

# INVESTMENT REVIEW

## 2Q 2025

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# ECONOMIC COMMENTARY



**BY HAROLD G. KOTLER, CFA**

*Founder-Chairman, Chief Investment Officer*

I've been thinking a lot lately about how hard it is for people to agree on anything—especially when it comes to world events, politics, or even the economy. Recent global events have highlighted the remarkable capabilities of the US military, including a complex and high-stakes mission involving nuclear facilities in Iran.



While most have celebrated the technological success, many have become more worried about what happens next. And in some ways, that's fine—no one truly knows what comes next. What we do know is that Iran's ability to develop nuclear weapons has been seriously disrupted, reducing a major threat to global security.

Still, I can't help but notice how divided the national conversation has become. It feels like, more and more, people can only see things through an all-or-nothing lens. Many seem unable to find common ground or credit success where it's due, regardless of the administration in charge. This polarization doesn't just affect how we view world events; it filters into how people feel about the economy and markets.

We've seen this play out recently: investor sentiment often correlates not with economic data, but with personal or political leanings. Some are pessimistic about growth and inflation; others are optimistic and see opportunity. The reality is more nuanced. Good business leaders, like good investors, have no time for ideology. They have to adjust. They have to adapt. Whether it's a new tariff, regulation, or geopolitical event, companies find ways forward. That adaptability is what keeps markets resilient.

Back in April, I said I believed the market had hit a bottom. That wasn't a lucky guess—it came from years of watching how markets behave. When fear dominates and sentiment is overwhelmingly negative, history has shown us it can be the best time to invest. We saw that in the depths of the Covid crisis, and we've seen it again this year as global tensions rattled confidence.

***"Good business leaders, like good investors, have no time for ideology. They have to adjust. They have to adapt."***

As we look ahead, much of the current concern centers on inflation and the potential pace of interest rate cuts. Many expect minimal action from the Federal Reserve. But I would argue the Fed is behind the curve and will be forced to ease more aggressively. Tariffs, while impactful, are not the driving force behind inflation right now. If the Fed does act, it could unlock growth—particularly for small businesses that are most sensitive to short-term rates.

In my view, we're at the beginning of a new bull market. That's a bold claim, and not one many are ready to accept.

But investing is as much about psychology as it is about economics. When confidence is low and doubt is high—that's often when the best opportunities appear.

There's good reason to be optimistic. Technological advances—especially in artificial intelligence—and a potential stabilization in global risk hotspots could lead to long-term strategic shifts. If countries like Saudi Arabia and Israel are truly collaborating to bring investment and innovation to the region, the ripple effects could be profound.

I don't mean to downplay the risks. The world is messy, and we're not always going to agree on how best to navigate it. But from a markets standpoint, it's important to focus on what is happening, not just what could go

wrong. The ability to adapt, to think rationally amid uncertainty, and to recognize opportunity when others are focused on risk—that's what drives long-term success.

As always, my goal is to help you stay grounded in long-term thinking. In times like these, when many are fearful or divided, investors would do well to step back and remember a key truth: the market is a reflection of human behavior as much as it is of economics. And while these moments test our patience and perspective—they also can be the moments that reward it.

Harold G. Kotler, CFA  
Founder-Chairman, Chief Investment Officer

## GW&K NEWS

### GW&K EXPANDS MUNICIPAL BOND TEAM WITH TWO NEW RESEARCH ANALYSTS

*We welcome Brian and Cameron to GW&K and look forward to their contributions to the company and the Municipal Bond Team.*

#### **Brian Hassler, CFA, Vice President, Senior Research Analyst**

Brian joined GW&K's Municipal Bond Team in April as a Senior Research Analyst from Morgan Stanley, previously Eaton Vance, where he held a variety of roles in municipal research over his nearly 20 years there. Most recently, he was an Executive Director, Senior Municipal Analyst. Brian received his Bachelor of Arts in Finance from the University of Massachusetts, Amherst and is a Chartered Financial Analyst.

#### **Cameron V. Marshall, Associate Research Analyst**

Cameron joined the Municipal Bond Team in May as an Associate Research Analyst from Ironwood Investment Management where most recently he was a Trading and Research Associate. He received his Bachelor of Arts in Economics with a minor in Chinese from the University of New Hampshire.

