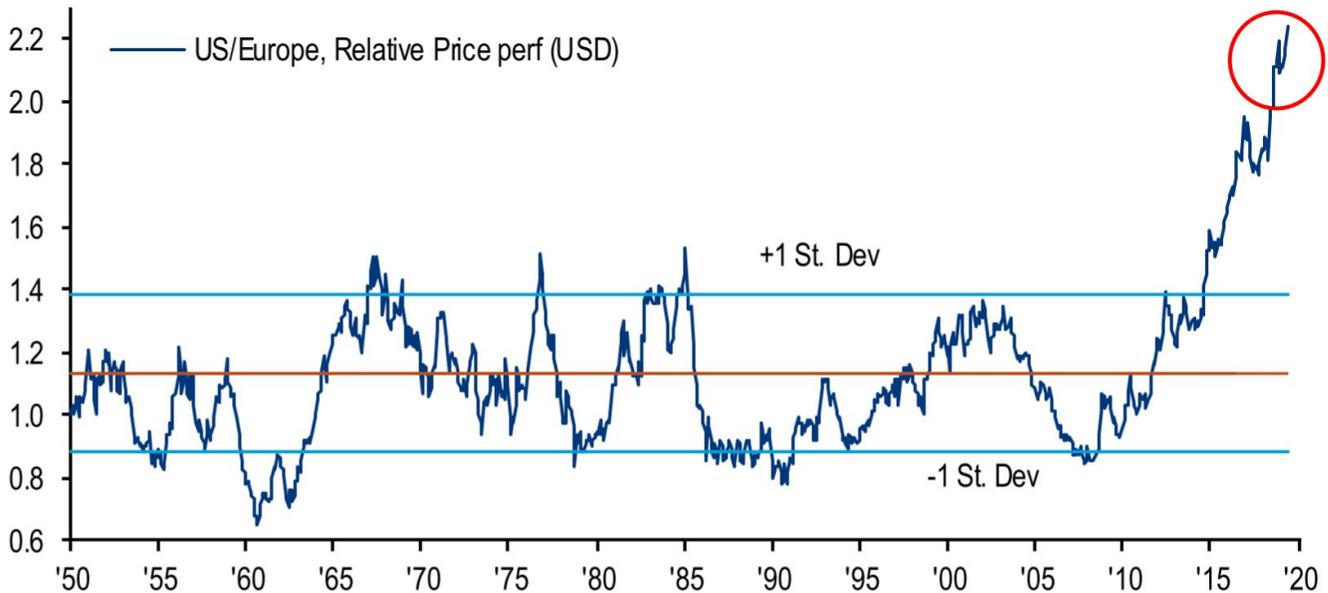


Looking for Value Across the Pond

US vs. Europe Relative Performance



Source: BofA Merrill Lynch Global Investment Strategy, Global Financial Data, John Mauldin as of June 6, 2019

- Merrill Lynch recently wrote a piece in June highlighting the incredible run over the past 10 years that the S & P 500 (+215%) has had versus the Euro Stoxx 50 (+41%).
- Since 1950 the difference in performance between the US and Europe had typically remained within 1 standard deviation. Around 2015 this disparity blew out to a 4 standard deviation event, reaching the **most extreme level seen in at least 70 years.**
- This relative underperformance has led many investors to question their allocations to European equities, while others are seeing an opportunity at these valuation levels despite compressed earnings.
- With this chart being at such an extreme that we have not witnessed before, within our International Intrinsic Value strategy our process has led us to become overweight Europe with the expectation of a likely reversion to the mean.

The indexes used in the chart are unmanaged, and not available for direct investment; they include reinvestment of dividends; they do not reflect management fees or transaction costs: **S&P 500 Index** is a widely recognized index of market activity based on the aggregate performance of a selected portfolio of publicly traded common stocks. **Euro Stoxx 50 Index**, Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of supersector leaders in the region. The index covers 50 stocks from 11 Eurozone countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

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