

TimesSquare International Small Cap Strategy

Representative Commentary — 1Q26

Performance	Annualized					
	1Q26	1YR	3YR	5YR	7YR	10YR
TimesSquare International Small Cap Composite (Gross)	-4.32%	19.15%	9.77%	1.54%	4.99%	5.61%
TimesSquare International Small Cap Composite (Net)	-4.53%	18.16%	8.76%	0.57%	3.98%	4.59%
MSCI EAFE® Small Cap (Net) Index	-1.25%	25.55%	12.64%	4.43%	7.38%	7.42%

Please see the important performance and other related disclosures at the end of this Commentary, which are an integral part of this quarterly Commentary Newsletter.

In the first quarter, markets navigated a complex backdrop of geopolitical tensions and economic resilience, alongside temporary global tariffs following a Supreme Court decision. Prior to the Iran conflict, markets had reached all-time highs with lower volatility, a dynamic that reversed following U.S. and Israeli engagement. Oil prices spiked, supply chains were disrupted, financial conditions tightened, and investors shifted toward safer assets. The conflict in Iran further underscored the growing importance of national resilience, prompting a re-evaluation of global supply chains and energy dependencies and accelerating the shift away from efficiency toward resilience and strategic autonomy. Central banks largely held policy steady in response to energy-driven inflation, with both the Federal Reserve and the ECB adopting a wait-and-see approach. Meanwhile, Japan's snap election delivered political stability and a mandate for fiscal expansion, despite ongoing concerns around long-term debt sustainability.

Amidst this volatility, international equities outperformed their US peers. For the quarter, the Russell 3000's -5% return underperformed both the MSCI EAFE (-1%) and MSCI Emerging Markets (-0.2%). Value indexes outpaced growth in both developed and emerging markets. Among global risk factors, Momentum, Liquidity, and Dividend Yield enjoyed positive performance, while Beta, Profitability, and Growth were punished.

As our investment team meets with companies, dissects recent earnings reports, and reviews the global landscape, they note several dynamics in various market segments that guide our positioning:

- **Europe:**
 - **Energy shock & demand destruction:** High input costs are challenging GDP growth, with 2026 forecasts revised down for the Eurozone. Less growth and higher inflation can lead to demand destruction.
 - **Large scale strategic investment** is scheduled to begin in 2026 to address the needs in energy, defense, and technology infrastructure.
- **Japan:**
 - **Government Spending:** The administration is prioritizing strategic growth over immediate debt reduction. Prime Minister Takaichi has accelerated the 2% GDP defense spending target, now set to be achieved as early as Fiscal Year 2026.
 - **Glocalization:** Japan is moving toward a glocalized model, balancing global efficiency with localized, resilient production hubs.
 - **Energy Resilience & Security of Supply:** Japan has pivoted to a nuclear-led resilience model. To ensure grid stability, new utility-scale renewable projects are now mandated to include co-located BESS (Battery Energy Storage Systems).

- **APAC ex Japan:**

- **Strategic Mining:** Australia is evolving from a raw material exporter to a supply hub for the Western alliance.
- **The Sovereignty Premium:** We are seeing unprecedented government backstopping of once-uneconomic projects. By de-risking critical minerals and energy extraction, the state is creating a new sovereignty premium for infrastructure assets in the region.

The International Small Cap Portfolio underperformed the MSCI EAFE Small Cap benchmark in the first quarter of 2026. The portfolio's positive exposure to Profitability and negative exposure to Book-to-Price and Dividend Yield were the primary detractors. On a regional basis, holdings in Asia/Pacific ex-Japan and Emerging Markets contributed to relative performance, while our positioning in Europe and Japan lagged.

Regional Performance: Europe

Europe is on a multi-year journey to redefine its strategic priorities, and we believe our local, fundamental approach uniquely positions us to capitalize on this transition. European markets are currently rich with sectors experiencing meaningful dislocation (most notably energy) as well as companies that we believe will prove far more resilient than top-down thematic trends might imply. Our European holdings underperformed the benchmark's regional return. Strength in Sweden and Switzerland was offset by relative weakness in Italy, Germany, and France.

