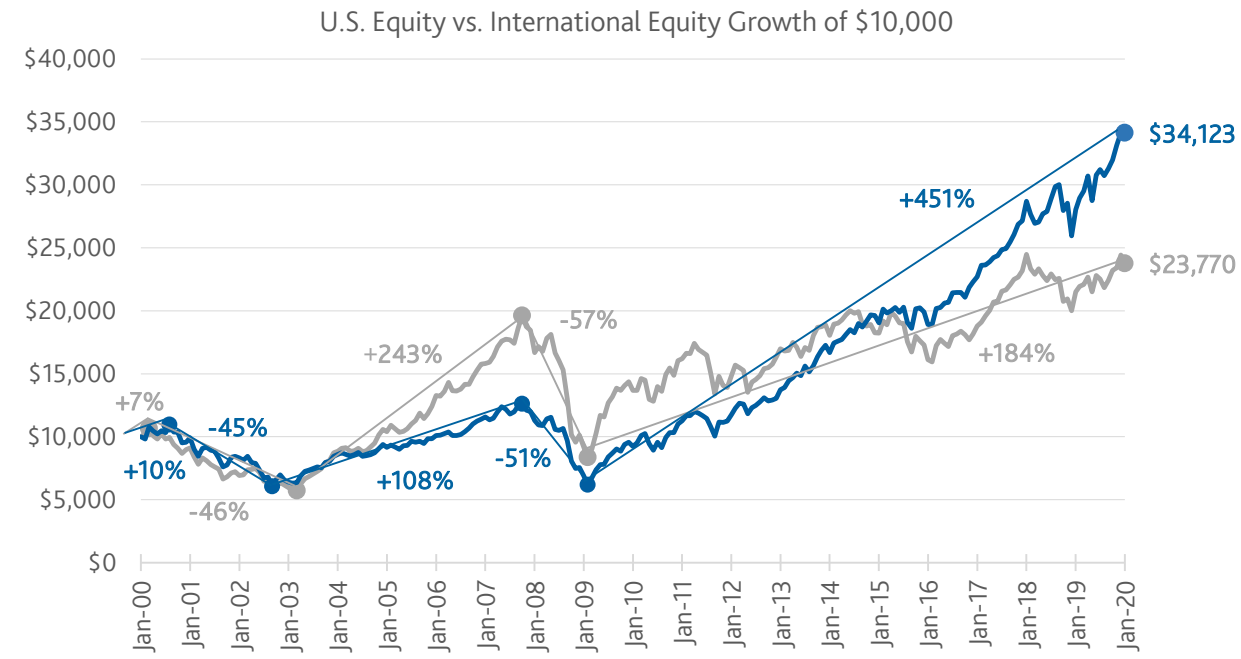
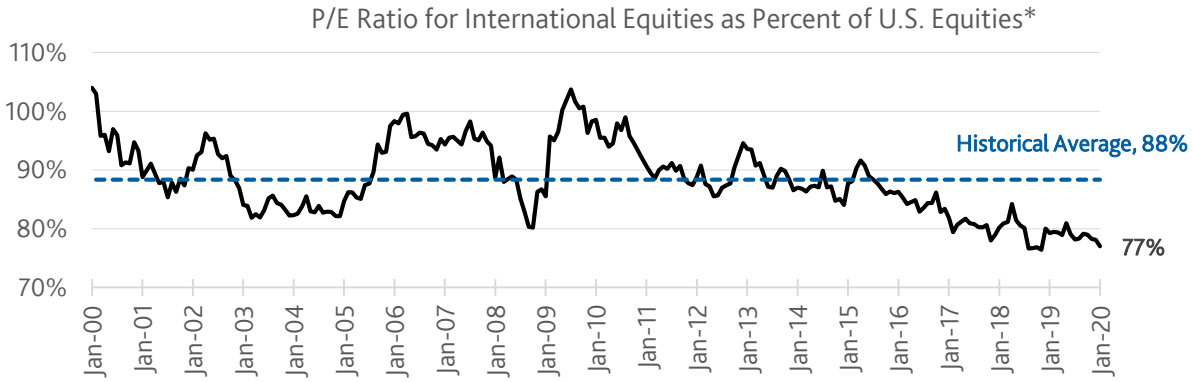
Are International Stocks Poised to Outperform?

January 31, 2020



Source: FactSet, Baron Capital.
Note: Index performance includes dividends. The performance of the MSCI ACWI ex USA Index is gross, in USD



We believe now may be an ideal time to invest in international equities.

- The performance cycle may be due for a reversal in favor of international equities and valuations are attractive
- Current P/E ratio for international equities is 77% of U.S. equities vs. its historical average of 88%
- Current P/E ratio for international equities is 13.9x vs. 18.0x for U.S. equities

	Current P/E	20-Yr Average
S&P 500 Index	18.0x	15.5x
MSCI ACWI ex USA Index	13.9x	13.7x
As % of U.S. P/E	77%	88%

Sources: FactSet Market Aggregates, Baron Capital.
*Next 12 months of MSCI ACWI ex USA Index as % of next 12 months P/E of S&P 500 Index.
Price/Earnings Ratio is a valuation ratio of a company's current share price compared to its estimated earnings per share over the next twelve months.

