IS YOUR PORTFOLIO WELL POSITIONED TO 
Take Advantage of International Opportunities?

There are compelling reasons why *now* is precisely the time to cast a longer look at international equities.

**WHY INTERNATIONAL EQUITIES?**

**ACCESS TO MORE OPPORTUNITIES**

Expanded Opportunity Set = Higher Inefficiency Potential

- **# of Companies**: 6,245 International, 2,179 U.S.
- **Population**: 7bn International, 96% U.S.

**Sources of 2016 World GDP**

- 75% GDP: Gross Domestic Product

**Estimated Sources of World GDP Growth (2016-2020)**

- 82% International, 18% U.S.

**DIVERSIFICATION POTENTIAL**

Managing Risk Exposure

**Currencies**

**Economic Drivers**

**Political Environments**

**Risk Profiles**

**Return Patterns**

**RETURN REVERSION POTENTIAL**

Annualized Returns (as of 12/31/2016)

- **40 Years**: 9.2% International, -1.6% U.S.
- **10 Years**: 0.8% International, -1.6% U.S.
- **3 Years**: -1.6% International, -1.6% U.S.

**International equities UNDERPERFORMED U.S. EQUITIES**

by 6.2% annually over the last 10 YEARS and 10.5% over the last 3 YEARS.

**DID YOU KNOW?**

As of 12/31/2016

**U.S. equities account for 71%** of total equity assets under management (AUM) in USD.

**$76bn OUTFLOWS**

International equity outflows for the last 18 months represent 5% of the AUM for the asset class (USD).

International equities are experiencing the longest streak of underperformance on record relative to U.S. equities.

**RETURNS**

International 11.2% U.S. 3.6%

After the previous record cycle of underperformance vs. U.S. stocks (90 months ended 12/31/2001), international equities outperformed the U.S. for 78 months.

*Annualized, 12/31/2001-6/30/2008

**HOW IS YOUR INTERNATIONAL EXPOSURE?**

*Source: FactSet as of 12/31/2016. Includes companies with market capitalization above $1 billion.
*Source: IMF World Economic Outlook Database, October 2016. There is no assurance that a forecast will be accurate. Because of the many variables involved, an investor should not rely on forecasts without realizing their limitations.
ATTRACTION OF INTERNATIONAL EQUITIES

AS OF 12/31/2016

<table>
<thead>
<tr>
<th></th>
<th>Price/Book (X)</th>
<th>Cyclically Adjusted Price/Earnings (X)</th>
<th>Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Equities</td>
<td>2.8</td>
<td>16.6</td>
<td>3.1%</td>
</tr>
<tr>
<td>U.S. Equities</td>
<td>1.6</td>
<td>26.4</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Higher than 87% of the time over the past decade.

The S&P 500 CAPE is 27.9 and has only peaked at a higher level once since 1929.

Price/Book: Price per share divided by book value per share. Price/Cash Flow: Price per share divided by cash flow per share. Price/Earnings: Price per share divided by earnings per share. Yield: Annual income from the investment (dividend, interest, etc.) divided by the current market price of the investment. Cyclically Adjusted Price/Earnings: Price divided by 10-year earnings adjusted for inflation.

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IS YOUR PORTFOLIO OVEREXPOSED TO THE UNITED STATES? CONSIDER INTERNATIONAL EQUITIES NOW.

<table>
<thead>
<tr>
<th></th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI EAFE</td>
<td>-1.6%</td>
<td>6.5%</td>
<td>0.8%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>8.9%</td>
<td>14.7%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

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