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Separately Managed Accounts

Global and International

International Opportunities ADR

Marketing communication | As of 31 Dec 2025

Effective 11 Feb 2025, Gregory Mancini and John Tribolet were added as portfolio managers of the strategy, and Jason Campbell and Dan Roberts were removed as portfolio managers. This change is not expected to impact the overall investment strategy.

- **During the fourth quarter, the International Opportunities ADR strategy underperformed the MSCI ACWI ex USA Growth Index.**
- **The portfolio's underperformance was driven by unfavorable stock selection in the consumer discretionary, materials and information technology sectors.**
- **Our team continues to identify long-term structural growth opportunities in non-U.S. stocks against a favorable market backdrop outside the U.S.**

Gregory Mancini
Portfolio Manager

John Tribolet
Portfolio Manager

Market review

Non-U.S. developed equity markets were the fourth quarter's star performers, edging their emerging market (EM) counterparts, +4.9% to +4.7%. For the full 12-month period ended 31 December, non-U.S. developed and EM shares bested the S&P 500 Index by more than 10 percentage points apiece, the first calendar year that's happened since 2006.

In Europe, equities benefited from solid advances by banks and insurers in Q4. The European Central Bank (ECB) kept rates steady at 2% for the fourth straight meeting, while the Bank of England (BoE) trimmed rates by 25 bps (bps) in December, to 3.75%. The BoE struck a cautious tone regarding further cuts, however, warning that future decisions would be a "closer call," even as data pointed to cooling inflation, softer economic growth and a weakening U.K. labor market.

Elsewhere in developed markets, Japan's Nikkei 225 Index climbed +5.7%, bolstered by technology stocks. And the Bank of Japan (BoJ), a hawkish outlier among major central banks, increased its benchmark interest rate to 0.75% in December as Japanese core inflation stayed above its 2% target for the 44th consecutive month.

Within EM, tech also drove the +27.3% fourth-quarter surge of the South Korean equity market (representing 13% of the MSCI EM index by market capitalization). At the other end of the performance spectrum was the -7.4% decline in China (28% of the MSCI EM index's market cap). Chinese stocks struggled during the period amid falling business optimism, stagnant manufacturing activity and sluggish domestic demand.

International Opportunities ADR

Portfolio review

The International Opportunities ADR strategy underperformed its benchmark, the MSCI ACWI ex USA Growth Index, on a gross- and net-of-fees basis in the fourth quarter of 2025.

Value stocks topped their growth counterparts by +505 bps for the period, as measured by the MSCI ACWI ex USA Value and Growth indexes, respectively. This massive delta capped off a 2025 in which value outperformed growth by +1,385 bps for the year. These results extended a five-year trend marking a significant shift to value, which has beaten growth by +786 bps since the end of 2020.

The disparity between value and growth was a key reason the strategy instituted a benchmark change in 2025, replacing the core ACWI ex USA index with the growth version. Although the strategy had historically used the core index due to distribution purposes, that benchmark became less applicable for performance comparisons over the past five years given the strategy's tilt toward growth.

From a factor perspective, an underweight in high momentum, high beta stocks detracted from the strategy's relative performance for the quarter, as did stock selection in the growthier segment of the index. The portfolio's overweight to size, however, was additive, as large cap outperformed small during the period. The portfolio's EM allocation detracted, mainly driven by unfavorable stock selection.

In terms of sectors, the largest detractor from relative return was consumer discretionary, a function of both negative stock selection and an overweight in the underperforming sector. The materials and information technology sectors also detracted, driven by lagging stock picks. In contrast, industrials contributed the most, almost entirely from positive stock selection.

From a country standpoint, South Korea was the leading detractor, the result of underweighting the outperforming market, followed by Hong Kong and Taiwan, where stock selection disappointed. In contrast, Australia was the top contributor, reflecting a single, particularly successful out-of-benchmark stock pick and no exposure to the broadly lagging Australian component of the benchmark.

Contributors

Among individual names, the largest contribution to the strategy's relative performance came from major Swiss pharmaceutical and health care diagnostics company Roche Holding AG. Its stock climbed after the company reported positive Phase III clinical trial results for giredestrant, an experimental early-stage breast cancer drug developed by Genentech, Inc., a U.S. biotech firm and Roche subsidiary.