In January, valuation concerns around AI-driven disruption triggered a sharp reset across IT services and software. As a leader in digital transformation, **Sopra Steria** was not immune, with its shares declining -24% during the quarter despite a high recurring-revenue base and structural exposure to European defense. Fundamentally, the company returned to positive organic growth in the fourth quarter, signaling early signs of recovery as new contract ramp-ups took hold.

Within Industrials, **Interpump Group**, the world's largest manufacturer of high- and ultra-high-pressure pumps, reported lower-than-expected quarterly results. While the shares declined -31% during the quarter, they have nearly doubled since the March 2024 lows. We trimmed our position, as a further re-rating for the company will require stronger organic growth. We also reduced our position in German forklift truck maker **KION Group**, which traded down -36% for the quarter. The company delivered a mixed print, with softer margins, stable revenues, and sharply lower EPS. Despite improving truck demand, a recovery in factory automation, and fiscal spending underway in Germany, an inflection in tangible orders reflective of these tailwinds are likely to materialize in the second half of the year.

On the topic of energy transition, France-based **Technip Energies** is one of only a handful of companies capable of building liquefied natural gas (LNG) plants. The company reported strong annual results, with better-than-expected 2026 guidance supported by robust order intake. After we added to our position on price weakness last quarter, the shares rose 10%.

One of the leading insurance providers in Denmark, **Alm. Brand** announced that its CEO would step down following the completion of the Codan merger. While the planned handover appeared orderly, the unexpected announcement drew investor attention and pushed shares -18% lower. We used this price weakness as an opportunity to bulk up the position.

The war in Iran pushed the European Commission's flash consumer-confidence indicator to its lowest level since October 2023, with the Consumer Discretionary sector bearing the brunt of the impact. A case in point is **De'Longhi**, a global leader in the production and distribution of small domestic appliances such as espresso coffee makers and kitchen equipment. Despite delivering solid FY25 results and reiterating its FY26 top-line guidance, the company's share price declined -19% during the quarter.

Regional Performance: Japan

Our Japanese holdings underperformed the benchmark's country return due to stock selection.

Our portfolio is positioned to benefit from increased structural investments in infrastructure, electrification, and technology. We see a natural extension into renewable energy and, as a second derivative, battery storage. During the quarter, we added to **KRAFTIA Corporation**, a specialist in the design, construction, administration, and maintenance of facilities. The company reported strong earnings, raised its full-year operating profit target, and increased its dividend outlook. With the completion of the Ukujima solar power plant is now in sight, KRAFTIA gained 21% during the quarter.

A leading specialist in X-ray equipment, **Rigaku** saw its shares surge 59% after reporting significant year-over-year revenue growth. Management cited strong secular demand driven by both memory and logic semiconductor end markets. We reduced our position on this strength. We also trimmed our holdings in **SWCC**, whose shares rose 15% on better-than-expected results and expanding operating margins across its energy and infrastructure businesses.

Japan's leading digital bank, **Rakuten Bank**, raised its full-year guidance following domestic rate hikes, yet shares fell -19% during the quarter. This decline was driven by deposit base volatility as competitors introduced 'Beta 1.0' promotional tiers to capture rate-sensitive capital, while Rakuten maintained a more conservative 0.4–0.6 pass-through target. Additionally, the bank renewed a proposal to consolidate the group's Fintech businesses. Given that Rakuten Inc. owns 49% of the bank, investors remain concerned the restructuring may prioritize the parent company's balance sheet over minority shareholders. We are closely monitoring these governance and competitive dynamics.

We exited our position in Japan's oldest and largest Internet Service Provider (ISP), **Internet Initiative Japan**, after the share price declined -17% during the quarter. The company reported a disappointing third quarter, marked by notable weakness in the high-margin Network Management business.