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Are International Stocks Poised to Outperform? *(cont'd)*

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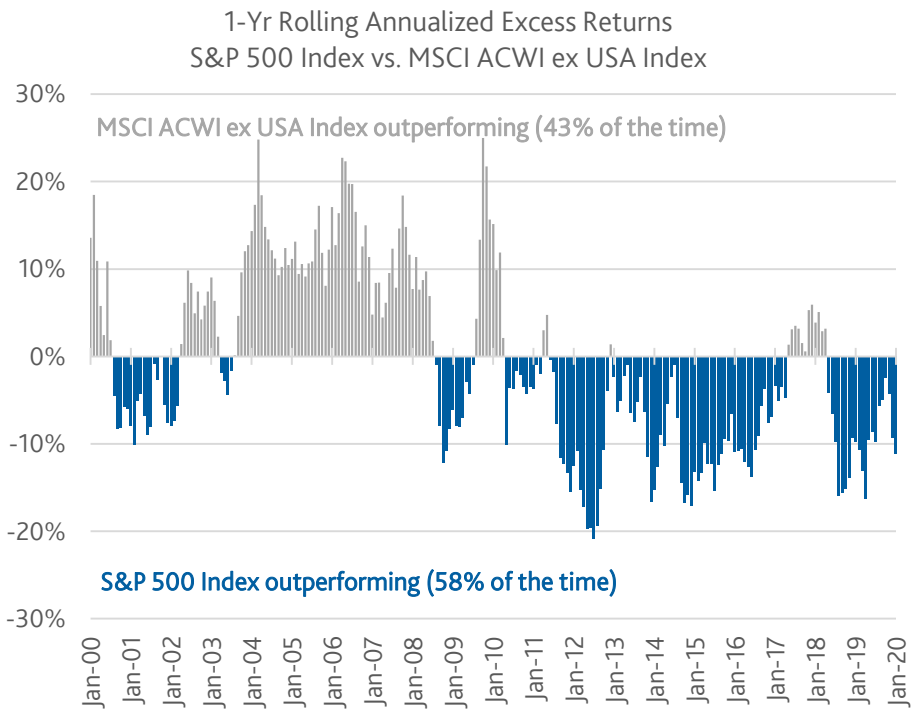
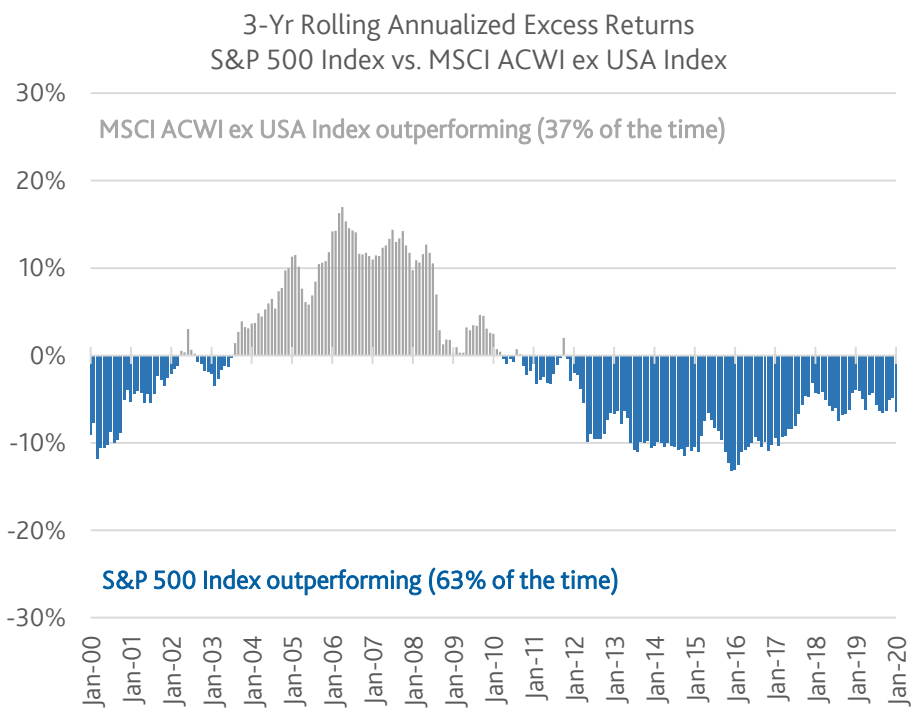
Cyclical underperformance of international stocks may be due for reversal





Sources: FactSet, Baron Capital.

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The performance data quoted represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

Risks: Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation.

MSCI ACWI ex USA Index measures the equity market performance of large- and mid-cap securities across developed and emerging markets, excluding the U.S. S&P 500 Index measures the performance of 500 widely held large-cap U.S. companies. The index performance is not fund performance; one cannot invest directly into an index.

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