this regard, and we still believe that the US administration does not want a prolonged war with high energy prices, but this remains a key risk to markets and our portfolio, although we note that a ceasefire has been announced during editing of this letter.

Q1 performance was dominated by the Energy sector as prices spiked and the oil sensitive names saw their share prices appreciate sharply. Energy was up 39% in the quarter and was followed by Utilities +10% and Materials +6% as investors shifted allocations to more defensive sectors. Many sectors drifted but Consumer Discretionary was

1 Portfolio, gross return represents the performance results for the International Value composite including the reinvestment of dividends and other account earnings and are net of transaction costs, but do not reflect the effect of advisory fees, which would lower performance. Portfolio, net return includes the deduction of advisory fees, reflects the reinvestment of dividends and other account earnings and are net of transaction costs. Past performance does not guarantee future results.

The benchmark for the International Value composite is the MSCI EAFE Index. The index captures large and mid cap securities across developed markets countries around the world, excluding the U.S. and Canada. Index returns include the reinvestment of dividends (total returns). Performance of the composite and the index may not be comparable due to differences amongst them including, but not limited to, risk profile, liquidity, volatility and asset composition. An investor cannot invest directly in an index. Moreover, index performance does not reflect the deduction of advisory fees, transaction fees, and other expenses.

the worst performing sector (-15%), as concerns over higher inflation and interest rates affected the already fragile sector. Financials (-4%) and Communications (-4%) also fell in the quarter but Communications was influenced by Softbank that fell 20% in the quarter, whilst telecoms stocks generally held up well. We discuss performance later in this letter and whilst Q1 was a disappointing period for performance it represented an opportunity to reassess positions and take advantage of some of the moves in the quarter to improve the quality and future return profile of the portfolio.

Loss Aversion

The velocity of asset flows in markets has seemingly increased dramatically over the years. There are various reasons for this. Investors have increased allocations to passive funds with daily liquidity, algorithmic trading has become increasingly popular with factor analysis leading to dynamic shifts in positioning, and hedge funds with short-term incentive structures are using leverage to gain an advantage. All this means that the long-term, patient investor will sometimes, in the short-term, underperform as fundamentals are temporarily left behind. We are acutely aware of the pressures and consequences of the current conflict, but as long-term investors we need to be both aware of the influences on the market and to take a position that we feel will benefit our clients in the long run. To that end, the market is currently very defensive, or risk-off and as such we find it useful to remind ourselves of the psychology of loss aversion.

As humans, we are hard wired to dislike loss more than we enjoy gains. In a number of studies done by James Montier (2006) he surveyed 450 professional fund managers in a simple study of chance. In a game of tossing a fair coin (50/50 chance), every time you lose you must pay over £100. Montier asked what the minimum amount the fund managers would be prepared to accept for winning in order to take the bet. Statisticians amongst us would argue the correct answer is £101 as this would produce a positive outcome in the very long term, assuming a fair coin. In actual fact, the average win amount demanded was around £200 with some fund managers requiring as much as £1000 to take the bet! This simple study highlights that the prospect of loss is a strong emotion that sometimes drives the markets, but it also highlights that even back in 2006 investors were short-term by nature. The longer you toss fair coins with a slightly favorable win/loss payout, the higher the probability of a gain, but the fund managers wanted to see much higher gains in the near term.

Fear, as an emotion, is contagious. Its purpose is to protect the species from fundamental dangers so when one human senses danger, others feel it too and act accordingly. It is a biological response that can also be seen in markets. The conflict shock is a genuine fundamental event but the speed of the selloff in Japanese Semiconductors, European Industrials, airlines and consumer stocks to name but a few sectors, is not driven by fundamentals, but by fear of loss and to some extent contagion.

As contrarian investors we do not expect to outperform all the time, in fact we would question any strategy that outperformed consistently throughout the roller coaster emotions of the modern-day equity markets, but we try to stand back from the emotions of markets and assess value. The first quarter of 2026 was extremely volatile, and the portfolio was not positioned well to benefit from the market movements experienced so far but we took the opportunity the market presented us to add to both high quality core value names and to add a little inverse oil price correlation to the portfolio, as we felt that prices had moved too far. In times of high volatility and risk aversion, when fear is driving share prices, we will always take a step back and assess long term value, being prepared to step in front of falling share prices when others are not, as we believe these actions will lead to better performance in the long-term.