**\$51.4** | TOTAL ASSETS  
BILLION UNDER MANAGEMENT

**187** | EMPLOYEES

**51** | INVESTMENT  
PROFESSIONALS

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# SECOND QUARTER 2025

## ECONOMY

- ▶ Economic growth slowed in 2025, but has remained on solid footing, with first-half GDP figures distorted by households and businesses front-running anticipated tariff increases.
- ▶ The labor market continues to be a bright spot for the economy with steady job gains and unemployment remaining close to 4%.
- ▶ An import collapse in Q2 suggests stronger headline GDP growth, with the Atlanta Fed projecting 2.5% growth. However, core GDP appears to have weakened significantly to approximately 1.0%.
- ▶ Tariff implementation will likely suppress consumer spending while temporarily elevating inflation. Though the full economic impact remains uncertain, we expect slow growth and elevated prices to persist through 2025. Monetary easing and potential fiscal measures should position 2026 for a return to stronger growth.

## FED ACTION

- ▶ The Federal Open Market Committee (FOMC) has maintained the federal funds rate at 4.25%-4.5% for four consecutive meetings, adopting a cautious approach amid heightened economic uncertainty.
- ▶ Despite intense criticism from the White House, Fed Chair Powell continues to signal a “wait-and-see” stance in light of recent tariff hikes and their potential impact on inflation and growth.
- ▶ The FOMC’s latest projections have revised the 2025 GDP growth forecast downward to 1.4% from the previous 1.7%, reflecting concerns over trade policies and their economic ramifications. Officials continued to project two rate cuts in 2025.
- ▶ Inflation expectations have been adjusted upward, with the core Personal Consumption Expenditures (PCE) index projected to reach 3.0% by the end of 2025, surpassing the Fed’s 2% target and suggesting persistent price pressures.

## BOND MARKETS

- ▶ Fixed income markets remained resilient in Q2, buoyed by firm fundamentals and continued comfort that the Fed would ease by year-end, even as trade and fiscal policy uncertainty kept inflation risks and market volatility elevated.
- ▶ Conviction around rate cuts drove 2- to 5-year yields down 15–20 bps, while the 10-year Treasury yield traded in a broad range, but ended nearly flat and resulted in a bull steepening of the yield curve.
- ▶ Tariff policy announcements in April briefly pushed spreads to multi-year highs, but markets quickly stabilized. Corporate bonds rebounded strongly as risk appetite returned and spreads narrowed.
- ▶ Municipal bonds posted mixed returns in Q2; short-to-intermediate maturities gained, while longer maturities declined. The results reflected a significant steepening in macro rates, driven by trade policy, budget concerns, and evolving Fed expectations.

## INDEX PERFORMANCE

6/30/25

	QUARTER	YEAR TO DATE
Bloomberg 10-Year Municipal Bond Index	0.78%	1.04%
Bloomberg Aggregate Bond Index	1.21%	4.02%
Bloomberg High Yield Index	3.53%	4.57%
Dow Jones Industrial Average	5.46%	4.55%
S&P 500 Index	10.94%	6.20%
Russell 2000 Index	8.50%	-1.79%
MSCI World Small Cap ex USA Index	16.82%	20.79%
MSCI World Index	11.47%	9.47%

## DOMESTIC EQUITY MARKETS

- ▶ After an early-April tariff-induced swoon, US equity markets rallied off the lows and finished Q2 at record levels. Trade policy adjustments, solid corporate earnings results, still strong US economic data, softer inflation readings, and AI growth supported the market’s rebound, offsetting concerns around policy uncertainty and near-term economic slowdown.
- ▶ The S&P 500 advanced 10.9%, driven by a rebound in the growth complex, specifically the Magnificent 7. Small caps stocks, as measured by the Russell 2000, gained a respectable 8.5%, but lagged large caps.
- ▶ Within large caps, growth sectors led. Information Technology, Communication Services, and Industrials performed best, while Energy, Health Care, and Real Estate lagged meaningfully.
- ▶ Market leadership narrowed in Q2. Investors demonstrated a preference for low-quality factors within the small cap market.

## GLOBAL EQUITY MARKETS

- ▶ Non-US equity markets advanced in Q2, weathering an upheaval in trade relations with the US and increased geopolitical tension in the Middle East. The MSCI World ex US Index of large cap stocks gained 12.1%, while MSCI World Small Cap ex USA Index outperformed with a 16.8% return. Currency strength had a markedly positive impact on performance as the US Dollar Index fell -7.0%.
- ▶ All regions finished the quarter higher, with attractive valuations relative to the US, improving earnings in certain countries, and stimulus hopes in Europe the key takeaways.
- ▶ Sector performance was broadly positive in US dollars, led by Communication Services, Industrials, and Information Technology in large caps, and Information Technology, Industrials, and Financials in small caps.



