

# International and Global Growth Equities

## MARKET RECAP

Global equity markets diverged significantly in the first quarter. Aggressive U.S. tariff policies and rising geopolitical tensions played an outsized role and heightened fears of disrupted global supply chains, increased input costs, and slower overall economic growth. This led to substantial volatility and dispersion across global markets. U.S. equities suffered their worst quarterly decline since 2022, while international markets exhibited relative resilience. Europe's performance benefited from substantial fiscal stimulus, notably Germany's €500 billion infrastructure program and the European Union's (EU) expansive €800 billion defense spending plan, combined with accommodative monetary policy from the European Central Bank (ECB). Meanwhile, China's markets were buoyed by renewed optimism in technology sectors.

Our investment strategies focus on the long term, allowing us to navigate short-term economic fluctuations. We prioritize businesses that align with secular trends and have strong competitive advantages and market positions. Our portfolio companies are chosen for their high profit margins, strong balance sheets, and consistent cash generation. We believe these qualities will endure even in challenging macroeconomic conditions. In our opinion, our investment process is not affected by tariffs, and the well-defined characteristics of our portfolio companies mean they should be better able to withstand external economic shocks.

Our concentrated, conviction-weighted portfolios are designed to outperform market growth rates over an investment cycle. Additionally, our portfolios are diversified across a wide range of secular growth themes. For instance, within the top ten holdings of our international strategy, in addition to holdings in artificial intelligence (AI), themes include obesity, industrial automation, financial services in emerging markets, e-commerce, mobile gaming, and digitalization.

In the first quarter of 2025, the Chautauqua International Growth Equities composite increased +4.62% (gross of fees)/+4.43% (net of fees), underperforming the MSCI ACWI ex-U.S. Index<sup>®</sup> ND, which increased +5.23%. The Chautauqua Global Growth Equities composite increased +0.49% (gross of fees)/+0.32% (net of fees), during the quarter, outperforming the MSCI ACWI Index<sup>®</sup> ND, which declined -1.32%.\*

## MARKET UPDATE

For the MSCI ACWI ex-U.S. Index, growth style significantly underperformed value style. Within the MSCI ACWI Index, growth style significantly underperformed value style, and large capitalization stocks outperformed small capitalization stocks. In emerging markets, growth style underperformed value style.

Sector and country performance were mixed, but leaned positive for the quarter.

### MSCI Sector and Country Performance (QTD as of 03/31/2025)

Sector	Performance	Country	Performance	Country	Performance
Energy	9.43%	Ireland	16.29%	Japan	0.50%
Utilities	6.75%	China	15.06%	Australia	-2.61%
Financials	6.16%	Switzerland	11.87%	India	-2.90%
Consumer Staples	5.77%	France	10.33%	United States	-4.51%
Health Care	5.14%	Singapore	9.52%	Indonesia	-11.03%
Materials	4.85%	Hong Kong	4.40%	Denmark	-11.65%
Real Estate	2.96%	Netherlands	1.99%	Taiwan	-12.56%
Industrials	2.32%	Canada	1.30%		
Communication Services	-2.44%				
Consumer Discretionary	-7.54%				
Information Technology	-11.60%				

Source: FactSet. Based on MSCI country returns.

\*Returns less than one year are not annualized. The performance data quoted represents past performance. Past performance does not guarantee future results. Current performance data may be lower or higher than the data quoted. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the maximum management fee of 0.80% from inception through June 2021 and 0.70% from July 2021 forward. Actual investment advisory fees may vary across accounts and result in different net returns. For performance data to the most recent month end, contact Chautauqua directly at 303.541.1545.

Global equity markets exhibited notable divergence in the first quarter of 2025, characterized by weakness in U.S. equities and relative strength internationally. U.S. equities experienced their worst quarterly performance since 2022, with the S&P 500® sliding into correction territory after initially achieving record highs in February. In particular, the Mag 7 stocks faced significant selling pressure, collectively entering bear market territory.

