MAIN®
MANAGEMENT, LLC

Q2 2026 – MAIN MANAGEMENT INTERNATIONAL STRATEGY

While the rapid-fire pace of international events did slow a bit in Q2 relative to Q1, the geopolitical tension remained elevated as the war in Iran ebbed and flowed, ending the quarter with a hopeful yet tenuous agreement. The Strait of Hormuz's (SoH) status remains in question, but the longer-term ramifications are clear: countries are shifting supply lines away from the SoH in an effort to diversify and protect themselves should something similar occur in the future. In the immediate aftermath of the Iran agreement, oil sold off and we expect Brent Crude to settle in a $75-$85 range, a roughly $10 premium to where it was prior to the conflict. Emerging Markets were up the most in Q2, surging +24%, after a basically flat Q1. Developed Markets were up a more muted +11% in Q2 while the S&P 500 fell between the two, up around +15%.

We continue to believe that international equities still have room for outperformance relative to the US. When international equities have outperformed, they have done so for a period of around 3–4 years, which may indicate that we still have the potential for 2-3 more years of this sort of dynamic. The recent move higher in the US Dollar is a bit of a concern, but it's still below where it was for most of 2022-2025. And, importantly, the tailwinds of favorable valuations and continued earnings growth remain intact. International equities are still trading at roughly 14x versus U.S. Large Cap Value at 17.9x, which implies meaningful upside if that spread reverts toward historical levels. We still think we are moving into the earnings growth phase of the international bull market, meaning there may be further room to run.

During the quarter, we sold our position in China to fund a new position in South Africa, which is trading in the bottom decile relative to its historical trading range. It's also seen solid upward earnings and growth forecasts alongside strong margins. We also think South Africa stands to benefit from a normalization in oil prices (which we are already seeing) because of its sector composition (heavy exposure to miners, especially gold) and its dependence on energy imports. In addition to the China / South Africa switch, we also added a point to our broad Emerging Markets exposure. We remain overweight Latin America as well, which stands to benefit from reindustrialization and supply-chain reconfiguration through nearshoring within the Americas, and broader commodity demand tied to the global infrastructure buildout. Brazil's 2026 election cycle remains a potential catalyst for upside should a more market-friendly outcome gain traction.

In Q2, our positions in the Asia Pacific region and broader Emerging Markets were the biggest positive contributors while our Latin America and South Africa allocations were the biggest drags. At a higher level, we remain overweight Emerging Markets with a higher concentration in Latin America and are most underweight Developed Europe, which continues to face regulatory headwinds that we believe will likely hamper growth. The strategy trades at a slight valuation discount to the ACWI ex-US with favorable growth forecasts. (All valuation metrics per FactSet Data.)

We continue to work to reduce costs for investors, with the expense ratio for the ETF that runs the strategy (INTL) moving lower, to 0.84%. Attached, please find the updated fact sheet with a comparison to the MSCI All Country World ex-USA Index benchmark and the Morningstar Foreign Large Blend Category. We encourage our current and prospective investors to contact us with any questions regarding individual ETFs or our asset allocation.

Sincerely,

Kim David Arthur
CEO and Portfolio Manager

601 California St. Suite 300 San Francisco, CA 94108 | (415) 217-5800 | mainmgt.com

July 10, 2026