# BNY Mellon Concentrated International ETF

**MANAGER COMMENTARY | Q4 2025**

**BKCI**

## MARKET REVIEW

International equity markets registered another quarter of strong positive performance and ended 2025 on a high note. Japan was at the forefront of market gains, with new prime minister Sanae Takaichi's avowedly pro-growth agenda warmly received by investors. Buoyed by the promise of government largesse, technology and artificial intelligence (AI) related names led the market to fresh highs.

"Corporate earnings remain broadly healthy, and expansionary government policies and accommodative monetary measures continue to provide a supportive environment."

Europe ex-UK performed well overall, with both Spain and Switzerland posting strong gains. The latter was boosted by President Trump's decision to cut tariffs on Swiss goods in return for a $200bn investment in the U.S. economy. Returns from Europe's two largest markets – France and Germany – were muted by comparison, reflecting persistent political and economic headwinds.

UK equities ended in positive territory. The overseas focus of many of the constituents of the FTSE 100 index allowed them to shrug off the chaotic build up to the government's long-awaited budget.

## PERFORMANCE SUMMARY

The BNY Mellon Concentrated International ETF underperformed the MSCI EAFE Index in the fourth quarter of 2025.

**Average Annual Total Returns**

| Ticker | QTR | YTD | 1 Year | 3 Year | Inception (12/6/21) |
|---|---|---|---|---|---|
| BKCI Market Price | 1.48% | 9.95% | 9.95% | 8.86% | 1.59% |
| BKCI NAV | 2.13% | 9.78% | 9.78% | 8.34% | 1.70% |
| MSCI EAFE Index | 4.86% | 31.22% | 31.22% | 17.22% | -- |

**The performance data quoted represents past performance, which is no guarantee of future results. Share price and investment return fluctuate and an investor's shares may be worth more or less than original cost upon redemption. Current performance may be lower or higher than the performance quoted. Performance for periods of less than one year are not annualized. Data assumes the reinvestment of dividends and capital gains, if any. Go to bny.com/investments/etf for the fund's most recent month-end returns. A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. Market Price performance is calculated using the most recent NYSE Arca Official Closing Price. Market Price returns do not represent investors' returns had they traded shares at other times.**

**Total Expenses (12/31/25)**

| Ticker | Gross[1] | Net[2] |
|---|---|---|
| BKCI | 0.75% | 0.65% |

**[1]Gross expenses is the total annual operating expense ratio for the fund, before any fee waivers or expense reimbursements. [2]Net Expenses is the total annual operating expense ratio for the fund, after any applicable fee waivers or expense reimbursements. The net expense ratio(s) reflect a contractual expense reduction agreement through 3/1/2026, without which, the returns would have been lower. The Net Expenses is the actual fund expense ratio applicable to investors.**

## PERFORMANCE REVIEW

The Fund underperformed the Index in the quarter. Value outperformed growth over the quarter, with MSCI EAFE Value returning 8% compared to MSCI EAFE Growth, which returned 2% (in USD). Most of the relative shortfall can be explained by the continued investor focus towards value-oriented stocks.

For the full year 2025 and consistent with Q4, value stocks performed better than their growth counterparts. The Fund's greater exposure to growth and lower exposure to value played a key role in explaining the relative lag. The remainder of the underperformance can be broadly attributed to three sectors: industrials, healthcare, and consumer discretionary.

Within the industrials sector, relative return was hindered by the absence of exposure to the aerospace & defense industry, which advanced significantly over the year. Healthcare stocks also lagged their sector peers and were noteworthy relative detractors. Consumer discretionary stocks underperformed and detracted further on a relative basis.

## TOP CONTRIBUTORS

The top contributors to relative performance include **Roche, LVMH, ASML, Taiwan Semiconductor, and Merck**.

## TOP DETRACTORS

The top detractors from relative performance **SAP, Air Liquide, Amadeus IT, Experian, and CSL**.

| Top 10 Holdings (12/31/25) | |
|---|---|
| Taiwan Semiconductor - ADR | 5.19% |
| AIA Group | 5.02% |
| Amadeus IT Group | 5.01% |
| Compass Group | 4.48% |
| Alimentation Couche-Tard | 4.34% |
| ASML | 4.33% |
| SAP | 4.28% |
| Roche | 4.05% |
| LVMH | 3.93% |
| TotalEnergies | 3.73% |

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

## PORTFOLIO IN DETAIL

From a stock market perspective, the healthcare sector has continued to be underappreciated, in our view. Fears around policy change, tariff impacts and longer-term cost pressures weighed on the sector. Yet healthcare remains one of the most innovative and exciting areas of the global economy. Long-term growth is underpinned by demographics, particularly aging populations, as well as rising standards of living and both technological and scientific advances. These are profound and enduring trends. We continue to believe that the most innovative and well-resourced companies across the healthcare sector have the potential to deliver consistent and profitable growth for decades to come.

**Coloplast.** Another example of an innovative and financially successful company operating, for now, in the stock market's shadows. The company was founded in 1954 by a Danish nurse, Elise Sørensen. Aware that her sister's fear of a leaking stoma following an ostomy operation was preventing her from going out in public, Elise designed the world's first adhesive ostomy bag. In 1957, engineer Aage Louis-Hansen took that design and turned it into a commercial product. Today, his son is deputy chair, and the family retains a notable shareholding. Over the years, the family has proven to be a capable and successful steward, taking the company into growing subsets of the intimate healthcare market. Today, Coloplast has market leading positions in ostomy and continence care, urology and wound care.

