



# NYLI Epoch Global Choice ADR<sup>†</sup>

Portfolio managed by:



We continue to believe in constructing a well-diversified portfolio across regions, sectors, and business models.

## Market Review

- The MSCI World Index appreciated 3.1% in USD during the fourth quarter of 2025. Performance was broad based, with ten of eleven sectors delivering positive returns. The health care, materials, communications services, and financials sectors posted the strongest gains. The five largest countries in the benchmark all rose during the quarter.
- Overall, global markets concluded 2025 on a cautiously optimistic note, balancing easing U.S.-China trade tensions with ongoing currency volatility and divergent central bank actions. U.S. equities advanced on strong corporate earnings and supportive monetary policy, even as technology stocks softened, while Europe reached record highs on solid fundamentals before moderating. In contrast, Asia struggled with weaker economic data and valuation concerns, highlighting China's continued fragility. Investor interest in Artificial Intelligence (AI) remained strong, though questions around sustainability and Return on Investment (ROI) intensified.
- In other asset markets, commodities diverged as gold surged to record highs and oil slid on oversupply. Bond markets saw sharp movements, including Japanese Government Bond (JGB) yields at multi-year highs. Currency fluctuations persisted, led by Yen weakness despite policy tightening.

## Portfolio Performance<sup>1</sup>

(as of 12/31/25)

	Pure Gross Return	MSCI World Index	Net Return*
QTR	3.16	3.12	2.40
1 Year	17.82	21.09	14.39
3 Years	18.39	21.17	14.94
5 Years	7.88	12.15	4.73
10 Years	9.53	12.17	6.34
Since Inception <sup>1</sup> (05/31/2010)	10.73	11.48	7.51

ADR = American Depository Receipt.

Past performance is no guarantee of future results, which will vary.

1. Inception date is May 31, 2010. Performance for the most recent quarter is preliminary and subject to change.

\* Maximum program fee or highest advisory fee of 3% per annum (25 basis points per month).

† Effective 8/28/24, MainStay Epoch Global Choice ADR was renamed NYLI Epoch Global Choice ADR SMA.

## Portfolio Highlights

- The Epoch Global Choice SMA ADR appreciated 3.16% (gross) and 2.40% (net) in the fourth quarter, essentially in line with the MSCI World Index. Sector allocation effects and security selection were both neutral. Positive stock selection within the energy, health care, and industrials sectors was offset by relative underperformance in information technology and materials.
- Allocation by country contributed positively to performance due to overweight positioning to the U.K. Stock selection by country detracted from results, with relative underperformance in Japan the primary culprit. Currency effect was modestly positive.

## Top Contributors

- At the individual security level, our top positive contributors in the quarter included Alphabet in communications services, ATI in industrials, AstraZeneca and Thermo Fisher in health care, and Lloyds Banking Group in financials. These holdings all delivered attractive double-digit returns.
- Alphabet shares soared as market perception shifted from AI laggard to AI leader following the successful integration of its Gemini models across Google Search and Workspace. Sentiment was further bolstered by record-breaking quarterly revenues that surpassed \$100 billion for the first time as growth continued to accelerate across its core search, cloud, and YouTube businesses.
- ATI shares significantly outperformed after the company reported strong quarterly results and raised full year earnings and cash flow guidance. Results and the improved outlook were driven by surging demand for titanium and high-performance materials as major aircraft manufacturers ramped up production rates.
- AstraZeneca's outperformance was anchored by robust growth in its oncology franchise, particularly from blockbuster drugs like Tagrisso and Enhertu, which helped drive a double-digit increase in core earnings. The company reiterated a bullish full-year outlook supported by its industry-leading pipeline
- Thermo Fisher regained momentum as biotech funding stabilized and the company capitalized on rising clinical diagnostic applications, including new high-throughput Polymerase Chain Reaction (PCR) testing collaborations. Market participants also rewarded the company's resilient operating margins and ability to consistently deliver earnings upside in a recovering life sciences market.
- Lloyds benefited from a resilient U.K. economy and a Supreme Court ruling that significantly reduced legal uncertainty regarding motor financing commissions. This legal clarity, combined with widened net interest margins and a massive share buyback program, propelled the stock to its highest levels in years.

