



Richard  
Bernstein  
Advisors

Proactive Approach to investing

Quarterly Commentary

Q2-2025

# Global Equity ETF Strategy

## Q2 2025 Performance Highlights (%)

|                   |       |
|-------------------|-------|
| Portfolio (gross) | 8.33  |
| Portfolio (net)   | 7.54  |
| Style Index       | 11.53 |

## Annualized Performance<sup>1</sup> (%)

as of Jun 30, 2025

|              | 1YR   | 3YR   | 5YR   | 10YR | Since Inception |
|--------------|-------|-------|-------|------|-----------------|
| Gross        | 11.01 | 10.67 | 10.35 | 8.97 | 9.55            |
| Net          | 7.75  | 7.43  | 7.11  | 5.77 | 6.33            |
| Style Index* | 16.17 | 17.33 | 13.64 | 9.99 | 9.61            |

## Annual Performance (%)

|              | 2018   | 2019  | 2020  | 2021  | 2022   | 2023  | 2024  |
|--------------|--------|-------|-------|-------|--------|-------|-------|
| Gross        | -11.31 | 24.88 | 15.13 | 17.31 | -10.01 | 9.00  | 9.93  |
| Net          | -13.96 | 21.25 | 11.75 | 13.89 | -12.70 | 5.79  | 6.70  |
| Style Index* | -9.41  | 26.60 | 16.25 | 18.54 | -18.36 | 22.20 | 17.49 |

\* Style index is MSCI ACWI Index

<sup>1</sup>Returns greater than 1 year are annualized.

\*\* Net of dividend taxes

Inception date:  
10/31/2010

## Richard Bernstein Advisors

RBA employs a macrodriven, top-down style to construct global tactical equity and asset allocation portfolios. The investment team uses quantitative indicators and the firm's macro-economic analysis to invest in global equity, fixed income asset classes, sub-asset classes and sectors using only US-listed ETFs. The firm currently has \$16.6 billion collectively under management and advisement as of 6/30/2025.

Investment Committee: Richard Bernstein; Michael Contopoulos; Malvika Dhinra; Matthew Griswold, CFA; Lisa Kirschner; Matthew Poterba, CFA; Henry Timmons, CFA.

For investment minimums, please contact your financial advisor. Performance information included in this Profile is as of current quarter-end and subject to change. Prior period returns may have been restated to conform to this presentation. All other information is as of the most recent quarter end. See disclosure at the end of the Profile for further information.

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

The Global Equity ETF Strategy underperformed its benchmark in 2025, posting a return of 8.33% compared to a 11.53% for its style index\*.

## Positioning

The overweight in U.S. value and high dividend-paying stocks, allocation to international high-quality stocks, and underweight in U.S. mega-cap growth stocks detracted from performance. The portfolio's overweight to defensive stocks and selection in financials were also detractors. This was partially offset by the portfolio's underweight to energy, allocation to non-China emerging markets and underweight in China.

## Changes in Portfolio

During the quarter, RBA made several changes to the portfolio. In May, we reduced exposure to non-China emerging markets in favor of international high-quality exposure. We eliminated our exposure to small caps and trimmed exposure to consumer discretionary, financials, and industrials. We increased our allocation to defensive sectors including staples, healthcare, and utilities.

## Outlook & Positioning

As we enter the second half of 2025, we expect the investment landscape to be increasingly shaped by late-cycle dynamics and a decelerating global profits cycle. While inflation has moderated from prior peaks, US core pricing pressures remain sticky, limiting the ability for the Federal Reserve to ease policy. Geopolitical risks, tariff uncertainty and excessive risk-taking add to potential headwinds and we expect corporate margins to come under pressure and investor sentiment to weaken over the next several quarters.

In this environment it becomes harder to justify the continued enthusiasm for cyclical growth stocks and instead prefer certainty and quality. Historically, such environments reward discipline, diversification, and a focus on strong fundamentals, not speculative concentration.

