

International Opportunities ADR

Marketing communication | As of 30 Sep 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 third quarter, the International Opportunities ADR strategy changed its benchmark index, from the MSCI ACWI ex USA Index to the MSCI ACWI ex USA Growth Index. The strategy underperformed the new index during the quarter.**
- **The portfolio's underperformance was driven by unfavorable security selection in the materials and industrials sectors.**
- **Our team continues to identify long-term structural growth opportunities in non-U.S. stocks despite forecasting a mixed equity market landscape outside the U.S.**

Market review

In the third quarter, non-U.S. equities added to their gains from the first half of the year. Based on MSCI indexes in U.S. dollar terms for the period, emerging market (EM) stocks (+10.6%) bested both their non-U.S. developed market counterparts (+4.8%) and the S&P 500 Index (+8.1%). Overall, non-U.S. markets have outperformed for the year to date through 30 September, with EM (+27.5%) and non-U.S. developed shares (+25.1%) ahead of the S&P 500 (+14.8%).

In Europe, equities delivered a solid quarter (+3.6%), aided by the region's resilient labor market. Elsewhere in developed markets, Japan's Nikkei 225 Index (+9.2%) surged on rising business and consumer confidence as well as on increased household spending.

Within EM, Chinese equities, making up more than 30% of the MSCI Emerging Markets Index by market capitalization, were buoyed by aggressive domestic stimulus measures and easing trade tensions with the U.S. Meanwhile, shares in India stumbled due to continued tariff concerns despite a drop in inflation and supportive monetary policy.

Gregory Mancini
Portfolio Manager

John Tribolet
Portfolio Manager

International Opportunities ADR

Portfolio review

During the third quarter, the International Opportunities ADR strategy underperformed its benchmark, the MSCI ACWI ex US Growth Index, on a gross- and net-of-fees basis. Value shares topped their growth counterparts by +242 basis points (bps) for the period, as represented by the MSCI ACWI ex US Value and Growth indexes, respectively. These results extended a five-year trend beginning in the third quarter of 2020 that has marked a significant shift to value, which has trounced growth by +819 bps over that period. The disparity between value and growth is one of the main reasons the strategy instituted a benchmark change. While the strategy had historically utilized the core ACWI ex USA Index due to distribution purposes, that benchmark became less applicable for performance comparisons over the last five years given the strategy's tilt toward growth.

From a factor perspective, an underweight in high momentum stocks detracted, as did stock selection in the growthier segment of the index. A slight overweight in defensive sectors also hindered relative results amid the third quarter's risk-on rally. The portfolio's EM allocation detracted as well, mainly driven by an underweight in the outperforming region.

In terms of sectors, the largest detractors from the portfolio's relative return were materials and industrials, due primarily to unfavorable security selection. An overweight in the underperforming consumer staples sector also hurt performance. In contrast, consumer discretionary contributed the most, the result of positive stock selection, followed by favorable stock picks in financials and communication services.

From a country standpoint, unfavorable security section in Switzerland and an out-of-benchmark position in Argentina were the top detractors. In contrast, Australia was the top contributor thanks to a strong stock pick and underweighting the remainder of the country's allocation within the benchmark, which broadly underperformed.

Contributors

Chinese technology and e-commerce retailer Alibaba Group Holdings Limited contributed the most to the strategy's third-quarter performance on strong second-quarter earnings fueled by its e-commerce and cloud businesses. Alibaba also signaled further investment in AI due to increasing demand.

Canadian e-commerce infrastructure platform Shopify Inc. also added value, posting better-than-expected revenue,

gross merchandise value and operating margins. In addition, management provided upbeat guidance thanks to muted impacts from tariffs thus far.

Japanese investment firm Softbank Group was the third-leading contributor during the period. Valuation gains from the firm's Vision Fund investments drove healthy pretax group profits, led by investments in Symbolic and Coupang. Softbank's shares were buoyed further by positive sentiment around its OpenAI investment.

Detractors

Not owning Chinese technology conglomerate Tencent Holdings Ltd. was the leading detractor from relative returns for the quarter. Tencent has capitalized on strong momentum from its artificial-intelligence (AI)-related investments, including advertising, as well as solid growth in its gaming and WeChat messaging businesses.