Sentiment in the U.S. deteriorated sharply in response to the Trump administration's aggressive trade policy, highlighted by the announcements of 25% tariffs on imported steel and aluminum, most goods from Canada and Mexico, and imported autos and auto parts, and 20% tariffs on goods from China. There have also been increasing discussions of a potential universal tariff as high as 20%. China, Canada, and the EU have all announced or imposed retaliatory tariffs. Initially interpreted as mere negotiating leverage, these tariffs quickly evolved into credible threats, raising concerns over rising input costs and disruption to global supply chains. Consequently, consumer sentiment indicators fell to their lowest levels since late 2022, with inflation expectations spiking to multi-year highs, intensifying fears of a stagflationary economic environment.

The Federal Reserve (Fed) contributed to uncertainty by adopting a persistently hawkish tone throughout the quarter, despite clearer evidence of disinflation and weakening economic data. Although markets continued to anticipate at least two interest rate cuts before year-end, the Fed maintained a firm stance, reiterating its intent to hold rates higher for longer to fully ensure inflation containment. This disconnect between market expectations and Fed communication heightened investor uncertainty.

Europe emerged comparatively resilient, due largely to proactive fiscal policies and dovish monetary policy. Germany significantly loosened fiscal constraints by introducing a €500 billion infrastructure investment program designed to boost economic activity and enhance long-term competitiveness. Concurrently, the EU approved an expansive €800 billion defense spending package aimed at strengthening regional security and providing additional economic stimulus. On the monetary side, the ECB cut its policy rate twice and signaled readiness for further monetary easing, significantly boosting market sentiment despite looming tariff risks from the U.S.

China's market recovery accelerated mainly on technology sector optimism. Chinese tech companies rode the wave of investor excitement around AI, much as their U.S. counterparts did last year. Additionally, sentiment was helped by signs that the government's regulatory crackdowns on technology platforms, which had weighed on the sector in prior years, were essentially over. On the other hand, new stimulus measures announced during the March National People's Congress (NPC) were underwhelming and consisted of a RMB¥500 billion recapitalization of large state banks and an incremental RMB¥150 billion consumer goods subsidy. In that meeting, policymakers also set a 2025 GDP growth target of around 5%. However, structural challenges persisted, notably within the troubled real estate sector and weakening export conditions exacerbated by renewed U.S. tariff pressures.

### PERFORMANCE ATTRIBUTION

The Chautauqua International Growth Equity portfolios underperformed their benchmark during the quarter as stock selection in financials and a relative overweight in information technology were the largest relative detractors. The portfolios' holdings in consumer discretionary and health care contributed the most to returns. Regionally, holdings and a relative underweight in Europe detracted, while stock selection in Asia & the Pacific Basin—namely China—contributed most to returns. The largest detractors to returns in the portfolio were Recruit Holdings, Tata Consultancy, and Novo Nordisk. The largest relative contributors were BeiGene, Alibaba, and WuXi Biologics.

The Chautauqua Global Growth Equity portfolios outperformed their benchmark during the quarter. Stock selection drove returns, as holdings in consumer discretionary and information technology contributed the most to relative returns. Holdings in health care and communication services were the largest relative detractors. Regionally, stock selection in Asia & the Pacific Basin—predominately China—contributed most to returns, while holdings in Europe—particularly Denmark—detracted. The largest contributors to returns in the portfolio were BeiGene, Alibaba, and Sea Limited. The largest detractors were Recruit Holdings, Novo Nordisk, and Alphabet.

