

# International Equity ADR Intra-Quarter Commentary—November 2024



In contrast to U.S. equities, which had their best month of the year, international equities finished the month modestly lower. The U.S. dollar continued a rally that started in the beginning of October, creating a headwind to returns for international equities. Disappointment over the lack of meaningful stimulus by Chinese authorities and rising political uncertainty in Germany and France, the two largest economies in the European Union, also contributed to lackluster returns.

Elections in the United States resulted in a Republican sweep, with Donald Trump winning the presidency and Republicans winning a majority in both the U.S. Senate and the House of Representatives. The U.S. Dollar Index had its best day in over two years following the election, as investors weighed the impact of Trump's tariff rhetoric and other potential policies that are expected to be pro-growth and inflationary. Although the Fed has signaled it will continue to gradually lower interest rates, stronger-than-expected economic growth or a rebound in inflation could cause the Fed to end its interest rate cutting cycle earlier than expected. Other major central banks, such as the European Central Bank, may be forced to continue cutting interest rates to try to stimulate growth in their weak economies, which could result in an increase in the interest rate differential and help the dollar remain strong.

Chinese equities sold off for the second consecutive month, as the election of a more hawkish administration in the United States turned sentiment toward China negative, while the lack of consumer-related stimulus announcements disappointed markets. However, Chinese authorities may have been waiting on the results of U.S. elections to gauge the impact of potential tariffs before deciding on the level of stimulus needed to jump-start their economy. Stimulus measures introduced over the last several

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

Region	Ending Weight <sup>(3)</sup>	Change from 10/31/2024	International Equity ADR Additions & (International Equity ADR Deletions) <sup>(4)</sup>
Western Europe	42.4%	+0.1%	Janus Henderson Group (Deutsche Post)
Asia/Pacific	33.1%	-1.9%	(Renesas Electronics)
North America	15.3%	+0.8%	
Central & South America	4.6%	-0.7%	
Middle East & Africa	3.7%	+1.8%	Tower Semiconductor
Cash	0.8%	0.0%	
Eastern Europe	0.0%	0.0%	
Developed Markets	72.0%	+2.5%	
Emerging Markets	27.3%	-2.4%	
Cash	0.8%	-0.0%	

<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
<b>TOP FIVE CONTRIBUTORS—INTERNATIONAL EQUITY ADR</b>			
TGLS	Tecnoglass	2.31%	0.41%
AXS	Axis Capital Holdings	2.13%	0.37%
FLEX	Flex	2.32%	0.26%
CRH	CRH	3.13%	0.22%
GLNG	Golar LNG	1.99%	0.21%
<b>BOTTOM FIVE CONTRIBUTORS—INTERNATIONAL EQUITY ADR</b>			
ITUB	Itaú Unibanco	1.95%	-0.22%
TIGO	Millicom International Cellular	1.90%	-0.20%
STNG	Scorpio Tankers	1.42%	-0.18%
JD	JD.com	2.19%	-0.18%
LNVGY	Lenovo Group	1.57%	-0.18%

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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

months appear to be helping the Chinese economy rebound, as the November reading of the Caixin General Composite PMI rose to its highest level since June.

Our portfolio performance was negative on an absolute basis but ahead of our benchmark during the month. Strong stock selection in Materials and Information Technology helped offset negative selection in Financials and Health Care. As was the case with the benchmark, our developed markets holdings outperformed our emerging markets holdings. North America contributed the most to returns, helped by strong stock selection in Bermuda. The Asia/Pacific region detracted the most from returns due to negative performance from our Chinese stocks.

Our best performing stock for the month was **Tecnoglass** (Colombia). The window manufacturer reported a 13% year-over-year increase in sales, a backlog that rose to a new record high, and gross margin expansion. The company also announced that its board of directors concluded its strategic review without a deal to sell the company, instead opting to increase its dividend and expand its share repurchase program. Our worst performing stock for the month was **Itaú Unibanco** (Brazil) after the Brazilian Finance Minister's plan to cut government spending came in below expectations, causing Brazilian equities to sell off sharply and the Brazilian real to hit its lowest level on record. However, the bank reported solid results that included improving asset quality and loan growth that accelerated for the second straight quarter.

International equities are likely to remain volatile as the transition of power takes place in the United States. Deciphering what is a starting point in negotiations versus what is likely to become policy during the Trump administration will keep investors on edge, particularly when it comes to imposing tariffs and the far-reaching impact they may have on the global economy.





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## DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of November 30, 2024 and are subject to change at any time due to changes in market or economic conditions.

## GICS<sup>®</sup> 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 INDICES

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

**Caixin General Composite Purchasing Managers' Index (PMI)**—The Caixin General Composite Manufacturing Purchasing Managers' Index (PMI) is a monthly index that measures the activity level of purchasing managers in China's private sector. A PMI reading above 50 indicates expansion of the manufacturing sector, while a reading below 50 signals contraction.

**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).