Significant Portfolio Changes

We bought two new Core Value stocks **Schneider Electric** and **Dassault Systems** during the quarter and we bought four new Deep Value stocks, **Nexans, NKT, Veolia Environnement and easyJet**, although we feel that Nexans and

NKT are high quality names that could migrate to core value sleeve of the portfolio if the returns we expect materialize.

We also sold four Core Value stocks, **CK Hutchison, Liberty Global, Novo Nordisk and Heineken**, and exited one Deep Value stock, **BASF**.

Dassault Systemes is a software company that develops and offers 3D experience platforms for industrial customers. They serve the aerospace, construction, business services, high tech, life sciences, healthcare, marine, energy and industrial equipment sectors worldwide. Software stocks started to fall in 2025 as fears over AI affected multiples and we took a modest position in Dassault. We felt their expertise was hard to replicate by AI and should benefit from increased EU defense spending. Unfortunately, fear over AI supplanting all software stocks spread in Q1 and Dassault was caught up in that wave of negativity.

Schneider Electric manufactures electrical power products and is a business that we have owned historically. They offer car chargers, home security goods, access control, sensors, valves, circuit breakers, cables, accessories and voltage transformers amongst others. They operate worldwide and are a key player in the upgrading of transmission grid lines and data centers worldwide. Having fallen sharply post the start of the conflict we took a position right at the end of the quarter.

EasyJet is a British low-cost airline and package holiday group headquartered at London Luton Airport, founded in 1995. It operates ~356 aircraft across 29 European bases, serving 927 routes in over 34 countries through three airline subsidiaries (easyJet UK, easyJet Europe, easyJet Switzerland). As oil prices spiked in response to the US/Israel/Iran conflict, airline stocks started to underperform as jet fuel is such a high percentage of operating costs. Demand for flights to the Middle East was also a concern, but this is a tiny part of EasyJet's business. EasyJet hedges almost all their jet fuel costs and whilst they will be affected, they operate largely short haul flights in Europe and have a low-cost base compared to many operators. They will be at risk if the conflict lasts for months, but we felt the valuation was reflective of that, and they stand to take market share in this difficult period and should also benefit from falling oil prices, when the conflict is resolved.

Nexans is the world's second-largest cable manufacturer by revenue, behind Prysmian. Having completed their 2021–2024 "Winds of Change" strategic transformation, Nexans is repositioning as a pure-play electrification platform — designing, manufacturing, and installing cable systems for energy transmission, grid distribution, and connectivity. They operate across Europe, North America, South America, Asia-Pacific, and MERA (Middle East, Russia & Africa). Having fallen post the start of the conflict, we decided to take modest positions in both Nexans and NKT to gain exposure to the electrification upgrade cycle.

NKT produces and supplies cable and cable accessories. The Company designs, manufactures, and installs low, medium, and high voltage power cable solutions enabling sustainable energy transmission. NKT serves energy sectors globally. NKT and Nexans have similar exposure, but we regard them as 2 small positions acting as one more impactful position gaining exposure to the electrification upgrade cycle.

Veolia Environnement is a world leader in environmental services and offers a complete range of solutions for managing water, waste, and energy on five continents. Through its three complementary business activities, Veolia helps to develop access to resources, preserve available resources, and replenish them. Veolia supplied over 100 million people with drinking water and wastewater services, produced approximately 42 million megawatt hours of energy and treated some 61 million metric tons of waste last year. With a significant expansion into US waste management, Veolia is improving their growth profile whilst trading at very reasonable valuation levels and providing us with a superior dividend yield.

The stocks that we sold in the quarter; CK Hutchison, Liberty Global, Novo Nordisk, Heineken and BASF were either sold because they had reached our fair value estimate, or we reassessed our Key Thesis Points and considered them to have either been fulfilled or compromised. CK Hutchison had performed well and whilst we saw more fundamental upside, we felt that the business prospects had become very political and not necessarily in the company's control. Liberty Global was more of an opportunity cost situation where we sold to fund what we considered a better investment as the stocked neared our fair value. Novo Nordisk is discussed below and Heineken and BASF were both sold as they had held up particularly well during the last month of the quarter and were nearing our fair value estimates. Both sales were used to fund the above mentioned purchases.