We believe this is an opportune time to focus on segments of the market that tend to perform well during profit deceleration. We are overweight high-quality, dividend-paying, and value-oriented equities; areas we believe offer better risk-adjusted return potential in the current environment. High and stable dividend paying equities and international quality stocks offer competitive earnings growth at more attractive valuations compared to the mega-cap growth segment, while a tilt toward defensive sectors adds resilience and portfolio stability. These exposures align with our discipline around managing to profit and liquidity cycles and are designed to deliver more consistent performance during late-cycle conditions.

Our top-down, macro-driven approach seeks to avoid the speculative excesses of the moment by focusing on fundamentals. As the profit cycle decelerates, the fundamentals – not hype – are likely to reassert their importance in driving investment outcomes. In this environment, broad diversification and risk-aware portfolio construction remain essential to navigating market uncertainty. We remain focused on areas where fundamentals and risks are better compensated.

## IMPORTANT DISCLOSURE

The performance was calculated by Richard Bernstein Advisors LLC (the "Adviser") for the Global Equity ETF Strategy ("Strategy") as described below. The Strategy's asset allocation recommendations are subject to guideline allocation limitations at the major asset class level (i.e., equity and cash) that may change over time.

The Strategy has an inception date of October 31, 2010. The Strategy seeks risk-adjusted long-term growth by employing a top-down style to construct a global tactical equity portfolio. Accounts in this Strategy obtain desired exposure via ETF vehicles.

The Strategy represents the global equity composite return from November 1, 2010 until June 30, 2016 and thereafter represents the composite returns of the Global Equity ETF strategy maintained by RBA. The Global Equity ETF strategy is presented after June 30, 2016.

The benchmark is MSCI ACWI USD Net. The firm's complete list of composite returns are available upon request.

Past performance is no guarantee of future results. Performance is shown in USD and includes reinvestment of dividends and other earnings. Results are shown on a "gross" and "net" basis. Gross-of-fee returns are reduced by actual trading costs incurred and platform fees but are before deduction of any advisory or other fees. Net performance reflects the deduction of an assumed 3.00% annual fee rate which is intended to equal or exceed the combined maximum advisory program fees and maximum investment management fees charged to advisory platform clients. Returns are calculated by applying the assumed annual fee rate to the gross monthly returns. This combined fee will normally include all charges for trading costs, portfolio management fees, custody and other administrative fees. Actual fees may vary depending on the individual sponsor's fee. Investment management fees are negotiated directly with advisory program sponsors. Fees are negotiable where circumstances warrant. Taxes have not been deducted.

Index and portfolio data herein have been supplied by outside sources, including, Richard Bernstein Advisors LLC, and are believed to be reliable as of the date indicated. The source for ETF returns is Richard Bernstein Advisors LLC. The source for risk measures is Morningstar.

**About Risk:** Any investment is subject to risk. ETFs are subject to risks similar to those of stocks, such as market risk, and investors who have their funds invested in accordance with the model portfolio may experience losses. Additionally, fixed income (bond) ETFs are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates. Foreign investments may be subject to greater risk than domestic investments. Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical or other conditions. In emerging countries, these risks may be more significant. The value of commodities investments will generally be affected by overall market movements and factors specific to a particular industry or commodity, including weather, embargoes, tariffs, or health, political, international and regulatory developments. An imbalance in supply and demand in the income market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market. As interest rates rise, the value of certain income investments is likely to decline. Investments in income securities may be affected by changes in the creditworthiness of the issuer and are subject to the risk of non-payment of principal and interest. The value of income securities also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments. Smaller companies are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk than larger, established companies. Derivatives instruments can be used to take both long and short positions, be highly volatile, result in economic leverage (which can magnify losses), and involve risks in addition to the risks of the underlying instrument on which the derivative is based, such as counterparty, correlation and liquidity risk. If a counterparty is unable to honor its commitments, the value may decline and/or the portfolio could experience delays in the return of collateral or other assets held by the counterparty. Investing in an exchange-traded fund (ETF) exposes the Strategy to all of the risks of that ETF and, in general, subjects the Strategy to a pro rata portion of the Strategy's fees and expenses.

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