

NYLIM Global Choice ADR SMA[†]

Portfolio managed by:



We continue to emphasize a diversified portfolio of high-quality businesses with durable competitive advantages, strong free cash flow generation, resilient balance sheets, and experienced management teams skilled at capital allocation..

Market Review

- The MSCI World Index rose 13.8% in USD during the second quarter of 2026. Nine sectors advanced, one was essentially flat, and one declined. Information technology led with a 33.7% return, followed by industrials (12.2%) and financials (12.0%). The weakest sectors were energy (-13.4%), utilities (0.1%), and materials (1.4%).
- Global equity sentiment improved sharply during the quarter as geopolitical risk eased, and investors looked through earlier inflation concerns. The U.S.-Iran ceasefire and the reopening of the Strait of Hormuz helped drive oil prices lower, reducing stagflation fears and supporting a broad recovery in risk appetite. Artificial intelligence (AI) remained the dominant market theme, with semiconductors, memory, and related infrastructure stocks leading gains, though the trade remained volatile amid continued scrutiny of capex intensity, monetization, valuation, and supply constraints. Monetary policy expectations turned more hawkish, particularly in the U.S., as resilient economic data and above-target inflation reduced expectations for easing. Against this backdrop, market leadership favored AI-related growth, higher-quality cyclicals, and financials, while commodity-linked areas lagged as oil and metals prices retreated.

Portfolio Highlights

- The NYLIM Global Choice ADR SMA (the “Strategy”) appreciated 9.6% (gross and 8.8% net) in the second quarter, underperforming the MSCI World Index. Sector allocation and security selection effects were both negative, detracting approximately 70 basis points and 360 basis points, respectively. Stock selection in information technology was the major drag, followed by health care.
- Allocation by country contributed positively to performance due to overweight positions in Taiwan and the Netherlands. Stock selection by country detracted from results, with relative underperformance in the U.S., Japan, and France the primary culprits. Currency effect was modestly positive.

Portfolio Performance¹

(as of 6/30/26)

	Pure Gross Return	MSCI World Index	Net Return*
QTR	9.61	13.76	8.81
1 Year	13.89	21.34	10.57
3 Years	15.46	19.24	12.09
5 Years	7.29	11.47	4.16
10 Years	10.09	13.14	6.88
Since Inception ¹ (05/31/2010)	10.71	11.75	7.48

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 8/28/26, NYLI Epoch Global Choice ADR was renamed NYLIM Global Choice ADR SMA.

Portfolio Highlights (Continued)

Top Contributors

- At the individual security level, the Strategy's top positive contributors to total return in the quarter included Taiwan Semiconductor and NVIDIA in information technology, Alphabet in communication services, Amazon.com in consumer discretionary, and ATI in industrials. These holdings all delivered attractive double-digit returns.
- Taiwan Semiconductor shares outperformed due to accelerating AI-driven demand for leading-edge semiconductors, with strong utilization across advanced nodes reinforcing confidence in revenue growth and margins. First-quarter results were ahead of expectations and second-quarter guidance reflected continued strong demand for the company's leading-edge process technologies. Performance was further supported by TSMC's critical role in manufacturing advanced AI processors for key customers and the increasing contribution from high-performance computing.
- NVIDIA shares rose on continued exceptional demand for AI infrastructure, with the company reporting record revenue and data center growth driven by the rapid buildout of AI factories. First-quarter fiscal 2027 results materially exceeded expectations while management guided to another step-up in revenue for the following quarter. The stock was further supported by strong Blackwell platform demand, sharply higher networking revenue, and a significant increase in shareholder returns through an additional \$80 billion share repurchase authorization and a dividend increase.
- Alphabet shares outperformed due to stronger evidence that AI is enhancing, rather than disrupting, the company's core search, advertising, and cloud businesses. The company reported strong revenue and operating profit growth, led by Google Cloud, whose backlog nearly doubled sequentially. Performance was also supported by improved confidence in Alphabet's full-stack AI strategy, including Gemini, TPUs, cloud infrastructure, and AI-enhanced Search, alongside margin expansion and a dividend increase.
- Amazon.com shares appreciated due to accelerating AWS growth, continued strength in advertising, and improving profitability across the broader business. AWS delivered its fastest revenue growth in 15 quarters on a very large base. The stock also benefited from evidence that Amazon's AI investments are translating into commercial momentum, including rapid growth in its chips business, strong enterprise demand for AI workloads, and continued scale advantages across cloud, retail, logistics, and advertising.
- ATI shares outperformed due to strong earnings momentum, margin expansion, and continued demand across aerospace, defense, and specialty energy end

markets. The company reported first-quarter results ahead of expectations, issued a second-quarter outlook that implied continued sequential earnings growth, and raised full-year earnings and free cash flow guidance. Shares also benefitted from record backlog and the announcement of an additional \$500 million share repurchase authorization.

