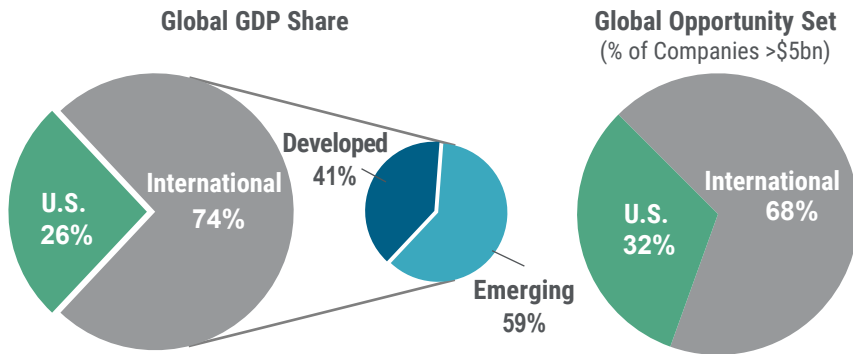


# Four Reasons to Consider Investing Internationally

**1. OPPORTUNITY SET** - The opportunity set for large-cap equities expands considerably when you consider non-U.S. companies, which have recently had higher dividend and earnings yields.

## Bigger Pond, More Fish<sup>1</sup>

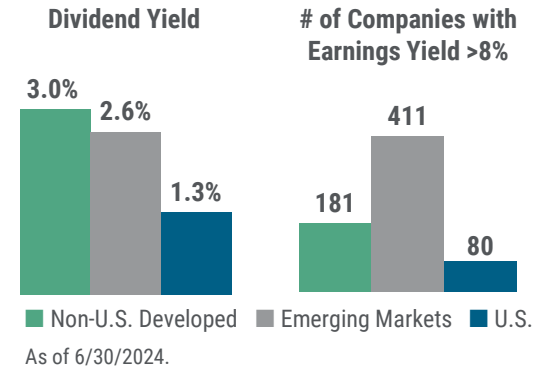
Why Limit Your Investment Universe?



As of 12/31/2023. GDP: Gross domestic product

## Finding Value Outside the United States<sup>2</sup>

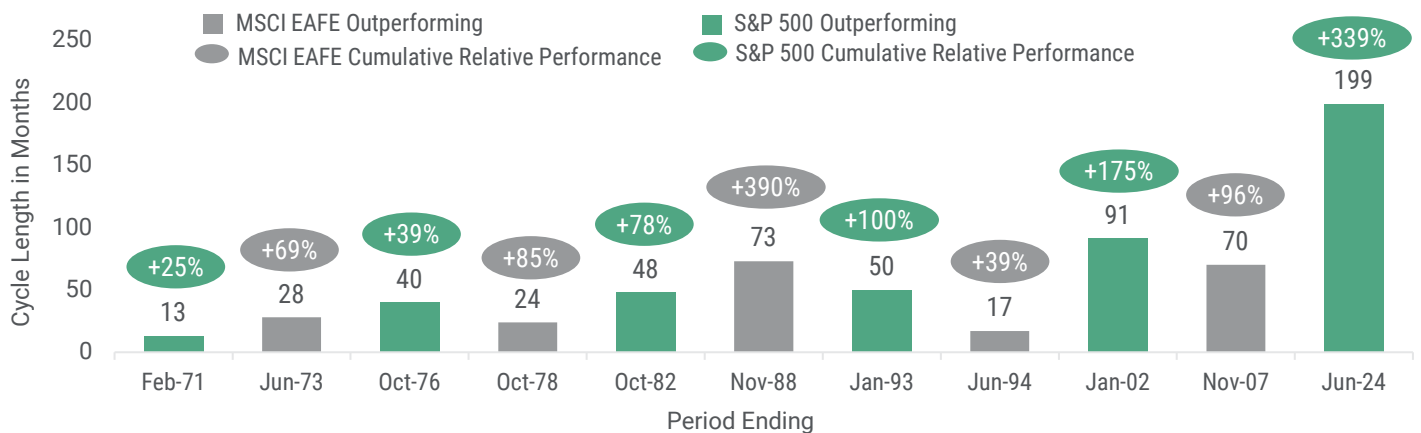
Non-U.S. Companies: Higher Dividend and Earnings Yields



