

WHAT'S IN YOUR INTERNATIONAL PORTFOLIO?

April 2025

Investors may be inadvertently overexposed to the US in their international portfolio at a time when concentration risk is top of mind.

Is your international portfolio truly international?

Investors understand the importance of diversifying their portfolio outside of the US equity market to help reduce risk, potentially increase returns, and widen their investment opportunity set. However, some investors may not realize that their international fund is likely to have an allocation to the US.

A review of mutual funds in this asset class shows that approximately 73% of international funds have an allocation of 5% or more to the US.¹ In 2024, the top five performing international funds were those that had a sizeable allocation to the US. As a result, investors aiming for international diversification may still retain meaningful exposure to the US markets.

DOUBLE DIGIT US EXPOSURE IN TOP INTERNATIONAL FUNDS

International Equity Fund*	Average US Exposure in 2024*	US Holding in Top 10**
Top Performer 1	38.10%	Nvidia, Meta
Top Performer 2	23.06%	Nvidia, Meta, Microsoft, Netflix
Top Performer 3	14.08%	—
Top Performer 4	25.24%	Nvidia
Top Performer 5	25.87%	Nvidia

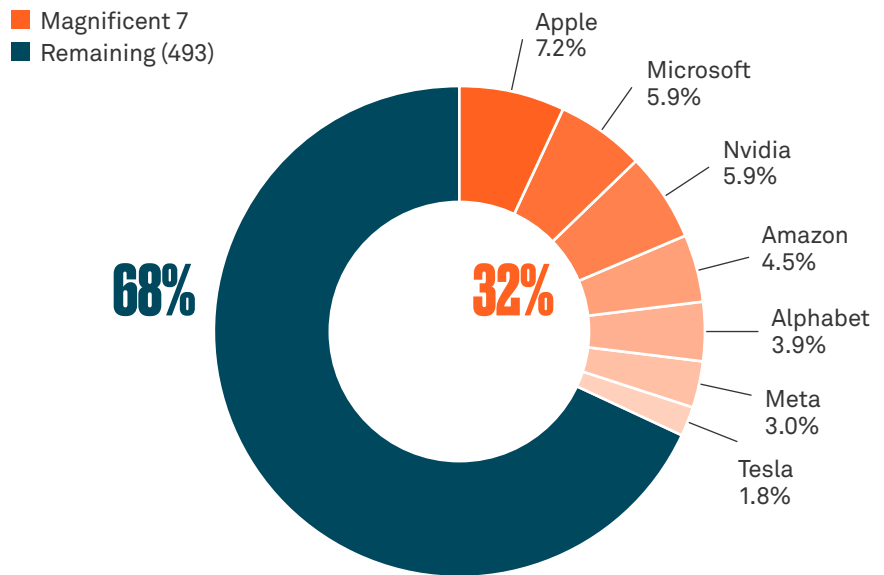
* Morningstar Direct, as of 12/31/24. Based on Morningstar Foreign Large Growth category, 96 funds using only open-end funds and oldest share class. Top performers are selected based on 2024 performance, ranked from highest to lowest. Equity country data set provides a detailed breakdown of an investment's country exposure. Each country's exposure is presented as a percentage of non-cash equity assets held by the fund. ** Respective manger's 4Q24 fact sheets. For illustrative purposes only.

¹ Morningstar Direct, as of 12/31/24. Based on Morningstar Foreign Large Growth category, 96 funds using only open-end funds and oldest share class.

Concentration within concentration?

Being aware of the US exposure is particularly relevant now, given growing concerns around concentration risk within the US market itself. Just seven companies, the so-called “Mag 7,” have become dominant contributors (or detractors) of US equity performance. For some investors, this creates a double layer of concentration risk: unintentional US exposure through international holdings and heightened reliance on a small group of US stocks. This, in our view, reinforces the importance of being truly diversified and knowing what's in your portfolio.