## Bottom Detractors

- Bottom detractors during the quarter included Meta Platforms and Capcom in communications services, Microsoft in information technology, RELX in industrials, and Linde in materials.
- Meta underperformed primarily due to investor concerns over its ability to generate adequate returns on its massive capital expenditure projections, which were revised upward for 2026 to support AI infrastructure. We used share price weakness to add to our position given that Meta's core "Family of Apps" business remains a dominant franchise with accelerating ad impressions, and the company has a proven record of successfully monetizing large-scale investment cycles into industry-leading returns.
- Capcom's underperformance was driven by softening sales momentum for its major title, Monster Hunter Wilds, and unchanged annual guidance despite reporting quarterly results that were ahead of expectations. We continued to build our position on weakness given that in our view Capcom owns some of the most valuable intellectual property in gaming and maintains a best-in-class digital sales strategy that allows for high-margin, long-tail revenue from its back catalog with minimal capital intensity.
- Microsoft reported another quarter of outstanding operational and financial results, but investors expressed concern that capacity constraints in its Azure cloud services division might limit nearer-term growth. As Microsoft invests in incremental AI infrastructure, we believe it will deliver strong profitable growth for several years led by accelerating enterprise demand for its leading AI and cloud services.
- RELX shares underperformed during the period, despite reporting another quarter of solid and consistent results, on concerns that AI may disrupt portions of its business. We believe these concerns are unwarranted given RELX's unique and durable competitive advantages, including proprietary data assets, high switching costs, and network effects, which would be extremely difficult to disintermediate. Instead, we believe RELX will harness AI to add incremental functionality to its analytics and decision tools that increase their value to customers and further accelerate its own free cash flow growth rate.
- Linde lagged the index due to a slowdown in industrial production volumes across its key EMEA and Americas markets, which led to a slight third quarter revenue shortfall relative to expectations. Despite nearer-term cyclical headwinds, we believe Linde's highly resilient business model and robust backlog provide a long runway for profitable growth.

## New Positions

- We initiated positions in four new holdings across a diverse range of sectors: Capcom in communications services, ING Groep in financials, Sanofi in health care, and Uber Technologies in industrials.
- Capcom is a leading video game software developer. We believe the company is well positioned to capture the structural growth opportunity in the large video game market. It boasts one of the strongest intellectual property portfolios and most consistent product development track records in the industry. Management's strategy of maximizing catalog sales of its most established franchises across multiple platforms worldwide should also continue to yield attractive growth and returns while its pristine balance sheet provides limited downside participation. We believe the shares are undervalued due to setbacks within its Monster Hunter Wilds franchise due to PC optimization issues we view as temporary. We believe development of the company's robust game pipeline in FY3/2027 should return investor focus on Capcom's solid medium- and long-term prospects.
- ING Groep is a multinational banking and financial services company based in Amsterdam with retail and wholesale operations. The company has evolved into a digital-first European banking leader across several growing markets, including Eastern Europe. Its proprietary technology platforms and scalable architecture enable efficient deployment of products and services across markets, creating significant competitive advantages relative to traditional European banks. At the same time, ING's deposit-funded balance sheet distinguishes it from fintech peers reliant on wholesale funding. Management is strategically focused on accelerating growth, including through incremental contribution from fee-based revenue streams. ING's strong cash generation capabilities and robust capital position enable management to pursue a high-yielding capital return strategy via growing dividends and share repurchases. In our view, ING's stock is undervalued and therefore provides the opportunity to own what we see as a high-quality franchise with a robust balance sheet, compelling growth, and capital return at an attractive price.
- Sanofi is a global pharmaceuticals company transitioning into a pure-play immunology and vaccines leader. This transition is supported by the massive success of its Dupixent franchise and a revitalized Research & Development (R&D) pipeline featuring multiple Phase III readouts in the year ahead. Market skepticism regarding pipeline delivery creates an opportunity to own a quality business with dominant market positions, fortress balance sheet, and growing dividend at a significant discount to our assessment of fair value.