**2. DIVERSIFICATION** - Despite recent history, the U.S. market has not always outperformed the rest of the world. And in recent years it has become highly concentrated, with a mere 10 stocks now accounting for one-third of S&P 500 market capitalization—a level not seen since the bear market of the mid-1970s (Ned Davis Research, as of March 20, 2024). Allocating to international equities can help provide diversification and manage portfolio volatility. Plus, were the U.S. dollar to weaken from recent levels, history indicates that could be a tailwind for international stocks.

## Performance Cycles<sup>3</sup>

U.S. vs. International Equity Performance Cycles

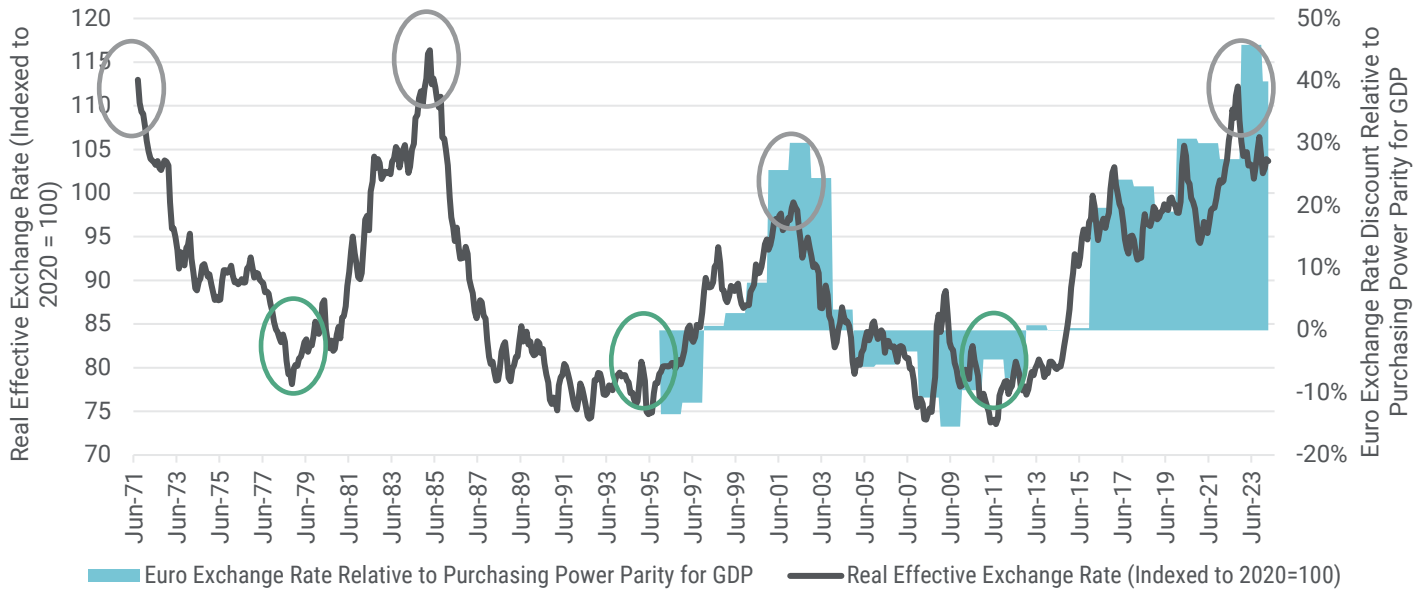


P/CF (Sector Neutral)	Oct 76	Oct 78	Oct 82	Nov 88	Jan 93	Jun 94	Jan 02	Nov 07	Jun 24
MSCI EAFE	4.9x	5.2x	4.7x	8.7x	10.3x	9.7x	9.3x	9.8x	8.7x
MSCI USA	6.7x	5.0x	5.2x	6.4x	7.4x	9.5x	12.8x	10.9x	14.4x

