



“We Learn From History That We Do Not Learn from History” - Friedrich Hegel

Total Returns (Net of Fees) ⁺		Regional Indices	
	Q4		Q4
GVA Emerging Markets	6.2%	MSCI China	-7.4%
MSCI Emerging Markets Index*	4.7%	MSCI Korea	27.3%
MSCI Emerging Markets <u>Value</u> Index	6.4%	MSCI Taiwan	10.4%
MSCI Emerging Markets <u>Growth</u> Index	3.3%	MSCI India	4.8%
		MSCI Emerging Markets Small Cap	1.6%

	GVA Emerging Markets Net Return	MSCI Emerging Markets Net Return*
1 Year	27.8%	33.6%
3 Years**	9.9%	16.4%
5 Years**	3.4%	4.2%
Since Inception**	3.9%	7.3%

*Benchmark | **Annualized | ⁺Net of fee performance was calculated by retroactively applying the highest model fee for the composite which is the fee new clients would expect to pay based on the early adopter fee schedule (0.60%).

4Q25 Market Dynamics

The fourth quarter saw major markets around the world reach all-time highs, with themes similar to ones experienced in first 9M of the year. 2025 marked the third consecutive year of eye-watering equity market returns. Investors benefited from a resilient consumer, low (perceived) recessionary risk, AI optimism, and strong corporate earnings. Monetary and fiscal policy both remain stimulative, with more than 90% of global central banks in easing mode and deficit spending on the rise. For the time being, this has offset worries around peak US valuations, weakening employment, elevated inflation, and rising geopolitical unrest.

International and Emerging Markets significantly outperformed the US in both Q4 and the full year. This was the first year of Global ex-US outperformance since 2017, as valuation spreads became too wide to ignore. The outperformance was supported by a 10% weakening in the US dollar, which likely marked the end of the dollar’s 15-year bull market cycle. The Global ex-US outperformance was especially noteworthy considering the continued outperformance in Magnificent 7 stocks in both the quarter and the full year.