# INVESTMENT STRATEGIES

## MUNICIPAL BOND

We combine a rigorous, research intensive, credit selection process with active management. Our goal is to take advantage of market inefficiencies and find opportunities across the yield curve to protect and grow principal and income.

## TAXABLE BOND

Our multi-sector approach takes advantage of the relative valuation among distinct bond sectors and the increased opportunities to generate income and capital appreciation. We build diversified, yield-advantaged portfolios that generate steady, incremental income and provide downside risk protection.

## DOMESTIC EQUITY

We develop a deep understanding of the companies in which we invest through disciplined and intensive fundamental research. Our focus is on finding well-managed, quality companies, that are resilient.

## GLOBAL EQUITY

We take advantage of market inefficiencies to find quality growth companies that may be undervalued, underappreciated, or under-researched. Our rigorous, bottom-up process focuses on a company's upside potential and downside risk.



# MUNICIPAL BOND STRATEGIES

Municipal bonds posted mixed returns in the second quarter, with gains in short-to-intermediate maturities and losses out long. The results reflected a significant steepening in macro rates, driven by trade policy, budget concerns and evolving Fed expectations. It all began with the early-April tariff surprise, which rattled the Treasury market and triggered the sharpest correction in municipal bonds since the Covid lockdown. As soon as the 90-day pause was announced, however, municipal bonds began to retrace those losses, with the short end recovering the most by quarter end. Along the way, sentiment got a boost when the industry learned that the Congressional tax bill left the municipal bond exemption intact, far from guaranteed after it appeared as a possible revenue source in a House report earlier this year. By the end of June, a sense of normalcy had returned.

The broader market was unsettled throughout the quarter, absorbing a steady drumbeat of policy and geopolitical shocks. April's volatility gave way to a May selloff that was driven by fiscal concerns and foreign rate pressure. A downgrade to the US sovereign rating didn't help. June brought calmer trading, with a growing consensus that softening data and tame inflation would soon push the Fed toward cuts. Fed Chair, Jay Powell continued to signal patience, but market pricing reflected more conviction. At the same time, the long end of the curve failed to rally, reflecting both the uncertainty around tariffs and deficits and lingering questions about foreign demand for US debt. By the end of the quarter, the Treasury curve was as steep as it's been since 2021.

Our trading focused on taking advantage of historic volatility and a steepening yield curve. The market dislocations tied to the April selloff created opportunities to invest in a cheaper marketplace. Value surfaced in the secondary market as the new issue calendar temporarily ground to a halt. When the primary market re-opened, deals were priced to sell, with yields pushing to levels we hadn't seen in years. With liquidity at a premium, we sourced bonds primarily through short-callable structures that held up well during the turmoil. As the quarter rolled on and the market began to stabilize, a steepening trend emerged. We added to this part of the curve, taking advantage of an unrelenting flow of new deals. Simultaneously, we moved out of shorter maturities and tight-trading names, picking up yield and spread in the process. Our duration extended modestly, though the curve positioning was the reasoning behind the shift.

*"We believe the municipal bond market enters the third quarter in a stronger position, with calmer conditions, more attractive valuations and a curve that remains steep by historical standards."*

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MUNICIPAL INVESTMENT  
PROFESSIONALS

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AVERAGE YEARS  
EXPERIENCE

## INVESTMENT TEAM

<b>John B. Fox, CFA</b>	Partner, Director, Fixed Income
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<b>Kara M. South, CFA</b>	Partner, Portfolio Manager
<b>Martin R. Tourigny, CFA</b>	Partner, Portfolio Manager

## GW&K MUNICIPAL BOND STRATEGIES

SHORT-TERM MUNICIPAL BOND

2-8 YEAR ACTIVE MUNICIPAL BOND

2-8 YEAR ACTIVE MUNICIPAL BOND ESG

MUNICIPAL BOND

MUNICIPAL BOND ESG

MUNICIPAL BOND PLUS

MUNICIPAL ENHANCED YIELD

We believe the municipal bond market enters the third quarter in a stronger position, with calmer conditions, more attractive valuations and a curve that remains steep by historical standards. The summer months typically offer a performance tailwind, and 2025 looks no different, with reinvestment flows set to accelerate and supply expected to ease from the first half's record pace. Credit fundamentals remain sound, and the exemption is no longer in the headlines. Meanwhile, the Fed remains on hold as committee members await more clarity on the fallout from trade policy. While much will depend on the path of global interest rates, the case for municipal bonds looks stronger now than it has in some time.

