

U.S. Markets Are On A Tear, Should You Be Buying International Assets?

Historically, when the forward PE ratio of the S&P 500 index has materially exceeded the forward PE ratio of the MSCI EM or MSCI EAFE index, the S&P 500 has underperformed materially over the next 12 months.

When the S&P 500 Forward PE Ratio Exceeds International Indices	MSCI EM*	MSCI EAFE**
	By More Than 6.5	By More Than 3.2
Occurrences since 2002 (using monthly data)	37	26
Subsequent 12 month periods when selected index outperformed	34	21
↳ Average selected index performance above the S&P 500	15.9%	6.7%
Percentage of subsequent one year periods where selected index outperformed the S&P 500	92%	81%
Current Forward P/E Differential:	6.6	3.3
Subsequent 12 Month Return:	???	???

Source: All data sourced from Morningstar. Data period is monthly. S&P 500 is S&P 500 TR Index. MSCI EM is MSCI EM GR in USD Index. MSCI EAFE is MSCI EAFE GR in USD Index. Forward PE Ratio is price/projected earnings for the index is the ratio of the index's most recent month-end price to the index's estimated earnings per share (EPS) for the current fiscal year. Current Forward P/E Differential as of July 31, 2018. MSCI EM Forward PE Ratio Data is from August 2004 through July, 2017. Return Data is from August, 2004 through July, 2018. MSCI EAFE Forward PE Ratio Data is from December, 2002 through July, 2017. Return Data is from December, 2002 through July, 2018. Past Performance is no guarantee of future results. Not FDIC insured, may lose value.

*MSCI EM is the MSCI Emerging Markets

**MSCI EAFE is the MSCI Europe, Australasia and Far East.

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