Regional Performance: Asia Pacific Ex Japan, Middle East, and Emerging Markets

Relative strength within our Asia/Pacific Ex-Japan and Emerging Markets holdings helped offset weakness across our Middle East holdings.

A chronic deficit in critical minerals, combined with heightened geopolitical friction, has structurally altered regional mining dynamics. Investment decisions are increasingly driven by national security priorities rather than traditional project economics, driving Australia to evolve from a raw material exporter into a strategic 'Supply Hub' for the Western alliance. **Imdex**, a leading global mining technology company, reported a strong set of 1H26 results and saw its shares rise 15%. With Drilling and ECM (Environmental, Carbon & Minerals) market data pointing toward further upside potential in 2H26, the company continues to capture market share through its Integrated Managed Solutions.

In Israel, **Cellebrite**, a leading developer of digital evidence software, serves over 7,000 customers across 140 countries. Its solutions are critical for law enforcement and defense agencies to access and leverage digital evidence stored on electronic devices involved in criminal activity or industrial espionage. Despite reporting generally positive results, shares of Cellebrite traded -24% lower during the quarter. Investors appeared concerned that margin guidance for the first half of 2026 assumes some dilution associated with the Corellium acquisition and ongoing FX headwinds. Faring better was semiconductor equipment company **Nova**, which saw a 32% leap. The company reported a beat-and-raise quarter, highlighting an improving market backdrop and strong demand for its advanced metrology solutions.

In Taiwan, **Accton**, a leading manufacturer of white-box networking equipment, reported better-than-expected results with catalysts supporting further re-rating. As a beneficiary of the global push for independent networking infrastructure, the share price rose 25% during the quarter.

Conclusion

We are moving into a world where capital is increasingly directed by strategic necessity rather than pure economic returns, transforming energy, defense, and supply chains into critical instruments of national policy. Our investment team is closely monitoring interest rate paths, geopolitical developments in Iran, and the evolving regulatory landscape following recent trade-related legal rulings. While these macro forces and shifting trade frameworks create headlines and near-term volatility, they also generate the dislocations where our fundamental, bottom-up approach thrives. We remain focused on identifying disciplined management teams capable of compounding value by navigating this new era of complexity. As always, we are available to answer any questions you may have.

This commentary is intended for institutional use only and should not be provided by the recipient to any other parties.

The opinions and information expressed and provided are for general information only and are not intended to provide specific advice or recommendations but rather, a basis from which strategies can be built, taking into account the specific objectives of each portfolio, in terms of return, time horizon, and risk constraints, as well as diverging investment perspectives and assumptions. Certain information contained herein has been provided by third party sources and although believed to be reliable; it has not been independently verified and its accuracy or completeness cannot be guaranteed and should not be relied upon as such.

General Disclosure:

The holdings discussed represent a particular point in time. It should not be assumed that the securities continue to be held, and/or continue to be held in the same percentage, and/or were held continuously throughout the period. In addition, the holdings of a particular client account may differ from the information provided. Securities discussed do not represent the entire portfolio and, in aggregate, may represent only a small percentage of a portfolio's holdings. Information is subject to change without notice. It should not be assumed that any of the securities discussed were or will prove to be profitable. Past performance does not guarantee future results.

The opinions and information expressed and provided are for general information only and are not intended to provide specific advice or recommendations but rather, a basis from which strategies can be built, taking into account the specific objectives of each portfolio, in terms of return, time horizon, and risk constraints, as well as diverging investment perspectives and assumptions. All material has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

This document, which is being provided on a confidential basis, shall not constitute an offer to sell or the solicitation of any offer to buy which may only be made at the time a qualified offeree receives a confidential private offering memorandum ("CPOM"), which contains important information (including investment objective, policies, risk factors, fees, tax implications and relevant qualifications), and only in those jurisdictions where permitted by law. In the case of any inconsistency between the descriptions or terms in this document and the CPOM, the CPOM shall control. These securities shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied. This document is not intended for public use or distribution. While all the information prepared in this document is believed to be accurate, TimesSquare Capital Management, LLC, makes no express warranty as to the completeness or accuracy, nor can it accept responsibility for errors, appearing in the document.