Japanese communications equipment manufacturer Fujitsu Ltd. also contributed meaningfully. Fujitsu's quarterly results came in ahead of consensus estimates, with solid orders and margin improvement in the company's core service solutions.

WEG S.A., a Brazilian electrical engineering, power and automation firm, was the third-largest contributor. The company's third-quarter results met expectations, with EBITDA (earnings before interest, taxes, depreciation and amortization) margins coming in better than expected. Despite a restrictive investment environment, performance in WEG's domestic markets remained solid, although tempered somewhat by weaker solar deliveries.

Detractors

On a company-specific basis, China-based technology and e-commerce retailer Alibaba Group Holdings Limited detracted the most from the strategy's relative return for the period. Alibaba saw its shares decline after reporting quarterly results that fell short of analyst expectations. Investor confidence was also lacking due to the company's substantial capital expenditure on artificial intelligence (AI) infrastructure and an increasingly competitive industry backdrop.

Chinese music streaming service Tencent Music Entertainment Group was the second-largest detractor. TenCent's shares tumbled during the quarter as the company's social entertainment business missed expectations, while monthly active users were down year-over-year. Also contributing to the stock's decline were concerns about the firm's margin outlook given an increasingly competitive environment and a shift toward lower-margin areas of the business.

Not owning SK Hynix Inc., a South Korean supplier of dynamic random access memory (DRAM) chips, was the third-leading detractor. Shares of the company's stock soared in the wake of record revenue and profits announced in late October, powered by the ongoing boom in demand for AI-related semiconductors.

Portfolio positioning

At year-end, the strategy's sector positioning included overweights in consumer discretionary, consumer staples, financials and energy. In contrast, communication services, industrials and information technology were the top underweights. Geographically, Brazil, France and Hong Kong were the leading country overweights, while China, South Korea and Canada were the biggest underweights.

Nine portfolio positions were eliminated and ten were added during the fourth quarter, continuing the approach favored by the new portfolio management team, which assumed responsibility for the strategy in February 2025. The team continues to position the portfolio with a slightly higher market capitalization profile and further into the growth style box.

Over the course of the quarter, the portfolio's sector weights increased the most in industrials, while holdings in communication services were trimmed, resulting in a further underweight. With regard to countries, the team boosted exposure to France the most, while the largest reduction was in Japan. Lastly, the strategy's EM underweight (-179 bps) decreased in Q4.

Outlook

Outside the U.S., equities appear well-positioned to add to their 2025 gains despite uncertain trade policy and geopolitical tensions.

In Europe, Germany's loosening of fiscal constraints and increased infrastructure spending support continued growth potential. More broadly, NATO countries have agreed to raise annual defense spending to 5% of GDP by 2035, a substantial jump from their current 2% guideline. This pivot should benefit European defense companies, many of which are trading at discounts to their U.S. counterparts.

Japan continues to benefit from investor-friendly corporate governance reforms, including the unwinding of cross-share holdings and an emphasis on maximizing shareholder return. In November, the Japanese government passed a ¥21 trillion (about $135 billion) stimulus package, with Prime Minister Sanae Takaichi seeking to spur the economy by supporting inflation-weary consumers and strengthening national defense.

Within EM, we're keeping a close eye on technology companies, notably those in offshore China, South Korea and Taiwan, as they look to expand their footprints in the AI space.

In our view, non-U.S. equity markets represent a vast opportunity — supported by potential further U.S. dollar weakness and concerns about continued dominance of the large cap, tech-focused "Magnificent 7" companies. These and other issues represent tailwinds that may create attractive entry points for investors wishing to establish or increase their non-U.S. equity exposure as part of a diversified, long-term investment strategy. We believe stock entry points can make an important difference in returns over time, and our long-term perspective leads us to seek high-quality names in regions and countries outside the U.S. where growth may be improving.

For more information contact: 800.752.8700 or visit nuveen.com

Minimum investment is $100,000.

Important information on risk

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Glossary

The **MSCI ACWI ex USA Index** captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 23 Emerging Markets (EM) countries. With 1,853 constituents, the index covers approximately 85% of the global equity opportunity set outside the US. **Volatility** is the fluctuation in market value of a portfolio or other security. The greater a portfolio's volatility, the wider the fluctuations between its high and low prices. **It is not possible to invest directly in an index.** Clients should consult their financial professional regarding unknown financial terms and concepts.

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