

# International Equity ADR Intra-Quarter Commentary—May 2025



International equities were positive in May but lagged U.S. equities. Investors continue to parse through the flow of news on trade tensions and economic uncertainty as stocks continue to climb the wall of worry. Further, the U.S. dollar index fell for the fifth consecutive month due to the ever-present threat of trade wars and other geopolitical pressures across the globe.

Inflation across the eurozone's largest economies eased in May. Germany's headline consumer price inflation (CPI) slowed to 2.1% year-over-year (y/y), while Spain, Italy, and France also posted lower rates, with French inflation notably dropping to 0.7% y/y. The overall eurozone inflation rate dropped below the European Central Bank's (ECB) 2% target, a major milestone, as the ECB becomes the first major central bank to bring inflation back to target following the post-pandemic and Ukraine war price surges.

Recent Japanese economic data paints a complex picture for the Bank of Japan (BOJ), as inflation accelerates while industrial activity weakens. Tokyo's core CPI rose 3.6% y/y in May, largely due to surging food prices, including a nearly 94% increase in rice. At the same time, industrial production is expected to decline 3.4% y/y in June. Although consumer spending has remained resilient, concerns over the impact of food inflation and global trade uncertainty are complicating the outlook for economic growth and monetary policy.

South Korea's exports fell 1.3% y/y in May, breaking a three-month growth streak, as U.S. tariffs began to weigh on trade. Shipments to the U.S. dropped 8.1%, following a 6.8% decline in April, as President Trump's tariffs continue to disrupt global trade flows. Despite the downturn in overall exports, South Korea saw resilience in exports of semiconductors and smartphones, which are being buoyed by ongoing AI-driven demand.

## GEOGRAPHICAL EXPOSURE & PORTFOLIO CHANGES <sup>(1) (2)</sup>

Region	Ending Weight <sup>(3)</sup>	Change from 4/30/2025	International Equity ADR Additions & (International Equity ADR Deletions) <sup>(4)</sup>
Western Europe	46.2%	-0.4%	TechnipFMC (ICON)
Asia/Pacific	34.3%	+2.8%	Fuji Electric
North America	13.6%	-1.3%	(Vermilion Energy)
Middle East & Africa	3.1%	+0.1%	
Central & South America	1.9%	0.0%	
Cash	0.9%	-1.4%	
Eastern Europe	0.0%	0.0%	
Developed Markets	74.6%	+1.6%	
Emerging Markets	24.5%	-0.2%	
Cash	0.9%	-1.4%	

<sup>(1)</sup> Based on a representative account of the strategy discussed. Portfolio characteristics (e.g., sector weights, valuation, growth rate) are based on a representative account that we believe is illustrative of the strategy. All accounts in the strategy are invested identically in the same securities unless a client has imposed restrictions. Characteristics and/or holdings on a given date may vary due to pending trades.

<sup>(2)</sup> Renaissance determines an issuer's country classification based on company filings and data provided by third-party sources such as Bloomberg or FactSet. Renaissance considers an issuer to be located in an emerging market country if the issuer is domiciled or incorporated in an emerging market country (as defined by the iShares MSCI Emerging Markets ETF) or exhibits risk characteristics (e.g., economic, geopolitical and regulatory risks) similar to emerging market countries.

<sup>(3)</sup> Weights as of the end of the presentation period. Cumulative total weighting may not add up to 100% due to rounding of percentages to the nearest decimal place.

<sup>(4)</sup> Any securities referenced should not be considered a recommendation to purchase or sell a particular security. These securities represent a portion of the companies held in a representative account in this strategy as of the date stated and are intended for informational purposes only. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. The past performance of these securities is no guarantee of future results. The specific securities identified and described may not represent all of the securities purchased, sold, or recommended for this strategy. To request a complete list of holdings recommendations for this strategy over the past year or a list showing the contribution of every holding to the performance of the representative account for the time period stated, please contact Renaissance at [compliance@reninv.com](mailto:compliance@reninv.com).

Sources: Renaissance Research, FactSet

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## CONTRIBUTORS TO RETURN<sup>(1)(2)</sup>

Ticker	Company Name	Average Weight <sup>(3)</sup>	Contribution to Return
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### TOP FIVE CONTRIBUTORS—INTERNATIONAL EQUITY ADR

FLEX	Flex	2.10%	0.44%
TSM	Taiwan Semiconductor Manufacturing	2.75%	0.41%
TCCPY	TechnoPro	1.92%	0.37%
RYCEY	Rolls-Royce	2.35%	0.35%
PRYMY	Prysmian	1.57%	0.26%

### BOTTOM FIVE CONTRIBUTORS—INTERNATIONAL EQUITY ADR

NOMD	Nomad Foods	1.78%	-0.23%
SNY	Sanofi	1.61%	-0.13%
ICLR	ICON	0.75%	-0.12%
JAZZ	Jazz Pharmaceuticals	1.59%	-0.11%
CRH	CRH	2.29%	-0.09%

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<sup>(2)</sup>The securities listed should not be considered a recommendation to purchase or sell a particular security. These securities represent the top five and bottom five contributors by weight to the performance of a representative account in this strategy as of the date stated and are intended for informational purposes only. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. The past performance of these securities is no guarantee of future results. The specific securities identified and described may not represent all of the securities purchased, sold, or recommended for this strategy. To request a complete list of holdings recommendations for this strategy over the past year or a list showing the contribution of every holding to the performance of the representative account for the time period stated, please contact Renaissance at [compliance@reninv.com](mailto:compliance@reninv.com).