Emerging Markets

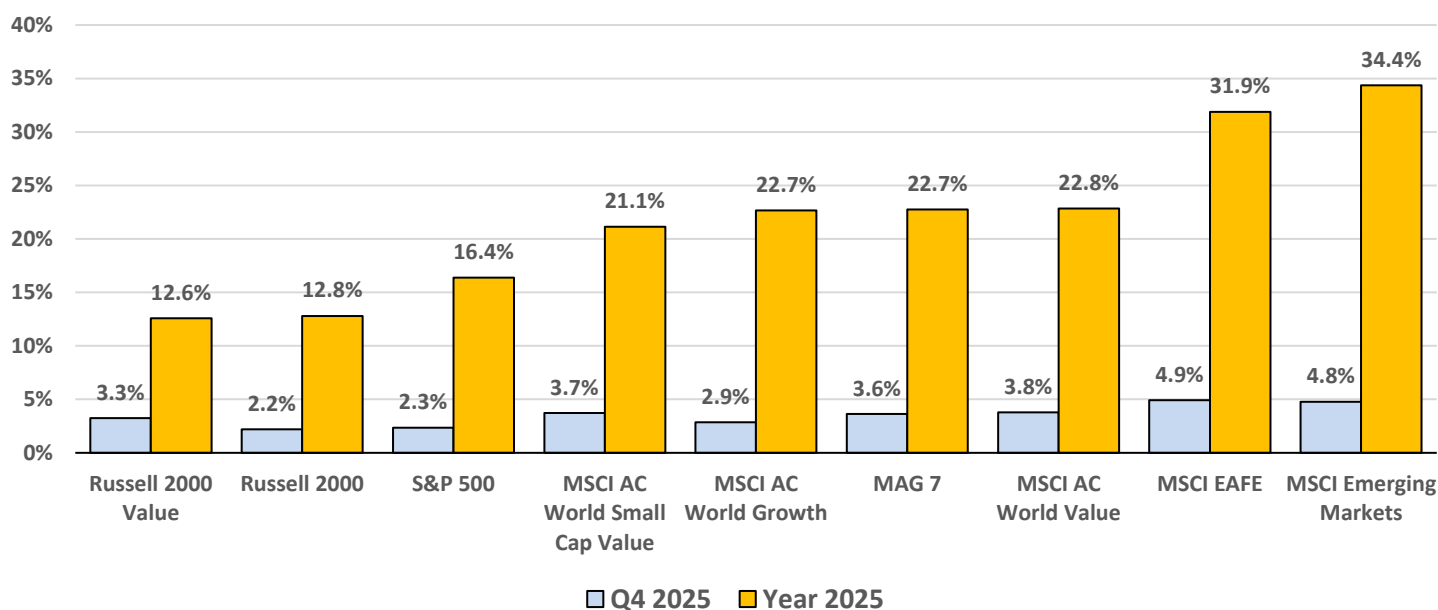
Fourth Quarter 2025

COMMENTARY

On a global basis, Value outperformed Growth in Q4 and performed in-line for the full year. Small Caps continued to lag Large Caps in both the quarter and the full year. As a reminder, GVA's strategies are positioned to benefit from Value, Small, and ex-US outperforming in the medium term. Of these three "mega-trends," the shift back to ex-US over the majority of 2025 was the only tailwind to GVA's strategies.

Most importantly, cheap companies with positive FCF and positive shareholder returns (GVA's Advantaged Subset) materially outperformed the market on a global basis in the fourth quarter and the full year. The net result to GVA was strong performance in Q4 and our *2nd best* annual outperformance since our 2018 inception for GVA's Global Equity and International Small Cap strategies. GVA's Emerging Market strategy also experienced strong outperformance in Q4, but still lagged its benchmark on the full year due primarily to a style headwind and a performance drag from a limited number of holdings.

2025 Total Returns



Source: Factset. MAG 7 = "Magnificent Seven" stocks – Apple (AAPL), Microsoft (MSFT), Alphabet (GOOGL), Amazon (AMZN), Nvidia (NVDA), Tesla (TSLA) and Meta Platforms (META)



Why GVA?

GVA is a Global long-only value equity manager. We currently manage 3 strategies that all share the same unique investment Philosophy and Process: GVA Global Equity, GVA Small Cap International, and GVA Emerging Markets. Macroeconomic uncertainties around the globe have created large valuation disparities across regions, styles, and market caps. GVA's strategies are managed to take advantage of these divergences. Our strategies also provide investors with a natural hedge against the prevailing market trends, which have been narrowly focused and stretched to historical highs. GVA only invests in companies that trade at significant discounts to the market and has zero exposure to US large cap growth companies or Magnificent 7 stocks.

GVA has identified a market inefficiency (GVA's Advantaged Subset) and has structured its process to consistently exploit this anomaly. Companies in the Advantaged Subset generate positive Free Cash Flow and return capital to shareholders.

GVA's strategy focuses exclusively on higher quality companies with recurring strong Free Cash Flow, high Shareholder Yields (dividends + buybacks + debt reductions), solid balance sheets, and that are significantly undervalued. **Our research shows that investing in companies with these characteristics outperforms the market historically, with market level risk.**

To identify the best Advantaged Subset companies in the world, a front-end screening process is utilized. Fundamental analysis is then conducted by two seasoned Portfolio Managers. The main goal of fundamental analysis is to determine which candidates are the most likely to remain in the Advantaged Subset. We are 100% model compliant, meaning we will only invest in companies that are in the Advantaged Subset (on a TTM basis) and automatically sell anything that falls out of this distinctive group. Portfolio construction and robust risk controls are then implemented.

GVA differentiates itself mainly in terms of its exclusive focus on Free Cash Flow and shareholder returns. We have yet to identify any peer that displays similar levels of Free Cash Flow Yield and shareholder returns that our strategies exhibit. The superior businesses we own across strategies typically trade on a 50% discount to the market while delivering stronger profitability (ie high ROEs), despite having more conservative balance sheets. Position sizing is systematically derived, rather than conviction weighted. Our deliberate focus on value eliminates any risk of style drift.

The investment team has committed \$5 million of its capital to the strategies, supplemented by over \$100 million from a Founder of GMO, who is the mentor to GVA's Portfolio Managers and an owner of Moody Aldrich Partners (GVA is a division of Moody Aldrich).

