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Manager Commentary Q3 2026

BNYM WALTER SCOTT INTERNATIONAL STOCK ADR STRATEGY

Market Review

International equities edged higher during the quarter, although markets surrendered some of their gains in September. Supportive economic indicators and solid corporate earnings bolstered most equity markets despite concerns over the ongoing conflict in the Middle East and its impact on energy prices. In view of rising inflationary pressures, central banks have pivoted toward tighter monetary policy, and this has been reflected in bond markets. However, the rise in sovereign bond yields also reflected a degree of concern about burgeoning government budget deficits.

Sector performance varied considerably. Of note were the declines in semiconductor and artificial intelligence (AI) infrastructure stocks, although underlying demand fundamentals remain robust. Concerns about the rapid pace of AI development intensified, prompting widespread debate about whether it should be slowed or more tightly regulated. By contrast, software stocks delivered solid returns, perhaps reflecting greater confidence in established companies' ability to withstand disruption from AI-native competitors.

Performance Review

International equity markets rose over the third quarter of 2026. However, performance diverged by style, with growth stocks lagging value stocks, creating a headwind for the Strategy.

Consumer discretionary and Financials were the key detractors from relative return. The Strategy's overweight allocation to the Consumer discretionary sector, combined with weak stock selection, detracted from relative return. This largely reflected concerns over the health of consumer spending and the global economic outlook in view of higher inflation and rising interest rates. The Fund's lower exposure to Financials also weighed on performance. In particular, the lack of exposure to banks accounted for a material portion of the underperformance. Industrials was also a notable relative detractor, as held names within the sector lagged their benchmark counterparts.

On a positive note, technology holdings outperformed their sector index peers, offsetting the drag from the Strategy's greater exposure to the weak sector. This reflected the Strategy's greater exposure to software and IT services, together with outperformance from software holdings.

Top 10 Holdings (9/30/26)

	%		%
Taiwan Semiconductor - ADR	5.79	Compass Group - ADR	3.20
Air Liquide - ADR	4.22	L'Oréal - ADR	3.13
ASML	4.06	TotalEnergies - ADR	3.06
ASM International	3.75	Inditex - ADR	2.77
AIA Group - ADR	3.45	Lonza - ADR	2.66

The holdings listed should not be considered recommendations to buy or sell a security. Large concentrations can increase share price volatility.

Top Contributors

The top contributors to relative performance include Capcom, SAP, TotalEnergies, The Sage Group, and Wolters Kluwer.

Top Detractors

The top detractors to relative performance include Infineon Technologies, ASM International, ASML, LVMH, and Hermès International.

Market Outlook

The outlook for global growth and the earnings of international companies remains broadly supportive, but there are a few clouds lingering on the horizon. Conflict in the Middle East, persistent inflation, rising bond yields and mounting fiscal pressure could cast a longer shadow over economic activity and corporate profitability.

Markets have continued to climb, propelled in part by the powerful current of AI enthusiasm, yet the rally has left a number of high-quality businesses in its wake. As the backdrop perhaps becomes more demanding, we think the merits of a diversified portfolio of quality companies could come into focus. We believe the portfolio's leading companies are financially strong, have durable competitive advantages, and are exposed to long-term growth trends.

DISCLOSURES

Past performance is no guarantee of future results. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. For more information, call 1-800-373-9387 or visit bny.com/investments.

Risks

Diversification cannot assure a profit or protect against loss. **Equities** are subject to market, market sector, market liquidity, issuer, and investment style risks, to varying degrees. Investing in **foreign denominated and/or domiciled securities** involves special risks, including changes in currency exchange rates, political, economic, and social instability, limited company information, differing auditing and legal standards, and less market liquidity. These risks generally are greater with emerging market countries. **Small and midsized company stocks** tend to be more volatile and less liquid than larger company stocks as these companies are less established and have more volatile earnings histories.

Definitions

NAV is Net Asset Value. **YTD** is Year to Date. **FDIC** is Federal Deposit Insurance Corp. **American Depositary Receipts (ADRs)** are certificates evidencing ownership of shares of a foreign-based issuer held in trust by a bank or similar financial institution. ADRs are alternatives to the purchase of the underlying securities in their original markets and currencies. ADRs are subject to many of the same risks as the foreign securities to which they relate.

Artificial intelligence (AI) refers to computer systems that can perform tasks typically requiring human intelligence, such as visual perception, speech recognition, decision-making, and language translation. **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted, market capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. Reflects reinvestment of net dividends and, where applicable, capital gain distributions. Investors cannot invest directly in any index.

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