<sup>(3)</sup>Average weights over the presentation period.

Sources: Renaissance Research, FactSet

Our portfolio performance was positive for the month on an absolute basis and in line with our benchmark's return. Strong selection in Industrials and Communication Services offset weak selection in Consumer Discretionary and Health Care. Asia/Pacific contributed the most to portfolio performance, as our Japanese holdings drove returns. Weak selection in Western Europe, particularly Ireland, hurt relative returns.

Our best performing stock during the month was **Flex** (Singapore). The company is gaining share in the cloud and datacenter space thanks to its global scale and supply chain capabilities. Flex's focus on higher-value services continues to drive operating leverage, helping to offset weakness in more traditional end markets such as auto, enterprise, and consumer electronics.

Our worst performing stock was **Nomad Foods** (United Kingdom). Nomad underperformed in May primarily due to broad-based retailer destocking. Although the frozen food category is recovering, demand volatility in Europe created near-term headwinds. Despite these challenges, the company continues to improve gross margins through supply chain efficiencies and gain share in key markets such as the UK and Germany as demand grows for healthier, convenient meal options.

International equities are handily outperforming U.S. markets this year amid persistent global uncertainty. Inflation trends continue to diverge across regions, with the eurozone making meaningful progress toward price stability, while Japan faces the dual challenge of rising inflation and weakening industrial output. Looking ahead, global markets remain sensitive to geopolitical developments, inflation dynamics, and central bank policy signals as investors navigate a fragile but recovering landscape.



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## DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of May 31, 2025 and are subject to change at any time due to changes in market or economic conditions.

## GICS® SECTOR INFORMATION

Sector Listing according to MSCI and S&P Dow Jones data: MSCI and S&P Dow Jones do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

## PERFORMANCE

If Renaissance or benchmark performance is shown, it represents historically achieved results, and is no guarantee of future performance. All performance is shown in U.S. dollars unless otherwise stated. Future investments may be made under materially different economic conditions, in different securities and using different investment strategies and these differences may have a significant effect on the results portrayed. Each of these material market or economic conditions may or may not be repeated. Therefore, there may be sharp differences between the benchmark or Renaissance performance shown and the actual performance results achieved by any particular client. Benchmark results are shown for comparison purposes only. The benchmark presented represents unmanaged portfolios whose characteristics differ from the composite portfolios; however, they tend to represent the investment environment existing during the time periods shown. The benchmark cannot be invested in directly. The returns of the benchmark do not include any transaction costs, management fees or other costs. The holdings of the client portfolios in our composites may differ significantly from the securities that comprise the benchmark shown. The benchmark has been selected to represent what Renaissance believes is an appropriate benchmark with which to compare the composite performance.

The value of an investment may fall as well as rise. Please note that different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will either be appropriate or profitable for a client or prospective client's investment portfolio. Investor principal is not guaranteed and investors may not receive the full amount of their investment at the time of sale if asset values have fallen. No assurance can be given that an investor will not lose invested capital. Consultants supplied with these performance results are advised to use this data in accordance with SEC guidelines. The actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, durations and timing of participation as a RIM client, and a client portfolio's risk tolerance, investment objectives, and investment time horizon. All investments carry a certain degree of risk, including the loss of principal and are not guaranteed by the U.S. government.

## REFERENCED ETF

**iShares MSCI Emerging Markets ETF**—The iShares MSCI Emerging Markets ETF seeks to track the investment results of an index composed of large- and mid-capitalization emerging market equities.

## REFERENCED INDEX

*(Indices are unmanaged and are not available for direct investment.)*

**U.S. Dollar Index**—The U.S. Dollar Index is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners.

## STOCK REFERENCES

Any securities referenced should not be considered a recommendation to purchase or sell a particular security. These securities represent a portion of the companies held in a representative account in this strategy as of the date stated and are intended for informational purposes only. Nonperformance-based criteria have been used to select the securities listed unless otherwise stated. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. The past performance of these securities is no guarantee of future results. The specific securities identified and described may not represent all of the securities purchased, sold, or recommended for this strategy. To request a complete list of holdings recommendations for this strategy over the past year or a list showing the contribution of every holding to the performance of the representative account for the time period stated, please contact Renaissance at [compliance@reninv.com](mailto:compliance@reninv.com).