

## International Equity ADR Market Update

Global stock markets tumbled this past week as Russia's increasingly aggressive actions toward Ukraine culminated in its invasion of the country on February 24. Investors were already concerned about rising inflation and the future path of interest rates, as central banks around the world showed signs of increasing rates later this year. The outbreak of actual war has exacerbated these concerns.

Our International portfolio has fallen roughly in line with comparable benchmarks during this past week and for the year to date. Much of the decline in our portfolio has come from our positions in European companies, but there have been declines in virtually every stock market worldwide over the past week. Fortunately, we sold our only two Russian stocks in

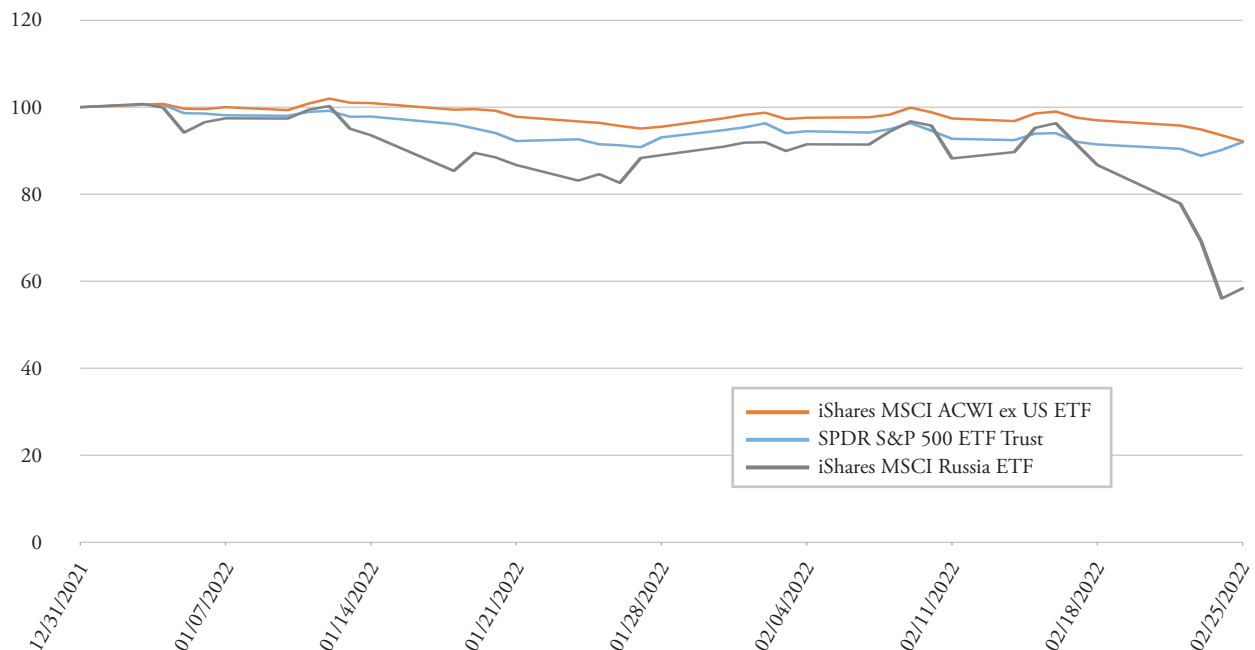
early January due to concerns over how the Russia/Ukraine stalemate would be resolved. The Russian stock market fell 32.7% last week and is down 41.6% so far this year.

The direct economic and financial footprint of both Ukraine and Russia is very small. However, the threat of punishing sanctions on the purchase or sale of Russian goods and the resulting potential supply disruptions are significant. Russia is a major exporter of oil and natural gas, and oil prices rose as high as \$105 last week, their highest level since 2014. Russia is also a major producer of metals, including aluminum, nickel, and copper, which are used in a wide variety of industrial applications. Finally, Russia is the world's top exporter of wheat, while Ukraine is a significant exporter of both

wheat and corn. Wheat prices have jumped to their highest level since 2012, while the prices of corn and soybeans (which often trade in line with corn) have also surged.

During our more than 25-year history of managing international portfolios, we have seen many times that markets tend to exhibit heightened volatility in response to negative geopolitical news but that they typically rebound over time. It is still too soon to forecast a resolution of the current situation, but we believe that our current investment positions remain well-positioned and attractively priced. Encouragingly, most international benchmarks have actually performed slightly better than U.S. indices such as the S&P 500 thus far in 2022.

### PRICE PERFORMANCE THROUGH FEBRUARY 25 ETFs Indexed at 100 as of 12/31/2021



Data from 12/31/2021–2/25/2022  
Source: FactSet

## DISCLOSURES

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## REFERENCED FUNDS

**iShares MSCI ACWI ex US ETF**—The iShares MSCI ACWI ex U.S. ETF seeks to track the investment results of an index composed of large- and mid-capitalization non-U.S. equities.

**iShares MSCI Russia ETF**—The iShares MSCI Russia ETF seeks to track the investment results of an index composed of Russian equities.

**SPDR S&P 500 ETF Trust**—The SPDR® S&P 500® ETF Trust seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500® Index.