## International and Global Growth Equities (Q1 2025)

### COMPOSITE PERFORMANCE AS OF MARCH 31, 2025

	Total Return (%)	Average Annual Total Returns (%)				
	QTR	1 Year	3 Year	5 Year	10 Year	Since Inception (01/01/2009)
<b>Chautauqua International Growth Equity - Gross</b>	4.62	12.03	6.92	15.12	9.26	11.28
<b>Chautauqua International Growth Equity - Net</b>	4.43	11.26	6.18	14.29	8.44	10.42
MSCI ACWI ex-U.S. - ND Index	5.23	6.09	4.48	10.92	4.98	6.90
MSCI ACWI ex-U.S. Growth - ND Index	1.96	1.15	1.75	8.11	5.06	7.14
<i>Excess Returns (Gross vs MSCI ACWI ex-U.S. - ND Index)</i>	<i>-0.61</i>	<i>5.94</i>	<i>2.44</i>	<i>4.20</i>	<i>4.28</i>	<i>4.38</i>

	Total Return (%)	Average Annual Total Returns (%)				
	QTR	1 Year	3 Year	5 Year	10 Year	Since Inception (01/01/2009)
<b>Chautauqua Global Growth Equity - Gross</b>	0.49	7.97	6.64	16.19	12.05	14.62
<b>Chautauqua Global Growth Equity - Net</b>	0.32	7.22	5.89	15.35	11.20	13.73
MSCI ACWI - ND Index	-1.32	7.15	6.91	15.18	8.84	10.39
MSCI ACWI Growth - ND Index	-6.82	5.70	6.83	15.36	10.62	12.06
<i>Excess Returns (Gross vs MSCI ACWI - ND Index)</i>	<i>1.81</i>	<i>0.82</i>	<i>-0.27</i>	<i>1.01</i>	<i>3.21</i>	<i>4.23</i>

Returns less than one year are not annualized. The performance data quoted represents past performance. Past performance does not guarantee future results. Current performance data may be lower or higher than the data quoted. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the maximum management fee of 0.80% from inception through June 2021 and 0.70% from July 2021 forward. Actual investment advisory fees may vary across accounts and result in different net returns. For performance data to the most recent month end, contact Chautauqua directly at 303.541.1545.

### Chautauqua International Growth Top & Bottom Contributors for Q1 2025

#### Top 5 Contributors

Security	Avg. Weight
BeiGene, Ltd.	3.96
Alibaba Group Holding Limited	3.03
WuXi Biologics	1.43
Sea Limited	3.46
KE Holdings, Inc.	3.29

#### Bottom 5 Contributors

Security	Avg. Weight
Recruit Holdings Co., Ltd.	3.38
Tata Consultancy Services	4.08
Novo Nordisk A/S	3.15
Atlassian Corporation	3.45
Keyence Corporation	3.48

### Chautauqua Global Growth Top & Bottom Contributors for Q1 2025

#### Top 5 Contributors

Security	Avg. Weight
BeiGene, Ltd.	2.51
Alibaba Group Holding Limited	1.67
Sea Limited	2.80
Waste Connections, Inc.	3.81
WuXi Biologics	1.13

#### Bottom 5 Contributors

Security	Avg. Weight
Recruit Holdings Co., Ltd.	2.47
Novo Nordisk A/S	2.65
Alphabet Inc.	3.67
Illumina, Inc.	0.73
Incyte Corporation	2.33

Source: FactSet. The holdings identified do not represent all the securities held, purchased, or sold during the period; past performance does not guarantee future results. Holdings are subject to risk and can change at any time. Holdings are based on a representative account relative to the benchmark and do not reflect the impact of fees. To obtain information about the calculation methodology and a list showing all holdings and their contribution, please contact Chautauqua.

### Largest Contributors

#### BeiGene, Ltd.

BeiGene reported solid 4Q24 results and issued revenue growth guidance of approximately 35% for 2025, driven by strong momentum from its key growth driver, Brukinsa. Management reiterated its goals of achieving positive GAAP operating income and generating positive cash flow from operations in 2025.

#### Alibaba

Alibaba delivered a strong quarter, with better-than-expected performance in both its e-commerce and cloud businesses. AI-related product revenue continued to grow at a triple-digit rate for the sixth consecutive quarter. The combination of faster growth, improving profitability across business segments, a strong net cash position, and relatively attractive valuation contributed to the stock's appreciation during the quarter.

#### WuXi Biologics (International)

WuXi Biologics reported solid 4Q24 results and issued 2025 revenue growth guidance of 17–20% for continuing operations, ahead of consensus expectations. Management also projected accelerating growth in 2026 and 2027, supported by robust anticipated manufacturing revenues.

