

International Small Cap Equity Quarter-End Review—4Q2025



International equities ended the year on a strong note, rising for the fourth consecutive quarter and finishing the year near all-time highs. 2025 also marked the largest outperformance for international equities versus their U.S. peers in over fifteen years. The U.S. Dollar Index fell more than 9%, its worst year since 2017, which helped to boost international returns. Emerging markets outperformed developed markets for the second straight year, while both made significant gains of over 30%.

Concerns over the Federal Reserve's independence, the U.S. government's increasing deficit, geopolitical tensions, and central banks' gold buying in their efforts to diversify from U.S. dollar-based assets led to a spike in precious metals, which are traditionally viewed as dollar and inflation hedges. Gold and silver rose 64% and 141% respectively in 2025, their best year since 1979. Likewise, copper had a strong year, as issues at major mines continued to disrupt supply. Demand is likely to continue to rise in 2026, as copper is a key component in the push toward electrification, which should maintain an imbalanced supply/demand picture for the industrial metal and put upward pressure on prices. Not all commodities rose during the year, however, as West Texas Intermediate (WTI) crude oil fell 20%. The fall in oil was surprising given the raft of negative geopolitical headlines including an ongoing war in Ukraine, an Israel/Iran war, the bombing of Iran by the U.S., and heightened tensions between the U.S. and Venezuela. Normally, such factors would cause oil to spike, but they were overshadowed by OPEC's production increases in 2025 and an expected oil oversupply in 2026.

Chinese stocks performed well during the year, particularly technology companies with exposure to AI. However, hopes for an economic growth acceleration failed to materialize as a follow-through

GEOGRAPHICAL EXPOSURE & PORTFOLIO CHANGES⁽¹⁾⁽²⁾

Region	Ending Weight ⁽³⁾	Change from 9/30/2025	International Small Cap Equity Additions & (International Small Cap Equity Deletions) ⁽⁴⁾
North America	29.7%	1.9%	Aris Mining (Golar LNG)
Western Europe	25.5%	-6.3%	(Nomad Foods, Paysafe, TeamViewer)
Asia/Pacific	24.8%	3.4%	Santen Pharmaceutical, TravelSky Technology
Central & South America	10.9%	1.2%	Klabin
Middle East & Africa	6.7%	-1.1%	
Cash	2.3%	0.8%	
Eastern Europe	0.0%	0.0%	
Developed Markets	70.6%	-3.6%	
Emerging Markets	27.0%	2.7%	
Cash	2.3%	0.8%	

⁽¹⁾Based on a representative account of the strategy discussed. Portfolio characteristics (e.g., sector weights, valuation, growth rate) are based on a representative account that we believe is illustrative of the strategy. All accounts in the strategy are invested identically in the same securities unless a client has imposed restrictions. Characteristics and/or holdings on a given date may vary due to pending trades.

⁽²⁾Renaissance determines an issuer's country classification based on company filings and data provided by third-party sources such as Bloomberg or FactSet. Renaissance considers an issuer to be located in an emerging market country if the issuer is domiciled or incorporated in an emerging market country (as defined by the iShares MSCI Emerging Markets ETF) or exhibits risk characteristics (e.g., economic, geopolitical and regulatory risks) similar to emerging market countries.

⁽³⁾Weights as of the end of the presentation period. Cumulative total weighting may not add up to 100% due to rounding of percentages to the nearest decimal place.

⁽⁴⁾Any securities referenced should not be considered a recommendation to purchase or sell a particular security. These securities represent a portion of the companies held in a representative account in this strategy as of the date stated and are intended for informational purposes only. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. The past performance of these securities is no guarantee of future results. The specific securities identified and described may not represent all of the securities purchased, sold, or recommended for this strategy. To request a complete list of holdings recommendations for this strategy over the past year or a list showing the contribution of every holding to the performance of the representative account for the time period stated, please contact Renaissance at compliance@reninv.com.

Sources: Renaissance Research, FactSet

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CONTRIBUTORS TO RETURN⁽¹⁾⁽²⁾

Ticker	Company Name	Average Weight ⁽³⁾	Contribution to Return
TOP FIVE CONTRIBUTORS—INTERNATIONAL SMALL CAP EQUITY			
TSEM	Tower Semiconductor	2.44%	1.36%
EFXT	Enerflex	2.71%	1.02%
IMOS	ChipMOS Technologies	2.03%	0.90%
ERO	Ero Copper	2.59%	0.85%
PTXKY	PT XLSMART Telecom Sejahtera	2.06%	0.83%
BOTTOM FIVE CONTRIBUTORS—INTERNATIONAL SMALL CAP EQUITY			
PSFE	Paysafe	0.86%	-0.88%
TMVWY	TeamViewer	0.93%	-0.67%
DCBO	Docebo	1.44%	-0.33%
TTVSY	TOTVS	2.16%	-0.26%
RDWR	Radware	1.78%	-0.20%

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⁽²⁾The securities listed should not be considered a recommendation to purchase or sell a particular security. These securities represent the top five and bottom five contributors by weight to the performance of a representative account in this strategy as of the date stated and are intended for informational purposes only. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. The past performance of these securities is no guarantee of future results. The specific securities identified and described may not represent all of the securities purchased, sold, or recommended for this strategy. To request a complete list of holdings recommendations for this strategy over the past year or a list showing the contribution of every holding to the performance of the representative account for the time period stated, please contact Renaissance at compliance@reninv.com.