Market Outlook and quarterly performance

Performance in Q1 was characterized by extreme stock price moves based primarily on fear and sentiment. Early in the quarter Anthropic released several AI agents that specifically addressed the needs of various industries and the market perspective shifted dramatically on software stocks. From great business models with healthy margins, the software stocks were dumped into the “AI losers” basket almost overnight. Our exposure was not extensive but Capgemini (more of a consultant than software provider), Dassault Systemes and Wolters Kluwer all fell ~25%. Our perspective is that these businesses have strong franchises and IP so they should be able to withstand the AI pressure and perhaps even benefit from utilizing AI, but they remain “show me” stories and we are monitoring their progress very carefully. A few stocks that had done well in Q4 were sold aggressively by the market in Q1, particularly if exposed to the rising oil price, either directly or as an input cost. Airbus, Reckitt Benckiser and Fuji Electric were such stocks. Finally, our holding in Novo Nordisk was a major detractor in the quarter. We had felt that the market opportunity for GLP1’s was so significant and the first to market release of the Novo pill would offset the loss of market share and still lead to growth not reflected in the valuation. What we underestimated was the impact of the price reductions. After careful consideration we decided to move on, but the damage was done in the quarter. Those 7 stocks between them detracted 344bps from performance in the quarter, which highlights the volatility in the markets, but we remain holders of all but Novo Nordisk and see significant upside in these holdings longer term.

Our positioning remains that we do not expect the US/Israel/Iran conflict to last. We have used the opportunities presented to us to buy high quality businesses that we would expect to benefit from peace in the Middle East and a lower oil price. Markets are incredibly volatile and as we edit this letter a 2-week ceasefire has just been announced and the EAFE index is up 4.5% on the 8th April, 2026. Assuming a ceasefire holds, we feel the portfolio is well positioned with high quality businesses that we have bought well, as well as some Deep Value companies that we have added to the portfolio because we felt that they were oversold due to the conflict. We see significant value in the portfolio and continue to remain optimistic for the rest of the year.

Individual Stock Performance

Top Contributors[2] – Q1 2026	**Largest Detractors – Q1 2026**
STMicroelectronics (STM US)	Cap Gemini (CAP FP)
Shell ADR (SHEL US)	Wolters Kluwer (WLK NA)
Shin-Etsu Chemical (4063 JP)	Kering (KER FP)
BAE Systems (BA/ LN)	Novo Nordisk ADR (NVO US)
Komatsu Ltd (6301 JP)	Reckitt Benckiser (RKT LN)

Past performance does not guarantee future results. Source: Bloomberg as of 3/31/2026

Commentary on the Top Two Contributors and Detractors to the Portfolio’s Total Return

STMicroelectronics, designs, develops and manufactures semiconductor integrated circuits, used in telecoms, consumer electronics, automotive and industrial sectors. Having experienced relatively soft demand from their industrial and automotive clients STM announced an agreement with Amazon Web Services (AWS) to expand a multi-year multi-billion US$ contract to supply advanced semiconductors for AWS compute and AI data center

2 Portfolio holdings are from a representative account managed within the investment composite. The representative account is selected based on account characteristics that Lone Peak Global believes accurately represent the investment strategy as a whole. Should these characteristics change materially, Lone Peak Global may select a different representative account. Holdings may change daily and may vary among accounts, which may contribute to different investment results.

The securities identified do not represent all of the securities purchased, sold, or recommended for advisory clients.

Please contact us at (385) 387-1212 or support@lonepeakglobal.com to obtain information about (i) the calculation methodology; and (ii) a list showing the contribution of each holding in the representative account to the account’s performance during the measurement period.

infrastructure. STM then increased their internal expectations for general data center growth, leading to a number of broker upgrades in the quarter. STMicro moved from one of the portfolios worst performers in the previous quarter to the best performer in this quarter, which demonstrates our patience with stocks that we see are still making progress with our KTPs, but the market has temporarily turned against. This also provides us with confidence regarding those stocks that we continue to hold that have underperformed recently.

Shell explores and refines petroleum products. With the rise in oil price because of the US/Israel/Iran conflict Shell rose by 26% in the quarter which we attribute almost entirely to the underlying commodity price rise.

Capgemini offers information technology services to aerospace, defense, automotive, healthcare, life science, telecoms, media and entertainment industries worldwide. As mentioned above, the market turned very skeptical of IT or software related businesses because of the rise of agentic AI. We feel that AI is a real threat to businesses that use compute as part of their business model, but Capgemini is more of a consultant, likely to help businesses install AI to improve productivity. The stock fell around 30% in the quarter to valuation levels not seen in 15 years. The market remains skeptical that IT and software businesses can survive but we feel that at this valuation (8x PE) a lot, if not all, of the bad news is priced in.