## TAXABLE BOND STRATEGIES

Fixed Income markets remained resilient in the second quarter, buoyed by firm fundamentals and continued comfort that the Fed would implement rate cuts by year-end, even as trade and fiscal policy uncertainty kept inflation risks and market volatility elevated. President Trump's aggressive tariff announcement initially rattled markets and sent rates higher, but the volatility was ultimately contained as investors absorbed the headlines. Swift policy recalibration helped ease tensions and restore risk appetite. Investors looked past US-China and Middle East tensions, as well as growing concerns about deficit-related policy risks, encouraged by moderating inflation and a still-firm labor market. While political pressure from the White House for immediate cuts persisted, the Fed maintained a wait-and-see approach, pointing to uncertainty around how tariffs will affect inflation dynamics and labor market strength. Timing uncertainty aside, both the market and the Fed aligned around two rate cuts by year-end, the easing cycle appears set to resume.

Against this backdrop, the Bloomberg Aggregate Bond Index returned 1.2% for the quarter, a solid performance amid elevated rate and spread volatility. Credit markets outperformed as investors embraced risk, driving spreads tighter across corporates and many securitized sectors. With conviction building around Fed rate cuts, investors piled into the belly of the curve, pulling 2- to 5-year yields down by 15-20 basis points. Meanwhile, the 10-year Treasury yield traded in a broad 60-basis points range, ultimately finishing the quarter almost flat, up only 2 basis points. The result was a bull steepening of the 2s10s curve, which increased by 19 basis points. However, with the front-end anchored by Fed policy, the 3 month-to-10s curve remained inverted, little changed over the quarter.

In early April, a sharp trade policy-driven risk-off move pushed spreads to multi-year wides. But the market regained its footing over the month, and risk appetite built through the remainder of the quarter. Corporate credit shook off this volatility to post strong returns, as spreads retraced from their widest levels of the year. High yield staged a dramatic rally, tightening more than 160 basis points from its April peak and delivering a total return of about 3.5%. Investment grade followed, finishing the quarter 11 basis points tighter and returning over 1.8%, with spreads ending only 6 basis points from year-to-date lows. While some caution lingers around the macroeconomic backdrop, the credit story remains compelling for carry-focused investors. Fundamentals are solid, the economic outlook is still benign, and technicals remain favorable amid attractive all-in yields and muted net supply.

Securitized assets outperformed comparable-duration Treasuries across all subsectors, despite heightened spread volatility to start the quarter. Additionally, rate volatility reached its highest level since 2023 in April, but quickly subsided and ended the quarter lower. The decline in volatility failed to boost demand for agency mortgage-backed securities (MBS), and spreads in the sector did not retrace as fully as in other asset classes. Still, investors who maintained MBS exposure were ultimately rewarded, benefiting from a steeper yield curve and constructive regulatory

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TAXABLE INVESTMENT  
PROFESSIONALS

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AVERAGE YEARS  
EXPERIENCE

### INVESTMENT TEAM

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<b>Mary F. Kane, CFA</b>	Partner, Portfolio Manager
<b>Brett Kozlowski, CFA</b>	Principal, Portfolio Manager

### GW&K TAXABLE BOND STRATEGIES

SHORT-TERM TAXABLE BOND

INTERMEDIATE TAXABLE BOND

CORE BOND

CORE BOND ESG

ENHANCED CORE BOND

ENHANCED CORE BOND ESG

TOTAL RETURN BOND

CORPORATE BOND OPPORTUNITIES

SHORT-TERM FOCUSED HIGH INCOME

*"US market resilience warrants recognition as liquidity and transparency held up well through the turbulence. We believe that liquidity and market depth will serve investors well heading into the second half of the year."*

developments. Commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS) led performance, supported by the move in the 3- to 5-year segment of the yield curve and spread compression. Overall, the securitized sector remains well supported by solid collateral performance and spreads near long-term averages, offering compelling relative value in the current environment.

Markets opened the second quarter under a barrage of social media-driven headlines, many of which have been absorbed, priced in, or faded into the background. US market resilience warrants recognition as liquidity and transparency held up well through the turbulence. We believe that liquidity and market depth will serve investors well heading into the second half of the year. The timing and approach of the Fed's response to potential tariff-related inflation remains unresolved, as it attempts to balance price stability with labor market support. Geopolitical risks, particularly around oil and global economic growth, remain elevated, while the US consumer continues to adjust for the impacts of trade policy on their propensity to spend. Even with these headwinds, the fixed income market has a solid foundation, supported by a strong US economy, the prospect of a sizable fiscal stimulus package, and a Fed that remains ready to act if necessary.