#### Sea Limited (Global)

Sea reported December quarter results well above consensus estimates. The company is firing on all cylinders and expects over 20% gross merchandise value growth in e-commerce, fintech loan book growth to exceed e-commerce GMV growth, and double-digit growth in gaming.

### Largest Detractors

#### Recruit Holdings

Recruit reported December quarter results that were in line with consensus expectations, with revenue growing 4% and EBITDA growing 14%. However, the company disappointed with its March quarter guidance and signaled that the U.S. recruiting market, which is the biggest profit driver for the company, still had not bottomed. Therefore, the stock re-rated downward this past quarter after enjoying strong stock performance in 2024.

#### Novo Nordisk

Novo Nordisk shared results from the Phase III REDEFINE-2 trial evaluating CagriSema in obese patients with type 2 diabetes. The trial showed 13.7% weight loss with CagriSema versus 14.7% with Zepbound. The lower-than-expected efficacy is likely attributable to the study's flexible dosing protocol. Additionally, concerns have arisen around compounding pharmacies capturing a significant share of Wegovy prescriptions, potentially impacting revenues. However, this headwind may ease, as the FDA declared the semaglutide shortage resolved as of February 21, 2025.

#### Tata Consultancy (International)

Tata reported December quarter results that were in line with consensus expectations, with revenue growing 5% and earnings growing 13%. The company was also very positive on the demand environment, signaling that discretionary spending was coming back, sales cycle times were shortening, and deal wins had grown 26%. However, tariff uncertainty and the global macro picture may now cause some of this discretionary spending to be deferred. We believe Tata is top-positioned among global IT service companies in a weakening macro environment because of its larger mix of recurring, non-discretionary book of business.

#### Alphabet Inc. (Global)

Alphabet reported December quarter results that were in line with consensus expectations, with revenue growing 12%. The core Google search business and YouTube grew 13% and 14%, respectively, and were above expectations. The biggest disappointment was the Cloud business, which grew 30% but decelerated 5 points sequentially. Additionally, the company guided for \$75 billion in CapEx in 2025, driven by its data center investments to support AI, which was well above the high end of consensus expectations.

## PORTFOLIO HIGHLIGHTS | BUYS AND SELLS

For the Chautauqua International Growth strategy, 79% of companies that reported earnings during the quarter were in-line with or exceeded consensus estimates.

For the Chautauqua Global Growth strategy, 77% of companies that reported earnings during the quarter were in-line with or exceeded consensus estimates.

Our conviction weighting process, which considers our estimates for growth, profitability, and valuation, is key to our portfolio management strategy and has been additive to returns over the long run.

In the International strategy, we reduced positions in Adyen, Atlassian, BeiGene, KE Holdings, Prosus, Sea Limited, and Taiwan Semiconductor. Proceeds were used to initiate a new position in Canadian Pacific and increase positions in Alibaba, Novo Nordisk, and Ryanair.

In the Global strategy, we reduced positions in Adyen, Atlassian, KE Holdings, Nvidia, Prosus, Sea Limited, TJX, and Taiwan Semiconductor. Proceeds were used to initiate a new position in Canadian Pacific and increase positions in Alibaba, Novo Nordisk, Ryanair, and Universal Display.

### OUTLOOK

Looking ahead, global economic conditions remain fraught with considerable uncertainty, influenced heavily by geopolitical developments and diverging policy trajectories. In the U.S., increasing protectionist measures and potential fiscal austerity pose meaningful risks to sustained economic expansion. The combination of tariffs, rising inflation expectations, and moderating growth forecasts raises the prospect of a stagflationary scenario. The Fed faces complex policy trade-offs, having to balance managing inflation pressures against supporting economic growth, thereby potentially prolonging market volatility.