- Uber Technologies is a global technology platform operating in mobility, delivery, and freight. Uber has leveraged its first-mover advantage and asset-light business model to dominate most markets worldwide. Its business quality is underpinned by synergistic integration of its mobility and delivery segments, which drive both revenue and cost efficiencies through cross-platform driver supply and multi-product user engagement. Uber's management demonstrates strong capital allocation, prioritizing marketing, legal, and software development investments, while maintaining flexibility for Merger & Acquisition (M&A) and returning capital to shareholders via buybacks. Valuation appears reasonable, supported by improving Return on Invested Capital (ROIC) and expectations for significant free cash flow growth driven by rising penetration in international markets, ongoing regulatory easing, and strategic autonomous vehicle partnerships.

## Closed Positions

- We closed four positions to fund new holdings with more compelling risk and return characteristics. Closed positions included Salesforce in information technology, Yum! Brands in consumer discretionary, Zoetis in health care, and Sony Financial in financials.
- We exited Salesforce on plateauing growth in its core business, uncertain monetization of its agentic AI platform, and a tilt back into acquisitions instead of capital returns.
- We sold Yum! Brands on persistent pressure on franchise cash flows from sustained high interest rates and wage inflation, which continues to pressure the pace of net new unit growth.
- We exited Zoetis on continued challenges within its key Librela franchise due to concerns over increasing competitive intensity from branded and generic competitors.
- We received a nominal number of Sony Financial Group (8729 JP) shares following its partial spin-off from Sony Group. We exited this small position due to our preference to own companies that more fully align with our quality compounder framework.

## **Outlook & Positioning**

- We believe the global equity market outlook remains constructive for 2026.
- Potential tailwinds include continued AI innovation, a diminished impact of tariffs and U.S. reindustrialization policies on growth and margins, and robust U.S. earnings growth. Key risks include increasingly stretched U.S. valuations (though it is noteworthy that valuations in non-U.S. markets are more appealing), potential geopolitical shocks, and the possibility that the current AI capex surge will take longer than currently appreciated to generate adequate returns.
- Against this backdrop, we continue to believe in constructing a well-diversified portfolio across regions, sectors, and business models. Businesses with strong competitive advantages that generate free cash flow, are appropriately capitalized, and run by excellent management teams who are strong capital allocators and have a record of consistently creating shareholder value are well prepared to navigate the current market environment.

## QUARTERLY COMMENTARY: NYLI Epoch Global Choice ADR

---

### Before You Invest

#### Definitions:

The **S&P 500 Index** is widely regarded as the standard index for measuring large-cap U.S. stock market performance.

The **Nasdaq-100 Index** includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization.

The **Morgan Stanley Capital International World Index—the MSCI World Index**—is a free float-adjusted market capitalization weighted index that is designed to measure the equity performance of 23 developed markets. An index is unmanaged and investors can not invest directly in an index.

The **Nikkei 225 Index** is a price weighted equity index, which consists of 225 stocks in the prime market of the Tokyo Stock Exchange.

**Free cash flow (FCF)** represents the cash available for the company to repay creditors or pay dividends and interest to investors.

#### About risk

The principal risk of investing in value stocks is that the price of the security may not approach its anticipated value. Investing in smaller companies involves special risks, including higher volatility and lower liquidity. Investing in mid-cap stocks may carry more risk than investing in stocks of larger, more well-established companies. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. These risks may be greater for emerging markets.

Past performance is not indicative of future results. Portfolio data and holdings are as of 12/31/25, are based on total net assets, and may change daily. The opinions and statements expressed herein are for informational purposes and subject to change without notice. The securities discussed are not intended to

be, and are not, an indication to buy, sell, or hold. Rather, the securities are mentioned to give insight into the largest contributors to performance and the largest detractors from performance so that clients and prospective clients can more readily obtain an understanding of the risk characteristics of the portfolio and the portfolio management process followed by Epoch.

Please keep in mind that there is no assurance that investment objectives will be met, as the underlying investment options are subject to market risk and fluctuate in value.

These are Epoch's opinions, which are subject to change, and there is no guarantee that these results will occur.

New York Life Investment Management LLC engages the services of Epoch Investment Partners, Inc., a non-affiliated federally registered advisor, to sub-advise the portfolio.

"New York Life Investments" is both a service mark, and the common trade name, of certain investment advisors affiliated with New York Life Insurance Company.

New York Life Investments  
Managed Accounts  
30 Hudson Street, Jersey City, NJ 07302  
888-474-7725  
[newyorklifeinvestments.com](http://newyorklifeinvestments.com)

5058051 MSEG02e-01/26



INVESTMENTS