Why GVA Now?

Over the past 10+ years, markets have produced three unusual trends: Small Cap stocks have underperformed Large Cap stocks, Value has underperformed Growth, and International has underperformed the US. These dynamics have all been headwinds to GVA's performance. Similar periods of underperformance can be observed throughout history, but they are very rare and almost never of this magnitude. Typically, these three categories deliver the opposite returns over the long term and historical evidence suggests that periods of extremely stretched relative valuation ratios (such as the one we are in now) offer the best buying opportunities. **Relative valuation ratios are sitting in the bottom decile of their history since WWII, creating what GVA believes to be a once-in-a-generation setup for outperformance.**



Examining the convergence of these three “mega-trends,” GVA has honed in on International Small Value stocks to get exposure to a high octane bet on the reversal of some or all of these asset classes. Broadly speaking, GVA’s “go anywhere” approach allows for flexibility to pick stocks around the globe and across the market cap spectrum. By scrutinizing the valuation and performance anomalies within small cap, value, and international stocks, GVA has identified a select group of companies with compelling attributes that has been largely ignored by the market: they generate strong free cash flows, return the unused cash to their shareholders, deliver above average profitability and have limited debt on their balance sheets. Most importantly, they trade on a 50% discount or more to the market.



GVA strategically engages in contrarian investments across all three major trends observed over the past decade, a stance that permeates all its strategies. History suggests that these trends are likely to reverse over the medium to long term, creating a potentially enormous tailwind to GVA's performance. GVA believes that this represents an opportunity similar to the one available to contrarian investors in the late 1990s, at the peak of the TMT bubble. Back, then, cheap stocks in GVA's Advantaged Subset of the universe showed the following returns as the TMT bubble deflated:

	1999	2000	2001	2002
MSCI ACWI	26.8%	-13.9%	-15.9%	-19.0%
Cheapest 25% Stocks Within Advantaged Subset	14.5%	14.8%	5.2%	2.2%
Excess Return	-12.3%	28.7%	21.1%	21.2%