Europe presents a more constructive economic outlook, benefiting from accommodative fiscal and monetary policies designed to sustain economic recovery. The progressive rollout of Germany's significant infrastructure initiatives and the EU-wide defense spending plans, although gradual, should increasingly underpin economic growth. Nonetheless, Europe is not without challenges. Chief among these is the looming tariff threat from the U.S. If the U.S. follows through on aggressive trade measures, such as hefty tariffs on European autos or other exports as part of a universal tariff plan, it could quickly undercut Europe's recovery. The EU has vowed to retaliate if targeted, raising the stakes of a potential trade spat. This risk has not materialized fully yet, but it hangs in the background of otherwise improving European fundamentals.

China has continued its modest approach to stimulus. While easing measures should help support its GDP growth objectives, persistent challenges in the real estate sector and external trade tensions will require careful navigation. As long as China remains modest with committing meaningful stimulus to restore the real estate sector and consumer confidence, it will remain challenging to pull its economy out of the doldrums. President Xi may be saving more stimulus for a continuing trade war with the U.S. So far, the two rounds of tariffs have provoked limited retaliation from China, rather than stimulus measures of the defensive sort. China's ongoing strategic focus on technological self-reliance and domestic market resilience offers selective investment opportunities, even in the face of these economic challenges.

In International portfolios, roughly 18% of assets are invested in Greater China\* holdings, which is overweight relative to the benchmark. In Global portfolios, roughly 13% of assets are invested in Greater China\* holdings, which is overweight relative to the benchmark. We believe our Chinese holdings are at valuation levels, in the context of their long-term growth outlooks and competitive positioning, that more than compensate us for the risks. Our Chinese holdings are exposed to secular growth areas of the domestic economy (private consumption and health care) that align with government priorities, have strong balance sheets and resilient cash flows, and are not reliant on restricted Western technology inputs for future growth.

Our investment strategy focuses on companies that benefit from long-term secular trends and have strong competitive advantages and market positions. Additionally, we have deliberately chosen companies with healthy profit margins, robust balance sheets, and consistent cash flow generation. Essentially, we have selected portfolio companies that we consider to be financially stable, even in challenging times. As a result, we believe our portfolios have the capacity to surpass market growth rates in the long run. In our opinion, our investment process is not affected by tariffs, and the well-defined characteristics of our portfolio companies mean they should be better able to withstand external economic shocks.

Some of the most promising growth opportunities over long investment horizons may not be heavily influenced by current global events or specific regional circumstances. These opportunities include our investments in and around cloud computing, software-as-a-service, digital transformation, AI, semiconductor technology, e-commerce, payment systems, industrial automation, electric vehicles, and innovative biologic and biosimilar therapies. Additionally, there are other exciting growth prospects related to the rapid expansion of consumer markets, particularly in emerging economies and notably in Asia, which are driving the demand for various consumer products and financial services. Slowing global economic growth should not undermine the enduring strength of these investment themes, or the business models and market positions of the companies in our portfolios.

U.S. market valuations remain significantly elevated, with the cyclically adjusted price-to-earnings (CAPE) ratio recently reaching levels near historical peaks. In contrast, international markets trade at considerably lower valuations, offering a better starting point for expected future returns. Thus, we remain strategically positioned with a preference for international equities. We believe that our selective approach and emphasis on quality will effectively mitigate tariff-related risks while capitalizing on secular growth and valuation-driven opportunities.

### BUSINESS UPDATE

There have been no changes to the investment team at Chautauqua Capital Management nor have there been changes to the ownership structure of our parent company, Baird.

Respectfully submitted,

The Partners of Chautauqua Capital Management – a Division of Baird

\*Includes China, Hong Kong, and Prosus.