Wolters Kluwer operates as a global information services and solutions provider, servicing the health, tax and accounting, risk and compliance, finance and legal sectors. The stock had languished as a perceived AI loser in 2025 and we felt that their implementation of AI would help them retain clients and potentially boost growth in 2026. Anthropic's agent announcements sent the stock tumbling along with other software related names as the market believes that AI can replace much of what they do. Results were in line with expectations and guidance remains on track for further revenue growth in 2026 so we remain cautiously optimistic on the stock. If AI is a catalyst for further growth there could be significant upside here, but we are aware that the risks are high, and so this remains a small position.

Final Comments

Thank you for your investment with Lone Peak Global Investors. We will continue to focus on building long-term wealth through diligent and prudent portfolio management.

Sincerely yours,

International Value Team

Lone Peak Global Investors, LLC

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Information about Risk

***Risks of Investing in Equity Securities**. Overall stock market risks may affect the value of an equity portfolio. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the portfolio investments goes down, the portfolio decreases in value and you could lose money.*

***Risks of Mid-Cap Securities.** Investing in the securities of mid-cap companies generally involves substantially greater risk than investing in larger, more established companies.*

***Risks of Large-Cap Securities.** Prices of securities of larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the Fund's value may not rise as much as the value of funds that emphasize companies with smaller capitalizations.*

***Focused Investment Risk.** The International Value strategy is a focused strategy and generally holds stocks of less than 50 companies. Focused strategies may invest a larger portion of their assets in the securities of a single issuer compared to a more diversified strategy. Focusing investments in a small number of companies may subject the portfolio to greater price volatility and therefore a greater risk of loss because a single security's increase or decrease in value may have a greater impact on the portfolio's value and total return.*

***Sector Risk**. The portfolio may emphasize investment in one or more particular business sectors at times, which may cause the value of portfolio to be more susceptible to the financial, market, or economic events affecting issuers and industries within those sectors than a strategy that does not emphasize investment in particular sectors.*

***Management Style Risk.** Because the strategy invests primarily in value stocks (stocks that LPG believes are undervalued), the strategy's performance may at times be better or worse than the performance of stock funds or strategies that focus on other types of stock strategies (e.g., growth stocks), or that have a broader investment style.*

***Economic and Political Risks.** These effects may be short-term by causing a change in the global markets that is corrected in a year or less, or they may have long-term impacts which may cause changes in the markets that may last for many years. In any given country, some factors may affect changes in one sector of the economy or one stock, but don't have an impact on the overall market. The particular sector of the economy or the individual stock may be affected for a short or long-term.*

Emerging Markets Risk. *Emerging market securities may present issuer, market, currency, liquidity, volatility, valuation, legal, political, and other risks different from, and potentially greater than, the risks of investing in securities of issuers in more developed markets.*

Non-U.S. Investment Risk. *Securities of non-U.S. issuers (including American depository receipts ("ADRs") and other securities that represent interests in a non-U.S. issuer's securities) may be less liquid, more volatile, and harder to value than U.S. securities.*

Foreign Currency Risk. *Foreign securities often are purchased with and make any dividend and interest payments in foreign currencies. Therefore, the portfolio's value could decline solely as a result of changes in the exchange rates between foreign currencies and the U.S. dollar, particularly if the portfolio invests a significant percentage of its assets in foreign securities or other assets denominated in currencies not tightly pegged to the U.S.*

Inflation Risk. *When a substantial portion of the portfolio is held in cash or cash equivalents, there is the risk that the value of the cash account, including interest, will not keep pace with inflation, thus reducing purchasing power over time.*

Definitions

Core Value Stocks. *We define Core Value stocks as high-quality companies with sustainable competitive advantages and long-term records of strong returns on capital. These companies tend to have stable and predictable cash flows as well as steady growth in the intrinsic value of their stock.*

Deep Value Stocks. *We define Deep Value stocks as opportunistic investments in deeply discounted shares of businesses that do not meet the high requirements of a Core company. Deep Value investments are deemed by us to have high potential returns with acceptable downside risks. These investments may be considered traditional value stocks with low price multiples, and low near-term investor and analyst expectations.*

About Us

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