As of 6/30/2024. P/CF: Price/cash flow

### U.S. Dollar Strength Has Correlated With Performance<sup>4</sup>

Real Exchange Rate of USD vs Basket of 27 Currencies



Cumulative Returns from Peaks and Troughs	Aug 71 – Oct 78	Oct 78 – Mar 85	Mar 85 – Aug 92	Aug 92 – Feb 02	Feb 02 – Jul 11	Jul 11 – Oct 22
MSCI EAFE	117.9%	70.3%	241.5%	58.3%	94.6%	41.5%
MSCI USA	3.6%	132.1%	170.5%	208.5%	34.4%	247.2%
EAFE Relative to USA	<b>+114.3%</b>	<b>-61.8%</b>	<b>+71.0%</b>	<b>-150.2%</b>	<b>+60.2%</b>	<b>-205.7%</b>

As of 3/31/2024.

**3. VALUATION** - International equity valuations are near their largest-ever discounts relative to U.S. equities, even after adjusting for sector differences. Value stocks in international markets are also near their largest discounts relative to growth stocks. Historically, such discounts have preceded appealing returns for international and value stocks relative to U.S. and growth stocks.

### International vs. U.S. Equity Valuations and Returns<sup>5</sup>

Sector Neutral Valuation of MSCI EAFE vs. MSCI USA



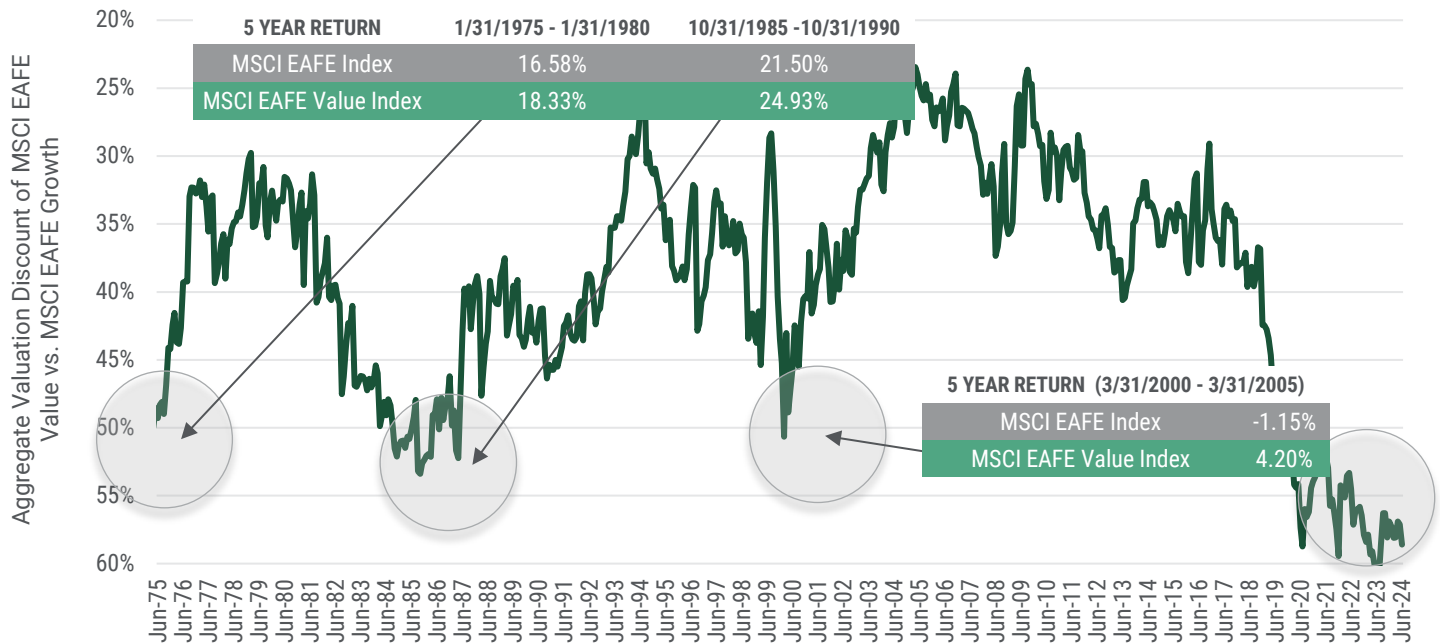
	Largest EAFE Discounts		
Cumulative Returns	Dec 74 – Dec 79	Jul 92 – Jul 95	Nov 01 – Nov 06
MSCI USA	11.7%	12.3%	5.5%
MSCI EAFE	<b>17.9%</b>	<b>16.0%</b>	<b>14.4%</b>