## INVESTMENT TEAM





- Generalists with specialized skills
- Average more than 24 years investment experience

## KEY PILLARS OF OUR INVESTMENT PROCESS

- Security selection drives returns
- Long-term focus
- Concentrated conviction-weighted portfolios

## ORGANIZED FOR INVESTMENT SUCCESS

- Autonomous institutional boutique
- Employee owners
- We invest alongside our clients
- Self-imposed limit of growth

Investment Professional	Educational Background	Years of Experience	Prior Affiliation
 <b>Jesse Flores, CFA</b> Partner	MBA, Stanford University BS, Cornell University	18	Roth Capital Partners Blavin & Company Lehman Brothers
 <b>Haicheng Li, CFA</b> Managing Partner	MBA, Stanford University MMSc, Harvard Medical School MS, Harvard University BA, Rutgers University	23	TCW
 <b>David Lubchenco</b> Partner	MBA, University of Denver BA, The Colorado College	32	Marsico Capital Management Transamerica Investment Management Janus Capital
 <b>Nate Velarde</b> Partner	MIDS, UC Berkeley MBA, University of Chicago BA, University of Chicago	23	PIMCO Nuveen Investments TCW

This commentary is intended to provide you with information about factors affecting the performance of the Chautauqua International and Global Growth Equity strategies as of 03/31/2025. Information regarding market or economic trends or the factors influencing historical or future performance reflects the opinions of management as of the date of this document. These statements should not be relied upon for any other purpose. References to individual securities should not be construed as recommendations to buy or sell shares in those companies. The securities identified do not represent all securities purchased, held or sold during the period and it should not be assumed that holdings have been or will be profitable. Past performance does not guarantee future results, and any market forecasts discussed may not be realized.

The strategies may hold fewer securities than other diversified strategies, which increases the risk and volatility because each investment has a greater effect on the overall performance. The strategies invest in equity securities of foreign companies. Foreign investments involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulations.

Portfolio holdings and sector, region, or country exposures reflect a representative account as of the date listed above and are subject to change without notice. A representative account is selected based on accounts with substantially similar investment policies, objectives, and strategies that closely resemble, or are most representative of, the strategy it represents. Individual accounts may differ from a representative account due to asset size, market conditions, and client guidelines.

The S&P 500® Index is an unmanaged index consisting of 500 publicly traded large-cap U.S. companies. The MSCI ACWI Index® is a free float-adjusted, market capitalization-weighted index designed to represent performance of large- and mid-cap stocks across developed and emerging markets. The MSCI ACWI Growth Index® is a free float-adjusted, market capitalization-weighted index designed to represent performance of large- and mid-cap stocks exhibiting overall growth style characteristics across developed and emerging markets. The MSCI ACWI ex-U.S. Index® is a free float-adjusted, market capitalization-weighted index designed to represent performance of large- and mid-cap stocks across developed and emerging markets excluding the United States. The MSCI ACWI ex-U.S. Growth Index® is a free float-adjusted, market capitalization-weighted index designed to represent performance of large- and mid-cap stocks exhibiting overall growth style characteristics across developed and emerging markets excluding the United States. Indexes are unmanaged and direct investment is not possible. "ND" represents net of dividends returns for the benchmark.

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties or originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

The Chautauqua International Growth Equities Composite is comprised of accounts whose objective is to outperform the benchmark over the long term by investing in approximately 25 to 35 securities in leading companies that possess sustainable competitive advantages and are positioned to benefit from long-lived thematic growth opportunities. For comparison purposes, the composite is measured against the MSCI ACWI ex-U.S. Index. The Chautauqua Global Growth Equities Composite is comprised of accounts whose objective is to outperform the benchmark over the long term by investing in approximately 30 to 50 securities in leading companies that possess sustainable competitive advantages and are positioned to benefit from long-lived thematic growth opportunities. For comparison purposes, the composite is measured against the MSCI ACWI Index. Robert W. Baird & Co. Incorporated is an independent registered investment advisor. Registration does not imply a certain level of skill or training. Baird Equity Asset Management, including Chautauqua Capital Management, claims compliance with Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of content contained herein. To receive a complete list and description of composites and/or a GIPS Composite Report, please contact Chautauqua at 303.541.1545. The U.S. Dollar is the currency used to express performance.

CFA is a trademark owned by the CFA Institute.

©2025 Robert W. Baird & Co. Incorporated. Member SIPC. First use: 04/2025