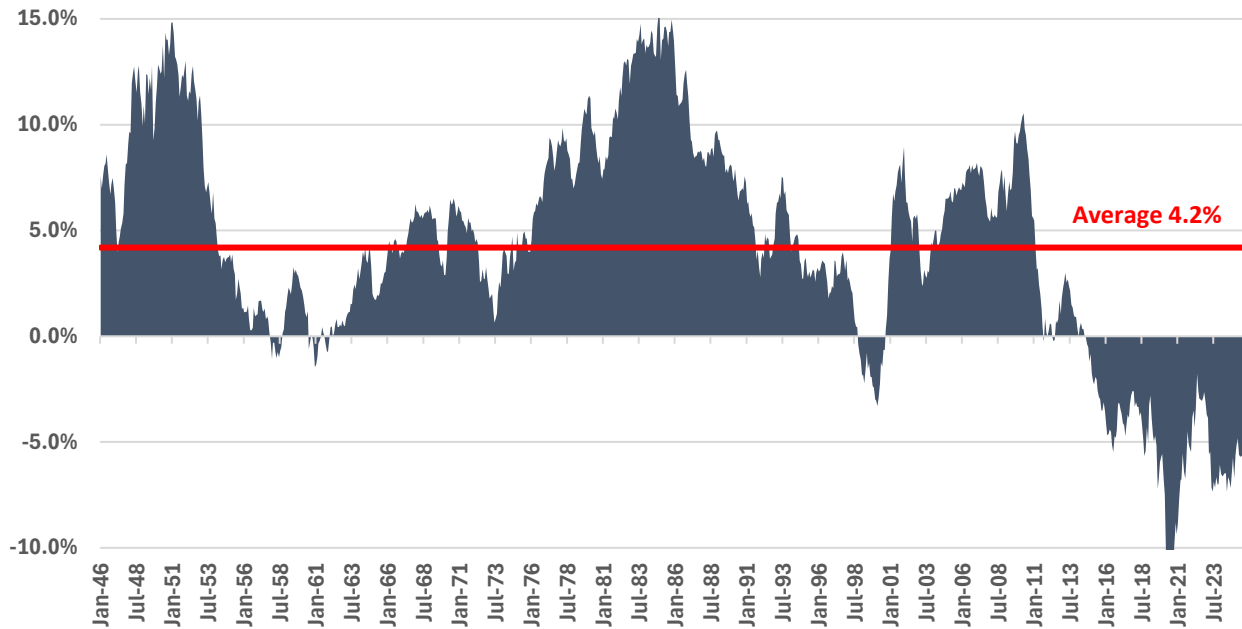
Source: Factset

Next, we will examine where we are in the cycle for Small Caps, Value, and International.

It is well documented that Value stocks and Small Cap stocks, which historically provide a "premium" over the long term, tend to go through phases of relative neglect. We show here how Value stocks have consistently outperformed Growth stocks over the long term and how the recent drawdown is unique both by its duration and its magnitude.



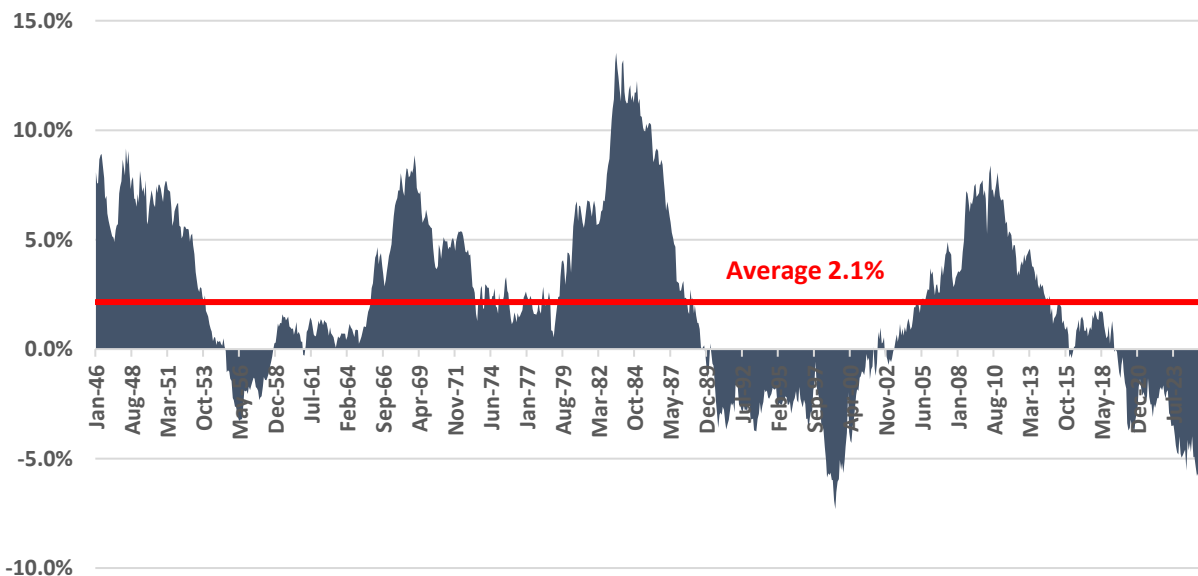
US Value minus US Growth
Trailing 10-Year Annual Return



Source: Fama and French

Small cap stocks typically outperform over the long term but are currently going through the 2nd worst period of underperformance since WWII.