⁽³⁾Average weights over the presentation period.

Sources: Renaissance Research, FactSet

on meaningful stimulus announced in 2024 did not occur. Retail sales and industrial production remained positive but decelerated toward the end of the year, while other areas of China's economy, such as its property market, continued multi-year declines that weighed on overall growth. More positively, the December Official Manufacturing PMI returned to expansionary territory in December, snapping an eight-month streak of contraction that was the longest on record. In addition, recent comments by government officials have signaled further stimulus in 2026, with the government pursuing a more proactive fiscal policy that will prioritize the expansion of domestic demand by increasing income and maintaining a moderately loose monetary policy.

Japan underwent a rare period of political turmoil in 2025 after the Liberal Democratic Party-led coalition suffered major defeats in two national elections, forcing former Prime Minister Ishiba to resign after less than a year in office. Markets then cheered the election of current Prime Minister Takaichi, whose economic policies mirror those of her mentor Shinzo Abe, who helped lead Japan out of a multi-decade deflationary environment. Her policies include increased spending and tax cuts to stimulate growth, which were reflected when she announced Japan's largest stimulus package since the COVID pandemic. While the stimulus should help spur growth, it may put the Bank of Japan (BOJ) in a difficult position. Inflation has been above the BOJ's target of 2% for over three years, which has forced the central bank to raise benchmark interest rates four times since 2024, with further rate hikes likely. However, the combination of higher interest rates and weak government finances put upward pressure on yields in Japan, with ten-year government bond yields nearly doubling over the past year from 1.09% to 2.07%. Should yields continue to rise significantly, the BOJ could

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be forced to choose whether to focus on bringing down inflation or face the negative impacts of higher interest rates.

Our portfolio returns were positive on an absolute basis and ahead of our benchmark in the fourth quarter. Our underweight to the Health Care sector helped returns, while our overweight to the Communication Services sector was a detriment. Stock selection was positive, as good selection in the Communication Services sector offset negative selection in Financials. The portfolio saw positive returns in both developed markets and emerging markets. Canada and Israel contributed the most to performance, while Germany and Brazil detracted from performance.

The top contributor to our performance during the quarter was **Tower Semiconductor** (Israel), as investors rewarded its stronger-than-expected results and growing recognition as a key beneficiary of accelerating AI demand. Momentum in its RF infrastructure and silicon photonics businesses remains strong, with customer demand far outpacing current supply, prompting the company to accelerate capacity expansion that should materially lift margins over time. The largest detractor from performance was **Paysafe** (United Kingdom). The online payments provider reported a weak quarter, with Digital Wallets growing more slowly than anticipated and margins in the Merchant Solutions segment coming under pressure. Given ongoing regulatory headwinds and a growth trajectory that continues to fall short of expectations, our investment team chose to exit the position.

During the quarter, we purchased **Aris Mining** (Canada), a gold miner with operations in Colombia. The company has significant growth potential from expansion plans for its mines in Colombia, as overall gold production is expected to double over the next two years. High free cash flow from elevated gold prices has allowed the company to deleverage quickly and should help the company finance future growth projects in Colombia and Guyana with internally generated cash. We also purchased **TravelSky Technology** (China), a provider of information technology solutions for the aviation and travel industry in China. The continued recovery of international travel following the prolonged COVID downturn and the expansion of the visa-free policy in China should support near-term growth, while the Systems Integration segment should be a long-term beneficiary of the Chinese government's target to upgrade 400 airports by 2035. Conversely, we sold **Nomad Foods** (United Kingdom) during the quarter, as the frozen food manufacturer's margins will likely be negatively impacted by rising input costs that are not expected to be immediately recovered through price increases. We also sold **Golar LNG** (Bermuda), as earnings in 2026 will be impacted by the completion of its contract and the relocation of its Hilli FLNG vessel.

Global growth was more resilient than expected in 2025, helping international equities post their best returns since 2009. However, expectations for the impact of tariffs on global growth in 2026 remain unclear, as a surge of imports into the United States in 2025 prior to tariff implementation likely served to boost growth in 2025. The front-running of tariffs caused the World Trade Organization to increase 2025 world merchandise trade volume growth but lower projected 2026 world merchandise trade volume growth. Moreover, there is a risk that Trump's tariffs may be ruled illegal by the U.S. Supreme Court, which would inject fresh uncertainty into markets. Nevertheless, international equities continue to offer a compelling mix of value and growth, trading at a 33% discount to U.S. peers, with double-digit earnings growth expected in 2026 and 2027.

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DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of December 31, 2025 and are subject to change at any time due to changes in market or economic conditions.

GICS® SECTOR INFORMATION

Sector Listing according to MSCI and S&P Dow Jones data: MSCI and S&P Dow Jones do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

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REFERENCED ETFs

iShares MSCI Emerging Markets ETF—The iShares MSCI Emerging Markets ETF seeks to track the investment results of an index composed of large- and mid-capitalization emerging market equities.

REFERENCED INDICES

(Indices are unmanaged and are not available for direct investment.)

Purchasing Managers Index—The Purchasing Managers' Index (PMI) measures the activity level of purchasing managers. A reading above 50 indicates expansion, while a reading below 50 indicates contraction.

U.S. Dollar Index—The U.S. Dollar Index is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners.

STOCK REFERENCES

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