Aging populations and rising healthcare standards should continue to drive growth across its markets, and Coloplast remains confident that it will likely continue to outpace that market growth through innovation, strong customer understanding, and consistently efficient operations.

2025 was a difficult year for the company, culminating in the board deciding to replace the CEO. But our subsequent conversations with Coloplast's chair, Lars Rasmussen, who is also temporary CEO, have been reassuring. The core business remains strong, and we are convinced by management's appetite to increase the rate of growth. Urgency has been added to strategic initiatives that emphasize efficiency and product innovation, which could set the stage for improved performance over the long term.

**Creating loyalty and generating consumer interest**

Consumer-facing companies also appear to have lost the attention of investors, at least for now. Economic uncertainty, shifting spending patterns, and evolving distribution channels have put pressure on many retailers. Yet, even in this environment, top companies continue to thrive, drawing customers into stores, adapting rapidly when needs be, and offering products that people want to buy and retail experiences that encourage them to do so.

**L'Oréal.** The company's commitment to ongoing investment and innovation, and focus on exciting its customers, has underpinned its success over many years. We believe the company remains well-positioned to take advantage of the expected growth in the global beauty market. As the world's largest beauty company, it benefits from a broad portfolio covering multiple price points, categories, and distribution channels. Softness in revenues from China and the U.S. have impacted recent financial results but the tone at a recent investor event was upbeat.

Spending three days in the U.S. with management and visiting R&D facilities as well as a range of retail formats also provided reassurance that the company continues to be at the forefront of development. The company has a global network of innovation centers and its spend significantly outpaces its peers. That investment may continue to allow L'Oréal to tailor new products to address different needs, cultures, skin tones, hair types, ages, and beauty philosophies.

L'Oréal's legendary marketing prowess continues to be evident, in our view. Working with more than 50,000 creators, it has social media channels well covered. It has the scale to produce the individualized content that works so well on those channels and during the investor event, senior marketing heads shared more recent work to ensure that content is optimized across large language models (LLMs) as these AI-driven platforms become the go-to resource for consumers.

**Long-term innovation and growth**

Across healthcare and consumer sectors, and others to which the Fund is carefully exposed, there are top companies that continue to innovate, execute, and grow. They operate with strong demand drivers, compelling products and services, and competitive advantages that endure beyond short-term cycles. They might not meet quarter-by-quarter expectations. But, over time, we believe they can deliver value for shareholders. Our job has always been to find these companies, to buy and to hold. We engage every day with companies that are changing the way we live, and in some cases, changing lives.

## MARKET OUTLOOK

International equities enter 2026 on the back of strong returns, achieved despite President Trump's efforts to upend global trade. Looking ahead, corporate earnings remain broadly healthy, and expansionary government policies and accommodative monetary measures continue to provide a supportive environment. These factors should continue to underpin equity markets globally.

However, the environment is not without risks. A breakdown in the bullish AI narrative could negatively affect technology and related sectors, with likely spillover to the broader market. Geopolitical uncertainty remains, but President Trump's recent improvement in relations with President Xi Jinping has eased fears of further trade disruption. Overall, we remain constructive on the outlook for international equities. That said, after a year of banner returns, we believe that much of the easy money has been made. We believe investors may become more selective in 2026 – favoring cash-generative companies with sustainable earnings profiles and durable competitive advantages.

**Investors should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. To obtain a prospectus, or a summary prospectus, if available, that contains this and other information about a fund, contact your financial professional. For more information, call 1-800-373-9387 or visit bny.com/investments/etf. Read the prospectus carefully before investing.**

**Past performance is no guarantee of future results.**

**Diversification cannot assure a profit or protect against loss.**

ETF shares are listed on an exchange, and shares are generally purchased and sold in the secondary market at market price. At times, the market price may be at a premium or discount to the ETF's per share NAV. In addition, ETFs are subject to the risk that an active trading market for an ETF's shares may not develop or be maintained. Buying or selling ETF shares on an exchange may require the payment of brokerage commissions.

**Risks: ETFs trade like stocks, are subject to investment risk, including possible loss of principal. The risks of investing in ETFs typically reflect the risks associated with the types of instruments in which the ETF invests.** Equities are subject to market, market sector, market liquidity, issuer, and investment style risks, among other factors, 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. The fund is non-diversified, which means the fund may invest in a relatively high percentage of its assets in a limited number of issuers. Performance may be more vulnerable to changes in the market of a single issuer.

**Definitions**

**NAV** is Net Asset Value. **YTD** is Year to Date. **FDIC** is Federal Deposit Insurance Corp.

**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.

**Index Definition**

The **FTSE 100 Index** is a benchmark that represents the largest 100 companies by market capitalization on the London Stock Exchange.

The **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.

As of 12/31/25 the companies mentioned represented 46.54% of the fund's portfolio in the aggregate. The holdings listed should not be considered recommendations to buy or sell a particular security. Other holdings may not have performed as well as some of those listed herein. Portfolio composition is subject to change at any time.

The fund will issue (or redeem) fund shares to certain institutional investors known as "Authorized Participants" (typically market makers or other broker-dealers) only in large blocks of fund shares known as "Creation Units." BNY Mellon Securities Corporation ("BNYSC"), a subsidiary of BNY, serves as distributor of the fund. BNYSC does not distribute fund shares in less than Creation Units, nor does it maintain a secondary market in fund shares. BNYSC may enter into selected dealer agreements with Authorized Participants for the sale of Creation Units of fund shares.

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