	Largest EAFE Premiums		
Cumulative Returns	Feb 89 – Feb 92	Apr 94 – Apr 99	Oct 09 – Oct 19
MSCI USA	<b>16.0%</b>	<b>27.2%</b>	<b>13.0%</b>
MSCI EAFE	-4.3%	8.7%	5.4%

As of 6/30/2024.

### International Value Stocks' Relative Valuation<sup>6</sup>

Valuation Relative to Growth Stocks vs. History



As of 6/30/2024.

## 4. EARNINGS GROWTH POTENTIAL - International and international value stocks offer attractive earnings growth potential, especially relative to their current valuation levels. Brandes International Equity offers what we consider even more attractive fundamentals than the international value index.

### Brandes International Equity<sup>7</sup>

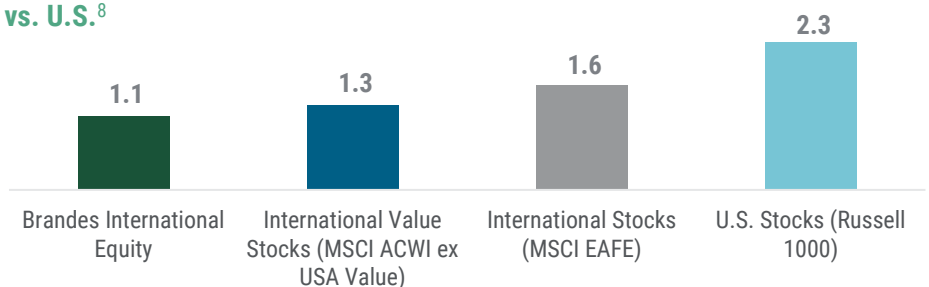
Portfolio Characteristics

	Brandes International Equity	MSCI EAFE	MSCI ACWI ex USA Value	Russell 1000
Forward Price/Earnings	10.6x	14.4x	10.3x	22.3x
Price/Cash Flow	5.6x	9.9x	6.7x	17.7x
Price/Book	1.2x	1.9x	1.3x	4.7x
Dividend Yield	3.9%	3.0%	4.2%	1.3%
Net Debt to Equity (ex Financials)	52%	40%	51%	76%
Net Debt to Earnings Before Interest, Taxes, Depreciation, and Amortization (ex Financials)	1.4x	1.3x	1.7x	1.0x
1 Year Forward Earnings Growth	11.9%	10.8%	10.2%	12.5%
Consensus 3-5 Yr Earnings Per Share Growth	9.4%	9.0%	8.0%	9.9%

### Price/Earnings to Growth Ratio International vs. U.S.<sup>8</sup>

Forward Price/Earnings Divided by Long-term Consensus Earnings Per Share Growth

As of 6/30/2024.



For term definitions: <https://www.brandes.com/termdefinitions>.

<sup>1</sup> Source: UN, IMF Factbook (Global GDP Share), CapitalIQ (Global Opportunity Set); as of 12/31/2023. GDP: Gross domestic product.

<sup>2</sup> Source: Brandes, FactSet; as of 6/30/2024. Non-U.S. Developed represented by MSCI EAFE; Emerging Markets represented by MSCI Emerging Markets; U.S. represented by MSCI USA. The declaration and payment of shareholder dividends are solely at the discretion of the issuer and are subject to change at any time. It is not possible to invest directly in an index.

<sup>3</sup> Relative performance of MSCI EAFE vs S&P 500 measured monthly, 2/1/1970 to 6/30/2024. Price/Cash Flow (P/CF) measured between 12/31/1974, and 6/30/2024, on the last day of the month in which the cycle ended. Source: FactSet, MSCI. Cycles are based on sustained outperformance on a cumulative basis over periods of at least 12 months. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. Includes back-tested index performance provided by the index provider (i.e., calculations of how the index might have performed over that time period had the index existed). There may be material differences between back-tested performance and actual results. MSCI EAFE net return vs S&P 500 total return.