TimesSquare Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®).

Firm and Composite Information

TimesSquare Capital Management, LLC ("TimesSquare") is a registered investment adviser that is owned by the former equity management team of TimesSquare Capital Management, Inc. ("TimesSquare Inc.") and Affiliated Managers Group, Inc. TimesSquare was formed to manage TimesSquare Inc.'s growth equity investment advisory business which was sold to TimesSquare in a transaction that closed on November 19, 2004.

This composite generally invests in non-US stocks with market capitalizations at time of purchase generally within the range of capitalizations of stocks in the MSCI EAFE Small Cap Net Index. Portfolios will hold approximately 70-75 securities. The process is fundamental research driven. Primary selection criteria include quality management, distinct competitive advantage, and strong, sustainable growth. Historical turnover has averaged 37% per year. Composite inclusion threshold \$500,000. Fee basis is 100 points. The composite creation and inception date is April 1, 2012.

From 04/01/2015 until 12/31/16, accounts are removed from the composites when significant cash flows occur. A significant cash flow is defined as an external flow that exceeds 10% of the composite's market value on the day of the cash flow. Effective January 1, 2017 this composite does not have a significant cash flow policy.

The opinions and information expressed and provided are for general information only and are not intended to provide specific advice or recommendations but rather, a basis from which strategies can be built, taking into account the specific objectives of each portfolio, in terms of return, time horizon, and risk constraints, as well as diverging investment perspectives and assumptions. All material has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

TimesSquare's list of composites is available upon request. Past performance does not guarantee future results. The firm's list of limited distributed pooled funds are available upon request.

Benchmark

Performance is measured against the MSCI EAFE Small Cap (Net) Index. MSCI EAFE Small Cap (Net) Index is a trade or service mark of MSCI Inc. The MSCI EAFE Small Cap (Net) Index is an unmanaged, market-weighted index of small companies in developed markets, excluding the U.S. and Canada. Its returns include net reinvested dividends but, unlike the Composite returns shown, do not reflect the payment of sales commissions or other expenses incurred in the purchase or sale of the securities included in the Index. All indexes, including the MSCI EAFE Small Cap (Net) Index, are based on gross-of-fee returns, including net reinvested dividends.

Benchmark returns are not covered by the report of independent verifiers.

Performance Calculations

The performance figures shown are calculated in U.S. dollars on a size-weighted basis and reflect the reinvestment of dividends and other earnings, and the deduction of brokerage commissions and other transaction costs. Performance is provided on a gross basis

(before the deduction of management fees) as well as net of the highest fee level from the standard fee schedule listed for this strategy during the period presented. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. TimesSquare's fee schedule is available upon request and may also be found in Part 2A of our Form ADV.

Investment advisory fees generally charged by TimesSquare are described in Part 2A of its Form ADV. To illustrate performance net of fees, assume \$20,000,000 is placed under management for ten years sustaining 10% compound gross total return. If an advisory fee of 1.00% of average assets under management is charged per year, for each year of the ten-year period, the resulting compound annual return would be reduced to 9.0%. The ending dollar value of the account would be \$47,347,274 compared with the unreduced account value of \$51,874,849. Net of fee performance is available upon request.

Internal dispersion is calculated using the equal-weighted standard deviation of all accounts included in the composite on a gross basis for the entire year; it is not presented for periods less than one year or when there were five or fewer portfolios in the composite for the entire year.

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns on a gross basis over the preceding 36-month period. The three-year annualized standard deviation calculation is not presented for the composite and/or benchmark for years when 36 monthly returns are not available. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. To receive additional information regarding TimesSquare Capital Management, LLC, including a GIPS Composite Report for the strategy presented in this commentary, contact TimesSquare at info@tscmlc.com.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.



75 Rockefeller Plaza, 30th Floor New York, NY 10019
www.TSCMLLC.com