Bottom Detractors

- Bottom detractors during the quarter included TotalEnergies in energy, Capcom and Sony Group in consumer discretionary, and Sanofi and AstraZeneca in health care.
- TotalEnergies shares declined due to the sharp reversal in oil prices following the U.S.-Iran ceasefire and reopening of the Strait of Hormuz, which removed much of the geopolitical risk premium that had supported energy stocks earlier in the year. The stock was pressured as crude declined sharply and energy became one of the weakest areas of the global equity market. Company-specific fundamentals remained solid, but investor sentiment shifted toward concerns about lower commodity realizations, reduced trading benefits, and the earnings impact of a better-supplied oil market.
- Capcom shares declined despite strong fiscal-year results, as the stock did not keep pace with the sharp global rotation into AI-related technology, semiconductors, and other growth areas. The company reported record sales and profits for fiscal year 2026, supported by flagship title performance and strong catalog sales, but fiscal 2027 guidance called for a more moderate pace of growth.
- Sony Group shares underperformed as solid underlying fundamentals were offset by investor concerns about the durability of growth in gaming and the company's exposure to rising memory costs. Sony reported record fiscal-year operating profit and announced a sizable share-repurchase program, but earnings were below expectations and guidance pointed to lower gaming sales as the PlayStation 5 cycle matures. Sentiment was also pressured by concerns that AI-related semiconductor demand could raise component costs while creating fewer direct benefits for Sony relative to leading AI beneficiaries.
- Sanofi shares underperformed as investors focused on pipeline and long-term growth concerns despite strong first-quarter operating results. The company reported double-digit sales and business Earnings Per Share (EPS) growth, driven by continued strength in Dupixent and launch products, but sentiment was pressured by the decision to stop the Phase 3 MOBILIZE trial of riliprubart after an interim analysis indicated insufficient efficacy. The stock also lagged as defensives trailed the AI- and cyclical-led market rally.

Portfolio Highlights (Continued)

- AstraZeneca shares underperformed as strong underlying results were offset by regulatory and pipeline concerns, along with broader pressure on defensive healthcare stocks. The company reported solid revenue growth and reaffirmed 2026 guidance, but the stock was weighed down by an Food And Drug Administration (FDA) advisory panel vote against camizestrant and uncertainty around the drug's regulatory path. Investor sentiment was further pressured by concerns about U.S. drug pricing, pipeline execution, and market leadership rotating toward AI-related technology and cyclicals.

New Positions

- The Strategy initiated a position in Deutsche Boerse in financials during the second quarter.
- Deutsche Boerse is a high-quality market infrastructure business with a vertically integrated, multi-asset platform that provides clients with resilient execution, clearing, data, and post-trade services. Its scale, network effects, recurring revenue base, and embedded data opportunities support strong margins and resilient earnings through market cycles. We believe the company is well positioned to benefit from regulatory-driven volume growth, increased demand for clearing, and structural growth across investment management solutions, digital issuance, and crypto-related services. Deutsche Boerse also has a disciplined capital return framework, with dividends complemented by regular share repurchases. With attractive medium-term targets for revenue, Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA), and cash EPS growth, we believe the shares offer exposure to a high-quality business at a reasonable valuation.

Closed Positions

- We closed two positions to fund other holdings with more compelling risk and return characteristics. Closed positions included Schneider Electric in industrials and Ameriprise Financial in financials.
- Schneider is a high-quality business led by a strong management team with exposure to several secular growth trends, including electrification, energy efficiency, and data-center-related demand. We exited our position as our thesis materialized on strong execution and a meaningful re-rating of the shares.
- Ameriprise remains a high-quality financial services franchise with strong returns on capital, meaningful excess capital, and a growing wealth management business supported by disciplined capital return. While the company continued to execute against several elements of our thesis, including asset growth, earnings growth, and shareholder returns, the shares de-rated as investor sentiment toward its market-sensitive earnings

stream weakened. We exited the position to fund Deutsche Boerse, which we believe offers more attractive risk-adjusted return potential and greater diversification benefits.

Current Positioning and Outlook

- Macroeconomic and geopolitical conditions remain fluid. Recent developments suggest that tensions in the Middle East may be moderating, resulting in lower energy prices and reducing pressure on both corporate margins and consumer spending. Nevertheless, geopolitical risks remain elevated, and further volatility cannot be ruled out.
- Meanwhile, AI-related investment continues to be a significant driver of economic activity and equity market leadership. Demand for advanced semiconductors, data center infrastructure, and related technologies remains strong, and supply-demand imbalances in areas such as memory chips are expected to persist through year-end. Although the pace of investment will eventually normalize, current industry trends remain supportive.
- Given this environment, we continue to emphasize a diversified portfolio of high-quality businesses with durable competitive advantages, strong free cash flow generation, resilient balance sheets, and experienced management teams skilled at capital allocation. We believe these characteristics position companies to navigate uncertainty while continuing to create long-term shareholder value.

QUARTERLY COMMENTARY: NYLIM Global Choice ADR SMA

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 6/30/26, 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 subadvise the portfolio.

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