<sup>4</sup> Source: Source: MSCI via FactSet, OECD and BIS; 8/31/1971 to 6/30/2024. Real Exchange Rate based on BIS (Bank for International Settlements) narrow indices which cover 27 economies for the relative value of the U.S. dollar. Upward slope represents a strengthening dollar relative to foreign currencies. Includes back-tested index performance provided by the index provider (i.e., calculations of how the index might have performed over that time period had the index existed). There may be material differences between back-tested performance and actual results. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

<sup>5</sup> Source: MSCI via FactSet; 12/31/1974 to 6/30/2024. 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 the MSCI EAFE index relative to MSCI USA.

<sup>6</sup> Source: MSCI via FactSet; 12/31/1974 to 6/30/2024. All returns annualized. Past performance is not a guarantee of future results. For each fundamental ratio (Price/Book, Price/Earnings, Price/Cash Flow, Forward Price/Earnings, Enterprise Value/Sales, Enterprise Value/Earnings Before Interest, Taxes, Depreciation, and Amortization), we calculate the average ratio of the MSCI EAFE Value Index and divide it by the average ratio of the MSCI EAFE Growth Index to determine the relative valuation. Aggregate valuation discounted based upon the average of each individual metric's valuation discount of the value index relative to growth. Please note that all indices are unmanaged and are not available for direct investment. Includes back-tested index performance provided by the index provider (i.e., calculations of how the index might have performed over that time period had the index existed). There may be material differences between back-tested performance and actual results. The examples are for illustrative purposes only. They do not represent the performance of any specific investments. Actual results will vary.

<sup>7</sup> Source: Brandes, MSCI, FactSet; as of 6/30/2024. Consensus 3-5 Yr EPS Growth based on long term company growth estimates aggregated from Factset. The portfolio characteristics shown relate to a single account deemed by Brandes to be generally representative of the strategy as of date noted. Not every account will have these exact characteristics. The actual characteristics with respect to any particular account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Data is updated on a quarterly basis. Price/Book, Forward Price/Earnings, Price/Cash Flow and Dividend Yield for each security provided by Bloomberg, L.P. Please note that Bloomberg does not provide negative numbers in the data feed. Index fundamentals are calculated from holdings data as provided by the relevant index or by FactSet Fundamentals, excluding negative numbers for consistency. Thus, index fundamentals calculated by Brandes may differ from those computed and published by index providers. The declaration and payment of shareholder dividends are solely at the discretion of the issuer and are subject to change at any time. One cannot invest directly in an index.

<sup>8</sup> Source: Brandes, MSCI, FactSet; as of 6/30/2024. Consensus 3-5 Yr EPS Growth based on long term company growth estimates aggregated from Factset. The portfolio characteristics shown relate to a single account deemed by Brandes to be generally representative of the strategy as of date noted. Not every account will have these exact characteristics. The actual characteristics with respect to any particular account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Data is updated on a quarterly basis. Index fundamentals are calculated from holdings data as provided by the relevant index or by FactSet Fundamentals, excluding negative numbers for consistency. Thus, index fundamentals calculated by Brandes may differ from those computed and published by index providers. One cannot invest directly in an index.

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analysis metric used to compare economic productivity and standards of living between countries.

**The MSCI ACWI ex USA Value Index** captures large and mid cap securities across developed and emerging market countries (excluding the United States), exhibiting value style characteristics defined using book value to price, 12-month forward earnings to price, and dividend yield. **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 EAFE Value Index** with net dividends captures large and mid cap securities across developed market countries, excluding the United States and Canada, exhibiting value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield. **The MSCI Emerging Markets Index** captures large and mid cap representation of emerging market countries. **The MSCI USA Index** is designed to measure performance of the large and mid cap segments of the U.S. market. **The S&P 500 Index** measures equity performance of 500 of the top companies in leading industries of the U.S. economy. **The Russell 1000 Index** with gross dividends measures performance of the large cap segment of the U.S. equity universe.

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