## DOMESTIC EQUITY STRATEGIES

After a difficult start to April following the “Liberation Day” market meltdown, equities rebounded strongly the last 11 weeks of the quarter. The rally was driven by easing trade tensions, a generally favorable economic outlook, strong corporate earnings, cooler inflation readings, reemerging optimism on AI-related spending, and deescalating Middle East tensions. The S&P 500 Index advanced 10.9% for the quarter, closing at a record high and more than erasing the first quarter’s decline to finish up 6.2% for the first half. Information Technology was up in the mid-teens, with particular strength in AI-related software and semiconductors. Other high growth and economically-sensitive sectors were also strong, including Communication Services, Industrials, and Consumer Discretionary. The Magnificent 7 names—oversized weightings in most of these sectors—contributed over half of the quarter’s gains. Energy stocks were weak, following the price of oil down as Iran’s tepid response to Israeli and US bombing calmed fears of supply disruption. Health Care was quite weak on ongoing policy uncertainty, while defensive sectors, Real Estate and Consumer Staples, also lagged.

The Russell 2000 Index gained 8.5% in the quarter. However, this was not quite sufficient to erase the nearly double-digit first-quarter decline, ending the first half with a loss of -1.8%. Sector winners and losers were similar to large caps, with particular strength in Information Technology, which returned over 20%, and weakness among defensive sectors, which posted modest losses. Style factors greatly favored higher risk attributes such as small size, high beta, low ROE, and non-earners, as the quarter’s retail-driven stock buying favored momentum-oriented names over quality.

Fueled by strong performance from the Magnificent 7, large-cap Growth significantly outpaced Value in the second quarter, posting a 14-percentage-point advantage that wiped out Value’s first-quarter lead. Among small-caps, Growth also outperformed, beating Value by seven points and reclaiming a three-percentage-point lead through the first half.

While the market feels more constructive, we would expect continued volatility until investors can better gauge the impact of Trump policy initiatives and the outlook for the economy and inflation. On the positive side, the outlook for the US economy in 2025 has improved, with earnings reports generally solid, and estimates for the year holding up better than expected. The labor market remains sound, with unemployment still low and a slight cooling in job creation that could benefit wage inflation expectations. The ISM Services survey, representing the majority of US employment, is back in expansion territory. While tariff uncertainty is still high, Trump has walked back the most onerous tariff proposals, although it remains to be seen if he is willing to further postpone these reciprocal tariffs. AI-spending levels, one driver of overall capital spending, remain strong despite last quarter’s concern about newly introduced Chinese AI competition. Inflation continues to drift down, although it remains stubbornly above the Fed’s 2% target. And while the timing of Fed rate cuts has been pushed out, despite tremendous pressure being placed on the Fed Chair by the President, expectations remain for two cuts before year-end. Corporate balance sheets remain healthy, providing ample firepower for share buybacks,

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EQUITY INVESTMENT  
PROFESSIONALS

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AVERAGE YEARS  
EXPERIENCE

### INVESTMENT TEAM

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<b>Joseph C. Craigen, CFA</b>	Partner, Portfolio Manager
<b>Jeffrey W. Thibault, CFA</b>	Partner, Portfolio Manager
<b>Jeffrey O. Whitney, CFA</b>	Partner, Portfolio Manager

### GW&K DOMESTIC EQUITY STRATEGIES

EQUITY DIVIDEND PLUS

DIVERSIFIED EQUITY

SMALL/MID CAP CORE

SMALL/MID CAP GROWTH

SMALL CAP VALUE

SMALL CAP CORE

SMALL CAP GROWTH

*“While the market feels more constructive, we would expect continued volatility until investors can better gauge the impact of Trump policy initiatives and the outlook for the economy and inflation. On the positive side, the outlook for the US economy in 2025 has improved, with earnings reports generally solid, and estimates for the year holding up better than expected.”*

dividends, and acquisitions. Personal balance sheets also remain strong, no doubt helped by record stock market levels, providing a continued tailwind for spending and investment.