US Small Cap minus US Large Cap
Trailing 10-Year Annual Return

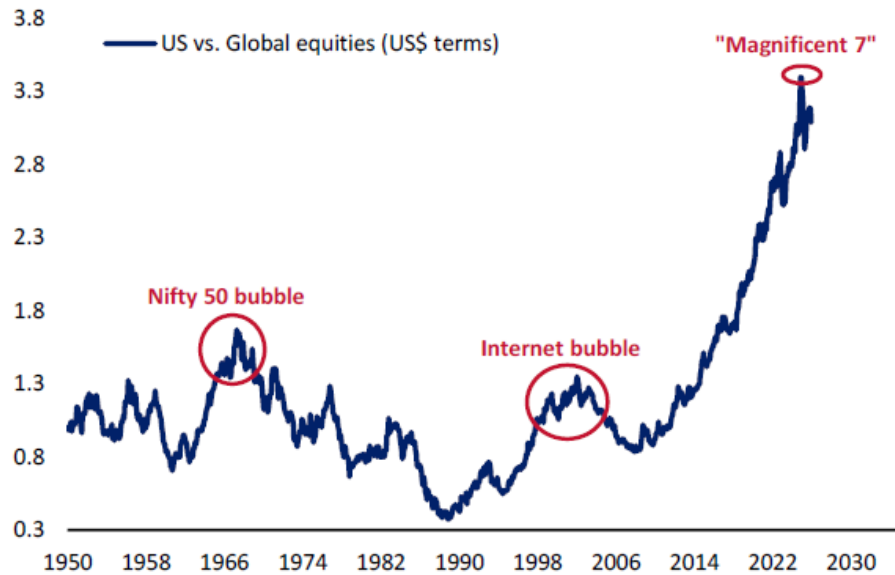


Source: Fama and French



The underperformance of international equities has also been striking, with the 2025 reversal barely visible on the long term chart:

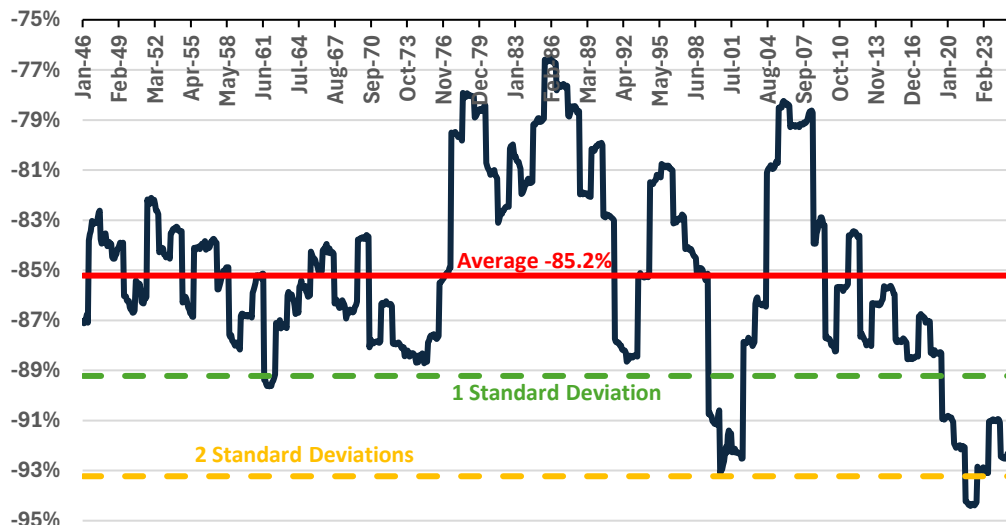
US vs. Global equities (price relative, US\$ terms)



Source: BofA Global Investment Strategy, Bloomberg, GFD Finaeon

After derating for 15 years, value, small, and non-US have reached highly compelling relative valuation levels that were only tested at the peak of the TMT Bubble in the late 90s:

US Value vs. US Growth Relative Valuation 1946-2025



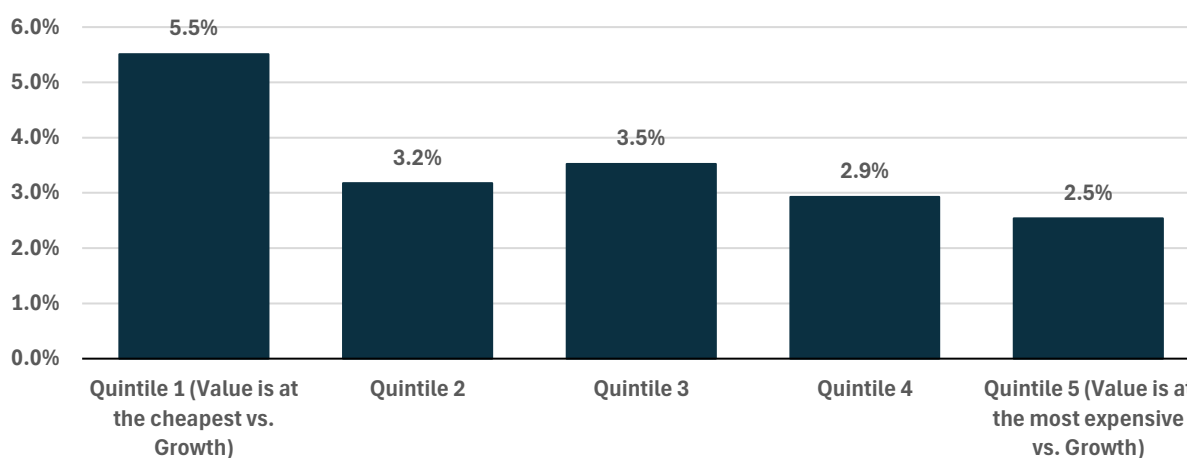
Source: Fama and French



This graph shows that Value – we use here the cheap quintile - typically trades at 85% discount to growth. That discount stands currently at 93.5%, which represents a 2 standard deviations event when tracking that metric monthly since WWII.

GVA's research shows that whenever value stocks have traded at similar extreme valuation levels versus growth stocks, they have outperformed growth stocks by +5.5% annually the following 10 years.

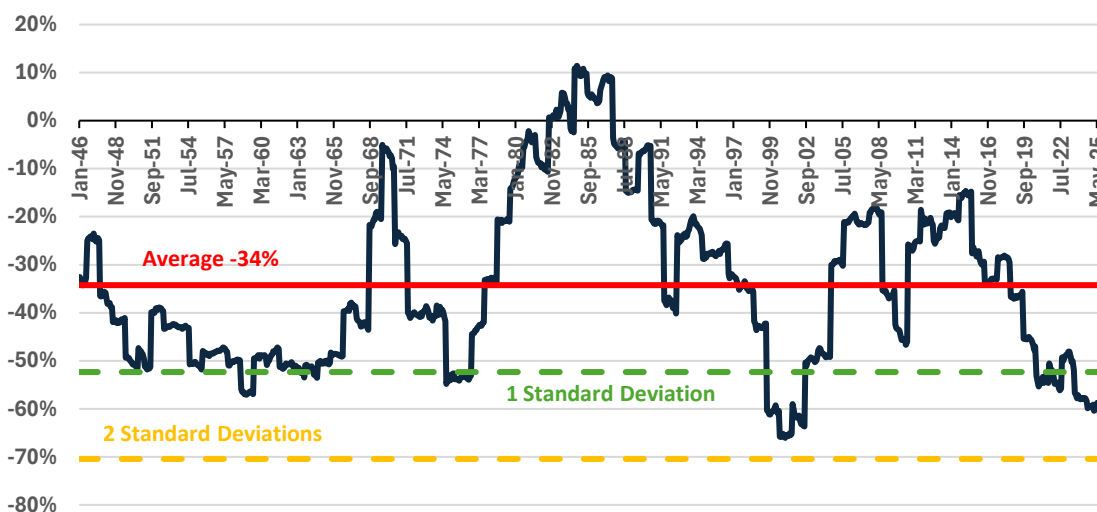
US Value vs. US Growth Valuation
and Next 10 Year Annual Relative Return



Source: Fama and French, GVA Study

Similarly, small stocks have almost never been this cheap versus large stocks on a P/B basis. Small, on average trades at a 34% discount to large. That discount currently stands at 65%:

US Small Cap vs. US Large Cap
Relative Valuation 1946-2025

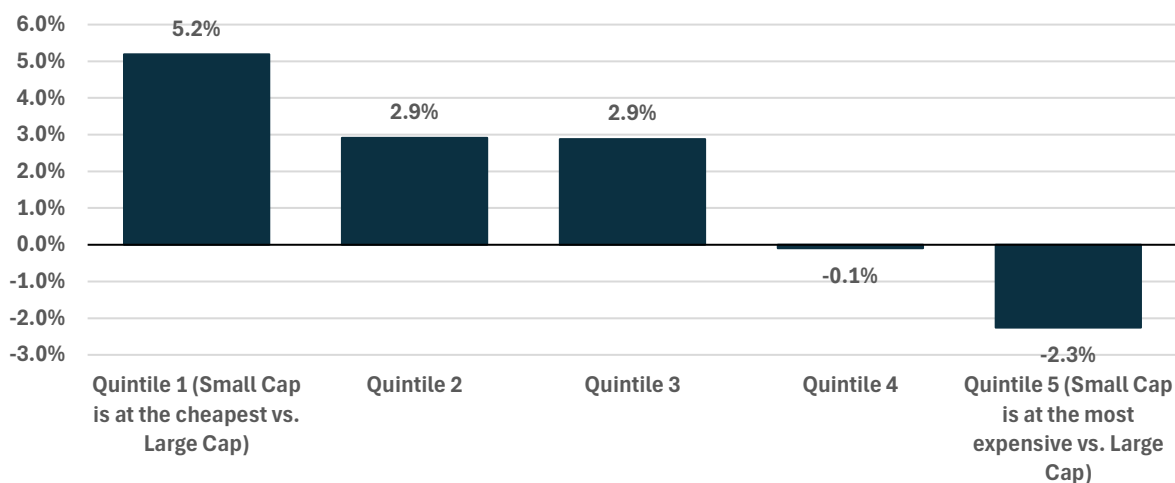


Source: Fama and French



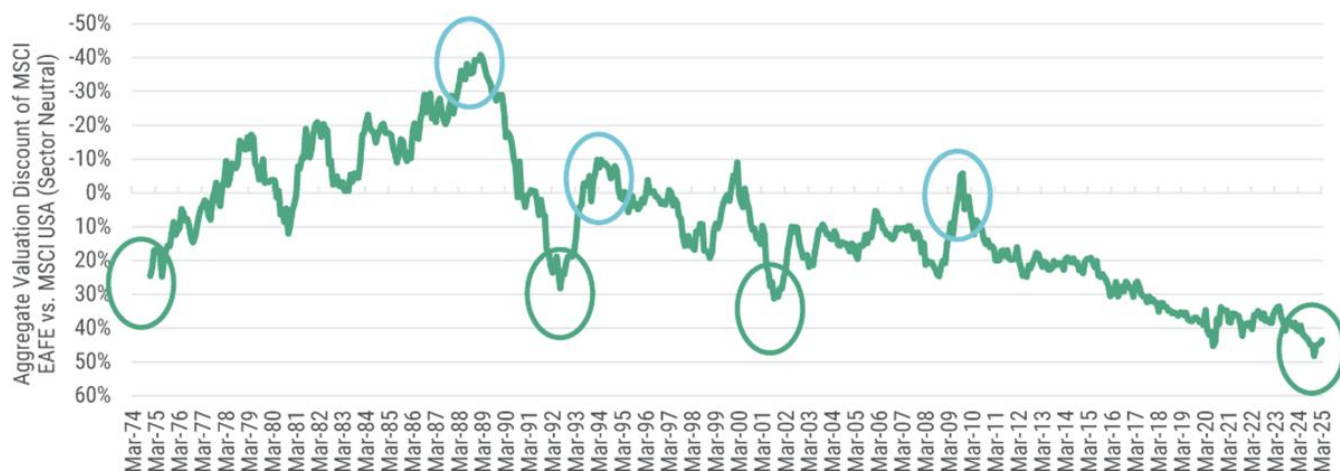
Small companies have derated so much that they are revisiting the bargain basement level of the pre-TMT bubble (3rd percentile). Each time small cap stocks have traded at that discount to large, small stocks have outperformed large by +5.2% annually the following 10 years:

US Small Cap vs. US Large Cap Valuation
Next 10 Year Annual Relative Return



Source: Fama and French, GVA Study

Finally, despite its recent outperformance, non-US still trades near a record 40% discount to the US. Similarly to what is observed for Small and Value, whenever non-US stocks were bought at this level of discount, the subsequent following years of returns were always favoring non-US stocks:



Cumulative Returns Subsequent to

Cumulative Returns	Largest EAFE Discounts			Largest EAFE Premiums		
	Dec 74 – Dec 79	Jul 92 – Jul 95	Nov 01 – Nov 06	Feb 89 – Feb 92	Apr 94 – Apr 99	Oct 09 – Oct 19
MSCI USA	11.7%	12.3%	5.5%	16.0%	27.2%	13.0%
MSCI EAFE	17.9%	16.0%	14.4%	-4.3%	8.7%	5.4%

Source: Brandes



By staying patient and accumulating undervalued assets during their downturns, GVA is convinced its strategies hold superior businesses that will prove great opportunities when the cycle inevitably shifts in their favor.

GVA's Positioning at the Intersection of these 3 Mega Trends

The previous visuals illustrate the compelling investment opportunity set currently available to contrarian investors. GVA's value portfolios trade at some of the most extreme valuation levels when compared to their respective universes.

GVA portfolios hold businesses that have a proven track record of generating strong free cash flows, returning the majority of this cash to their shareholders, while delivering strong profitability despite a lower leverage than the rest of the universe; the following characteristics encapsulate the uniqueness of GVA's portfolio positioning.

All of GVA's investment strategies are heavily skewed towards Value, Small, and ex-US:

GVA International Small Cap Strategy	Current Portfolio	Benchmark	Discount	GVA Emerging Markets Strategy	Current Portfolio	Benchmark	Discount
Market Value	2,174	3,018		Market Value	4,392	50,971	
Shareholder Yield	10.8	1.8	-84%	Shareholder Yield	9.1	1.0	-89%
FCF Yield	10.9	4.1	-62%	FCF Yield	12.0	4.0	-67%
Dividend Yield	4.6	3.1	-33%	Dividend Yield	5.6	1.7	-70%
P/B	1.0	2.0	-49%	P/B	1.0	3.0	-67%
EV/EBITDA	6.4	13.3	-52%	EV/EBITDA	5.7	19.4	-70%
P/S	1.0	1.9	-49%	P/S	1.1	2.9	-62%
P/E Next 12 months	10.8	16.3	-33%	P/E Next 12 months	8.9	17.2	-48%
P/E	11.7	21.8	-54%	P/E	9.7	24.1	-40%
Average Valuation Discount			-52%	Average Valuation Discount			-64%

GVA Global Equity Strategy	Current Portfolio	Benchmark	Discount
Market Value	8,270	170,579	
Shareholder Yield	8.4	1.8	-78%
FCF Yield	9.2	3.0	-68%
Dividend Yield	4.4	1.8	-58%
P/B	1.1	6.5	-82%
EV/EBITDA	7.3	22.2	-67%
P/S	1.7	4.6	-64%
P/E Next 12 months	9.9	22.4	-56%
P/E	11.7	34.3	-34%
U.S. Weight (%)	27.1	64.0	
Average Valuation Discount			-63%

Source: Factset as of December 31, 2025



GLOBAL VALUE ADVISORS
A Division of Moody Aldrich Partners

Emerging Markets

Fourth Quarter 2025

COMMENTARY

As the mean reverting process takes hold (as it has always done), GVA believes that its best years of relative outperformance lie ahead. Thank you for your interest in Global Value Advisors. We look forward to updating you again next quarter.



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** This information is presented as supplemental to the GIPS Report, which are available [here](#)

*Sector weights include exposure to iShares MSCI China A ETF and iShares MSCI India A ETF. ETF exposures are broken out by sector on a look-through basis.

Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated by retroactively applying the highest model fee for the composite which is the fee new clients would expect to pay based on the early adopter fee schedule (0.60%). The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

The standard investment management fee schedule for new business is as follows: 0.60% in perpetuity on all investments made prior to strategy assets reaching \$150 million, thereafter, 1.00% on the first \$25 million and 0.90% on all additional funds. Management fees are paid quarterly in arrears. Actual investment advisory fees incurred by clients may vary.

The information presented in the presentation contains analysis of GVA's Advantaged Subset. GVA's Advantaged Subset is a quantitative screen of the investable universe that identifies liquid companies with positive free cash flows and that have positive total return to shareholders.