Latin American e-commerce retailer Mercado Libre also detracted. Despite generating higher revenues, the firm posted below-forecast quarterly earnings and disappointing short-term margins driven by higher operational costs. Meanwhile, rivals such as Amazon, Temu and Shein continued to intensify their efforts in key markets such as Brazil.

Indian financial services firm HDFC Bank rounded out the three largest detractors. HDFC's net interest margin (NIM) and credit-deposit ratio fell from the previous quarter, reflecting fewer clients taking out loans. After rallying in the first half of the year, HDFC's shares lost ground in the third quarter as investors began locking in profits.

Portfolio positioning

At quarter-end, the strategy's sector positioning reflected overweights in consumer staples, consumer discretionary, information technology and energy. In contrast, industrials and communication services were the top underweights. Geographically, the portfolio finished the period with overweight allocations to Brazil, Japan and Switzerland. Canada, Korea, and China were the largest underweights.

The team eliminated one position during the quarter and added six, continuing the approach favored by the new portfolio management team, which assumed responsibility in February 2025. The team continued to position the portfolio slightly higher in market capitalization and further into the growth style box. Over the course of the period, the strategy's exposures to sectors were impacted by the benchmark change. We reduced our underweight in

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industrials the most, while trimming our holdings in information technology to a modest overweight. On a country basis, the team boosted its exposure to France and Sweden, but the largest reduction was to Switzerland. Lastly, our EM underweight (-540 bps) increased slightly.

Outlook

Outside the U.S., European equity markets have slowed somewhat from their strong start to the year, yet we believe the region will continue to benefit from an improving economic backdrop based in part on Germany's increased defense spending. Trade tensions with the U.S. have cooled yet remain a drag on sentiment. In terms of monetary policy, after easing eight times over the past 12 months, the ECB is likely to remain on hold in the near term unless growth declines more significantly. In the U.K., the Bank of England cut rates in August in a bid to spur the economy, which has struggled amid weak consumer spending and tighter fiscal policy.

In Japan, the rise of newly elected Prime Minister Sanae Takaichi may lead to more expansive fiscal and monetary policy despite the Bank of Japan's ongoing battle with inflation, which remains above its 2% target. A weaker yen and steeper yield curve might be the catalyst for expected improvements in return on equity heading into 2026. We

believe Japan remains an intriguing investment destination thanks to improvements in corporate governance, which have helped lift the country's equity market to record highs this year.

Within EM, clearer trade policy with the U.S. and a weaker U.S. dollar should continue to bolster markets. China's economic recovery could broaden out even further to more consumer-oriented areas, while the 4th plenary session may lead to calls to reduce regional debt and prompt consumers to save less and spend more.

In our view, non-U.S. equity markets represent a vast opportunity — supported by a potentially further weakening U.S. dollar and concerns about the continued dominance of the large-cap, tech-heavy Magnificent 7. These and other tailwinds create attractive entry points for investors seeking to establish or increase their non-U.S. equity holdings as part of a diversified, long-term investment strategy. Our team believes stock entry and exit points make an important difference in returns over time, and we seek to identify long-term quality securities 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.

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All investments carry a certain degree of risk, including possible loss of principal, and there is no assurance that an investment will provide positive performance over any period of time. Equity investments are subject to market risk or the risk that stocks will decline in response to such factors as adverse company news or industry developments or a general economic decline. Investment in non-U.S. stocks presents risks such as political risk, exchange rate risk, lack of liquidity and inflationary risk, economic change, social unrest, changes in government relations, and different accounting standards. These additional risks may be heightened for securities of issuers located in, or with significant operations in, emerging market countries as such countries may have a higher degree of economic instability, unsettled securities laws and inconsistent regulatory systems. This strategy may invest in American Depositary Receipts (ADRs). ADRs do not eliminate the currency and economic risks for the underlying shares in another country. In addition, growth stocks or growth investing may fall out of favor and underperform value stocks and other investing styles over any period of time. Certain sectors or growth stocks may shift characteristics over a long market cycle and may not perform in line with stated benchmarks.

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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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