MAGNIFICENT 7'S DISPROPORTIONATE WEIGHT IN THE S&P 500

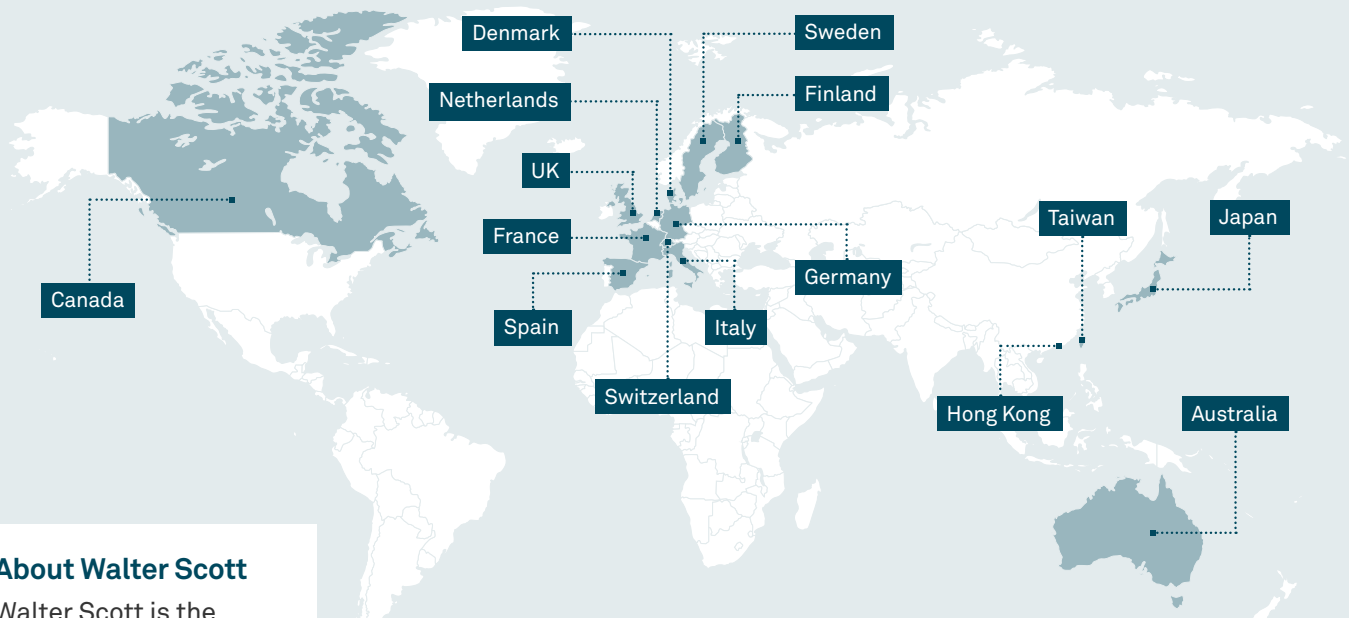


Source: BNY Investment Institute, Macrobond, as of 2/28/25.
Charts are for illustrative purposes only.

A “pure” international manager

Walter Scott’s commitment to international investing means they have no exposure to US-based companies. With a company-first mindset, Walter Scott’s investment team focuses on company fundamentals and its ability to deliver potential long-term quality growth. Country allocations are therefore a by-product of bottom-up analysis.

WALTER SCOTT’S COUNTRY EXPOSURE: LEADING COMPANIES EXIST ALL OVER THE WORLD



About Walter Scott

Walter Scott is the global equities-focused investment firm within BNY Investments.

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Company information is mentioned only for informational purposes and should not be construed as investment or any other advice. The holdings listed should not be considered recommendations to buy or sell a security.

Asset allocation and diversification do not ensure a profit or protect against a loss. Past performance is no guarantee of future results.

Risks

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. A **concentration of companies** in a narrow sector could cause performance to be more volatile than funds invested in a broader range of industries.

S&P 500® Index is widely regarded as the best single gauge of large-cap US equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Investors cannot invest directly in any index.

Magnificent 7 (Mag 7) comprises seven of the largest technology-centered growth stocks: Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla.

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