

International vs. U.S. Equity Valuations and Returns

Sector Neutral Valuation of MSCI EAFE vs. MSCI USA



Largest EAFE Discounts

Cumulative Returns	Dec 74 – Dec 79	Jul 92 – Jul 95	Nov 01 – Nov 06
MSCI USA	11.7%	12.3%	5.5%
MSCI EAFE	17.9%	16.0%	14.4%

Largest EAFE Premiums

Feb 89 – Feb 92	Apr 94 – Apr 99	Oct 09 – Oct 19
16.0%	27.2%	13.0%
-4.3%	8.7%	5.4%

DECEMBER 31, 1974 TO JUNE 30, 2023 | Source: MSCI via FactSet. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. For each fundamental ratio (Price/Book, Price/Earnings, Price/Cash Flow), we calculate the average ratio of the MSCI EAFE Index and divide it by the average ratio of the MSCI USA Index on a sector neutral basis to determine the relative valuation. Aggregate valuation discount based on the average of each individual metric's valuation discount of MSCI EAFE relative to MSCI USA. Values below zero indicate MSCI EAFE valuations are lower than MSCI USA valuations. The MSCI USA Index and the MSCI EAFE Index were launched on March 31, 1986. Data prior to the launch date is back-tested by MSCI (i.e., calculations of how the index might have performed over that time period had the index existed). There are frequently material differences between back-tested performance and actual results. Annualized returns as of June 30, 2023: MSCI EAFE: 1-yr: 18.55%; 5-yr: 4.39%; 10-yr: 5.41%. MSCI USA: 1-yr: 18.98%; 5-yr: 11.59%; 10-yr: 12.15%.

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.

The MSCI EAFE Index with net dividends captures large and mid cap representation of developed market countries excluding the U.S. and Canada.

The MSCI USA Index measures the performance of the large and mid cap segments of the U.S. equity market.

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