Yet, there are risks that bear watching. Trump policy uncertainty has impacted business and consumer sentiment, suggesting spending levels could slow. We have started to see some signs of this with weakness in private employment surveys and in the Personal Consumption Expenditures reports. Home sales remain weak, as higher prices combined with higher mortgage rates have made homes unaffordable to many. Inflationary fears, and their potential impact on interest rates, remain elevated given the high spending levels and inherent fiscal deficits included in the budget bill that has recently been signed into law.

As always, we remain diligent in finding companies positioned for long-term success. While this charge has been tested in market environments such as this where aggressive momentum buying of riskier companies is done with little regard to valuation, we remain confident our strategy of focusing on companies with leading market positions, strong financial characteristics, and experienced management teams selling at reasonable valuation levels will pay off in the long term.

## GLOBAL EQUITY STRATEGIES

Despite starting the quarter with a tariff shock and enduring a—thankfully—short Iranian conflict, the global markets (ex-USA) put up stellar returns for the quarter, at least when measured in US dollars. The large cap, MSCI World ex-USA Index rose 12.1%, but it was eclipsed by the 16.8% return from the MSCI World Small Cap ex USA Index. Dollar weakness (-7.0% as measured by the DXY) continued for the second straight quarter.

For the MSCI World Small Cap ex USA Index, all regions had solid double-digit returns. Israel was a standout performer on hopes for regional stability following what appears to be a swift end to the Iran conflict. This reflects the potential for Israeli companies, which have long operated within a small, constrained market, to prosper in a more peaceful and much larger region. Despite a sizable US tariff threat on the Eurozone that was quickly retracted, Europe was the top performing major region with attractive valuations, improving earnings, and stimulus hopes as the key takeaways. North American and Asian small-cap stocks also put up double-digit returns. Japanese small caps lagged other markets, but still managed a respectable gain, though trade negotiations with the US appear stalled over key concerns, such as 25% auto tariffs. Although the yen has been on a strengthening trend, the Bank of Japan kept rates on hold due to growth concerns associated with trade uncertainty and the scars from previous premature hiking cycles.

*“Given the potential impact of trade disruptions and currency volatility, when considering businesses that compete in the global market, it is more important than ever to limit exposure to the highest-quality industry leaders. That said, we believe non-US markets are offering up an unexpectedly rich environment of potential investments.”*

For US investors, currency levels are seldom top-of-mind, but they can be a significant driver of performance during periods of US dollar weakness. Most investors understand the translation effect where local stock returns are multiplied by the foreign exchange (FX) impact, creating a performance tailwind when the home reporting currency is weak and a headwind when strong. US investors in foreign markets have endured this headwind on average for the last 15 years. On the other hand, the transaction impact of stronger foreign currencies can make exporters less competitive. Active management can mitigate transactional currency risk through careful stock selection that balances portfolio exposure to exporters and domestically focused businesses. In addition, being the reserve currency means that when the US dollar is weak there are two additional positive impacts for non-US

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PROFESSIONALS

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EXPERIENCE

### INVESTMENT TEAM

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### GW&K GLOBAL EQUITY STRATEGIES

#### GLOBAL SMALL CAP

#### INTERNATIONAL SMALL CAP

companies. First, most commodities and globally-traded services are priced in US dollars. As a result, most companies see cost reductions, and hence higher earnings during periods of dollar weakness. Second, companies that fund themselves with US dollar borrowing will see liabilities fall along with the US dollar, this is especially true in developing markets. It is important to stress that FX considerations should not alone drive investment decisions but should be considered, especially if long-lived trends look to be reversing.

Given the potential impact of trade disruptions and currency volatility, when considering businesses that compete in the global market, it is more important than ever to limit exposure to the highest-quality industry leaders. That said, we believe non-US markets are offering up an unexpectedly rich environment of potential investments. Normally in the later stages of an economic expansion the opportunity set contracts, but we are currently finding the opposite with an abundance of attractive investment opportunities.

Over the long term, we expect global small-cap markets to deliver solid returns. Non-US markets could get a boost from monetary easing and fiscal stimulus in Europe, potential business reforms in some regions, and capital returning from the US, where foreign ownership had hit record levels. In the US, future rate cuts and greater clarity around government policy could support small-cap stocks, which have lagged the S&P 500 in recent years.

Our passion for providing thoughtful and highly disciplined investment strategies, combined with a deep commitment to personal service, results in long-term relationships built on trust. We believe accessibility, a willingness to listen, and a desire to educate can be just as important as investment acumen. With more than 50 years' experience managing assets for individuals and families, we are a partner you can trust.

## GET IN TOUCH

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# ENTREPRENEURIAL DRIVEN, CLIENT FOCUSED

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