Renaissance Investment Management

December 2025

International Market Update

International Stocks Are Increasingly Attractive

While U.S. investors may be cheering another good year for U.S. stocks, some may have missed the superior returns from international markets thus far in 2025. We believe that the good relative returns from developed and emerging markets are a sign of strong fundamentals that are likely to continue to lead to good returns in the coming years.

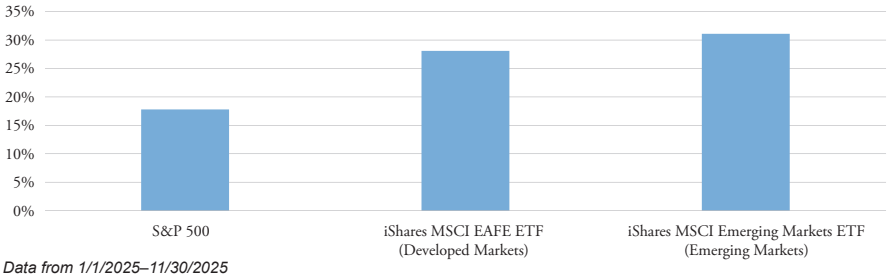
The rally in international markets came after their valuations relative to U.S. markets reached extraordinary lows late last year. Those valuations have risen slightly with this year's strong gains, but international market valuations are still exceptionally low relative to an expensive U.S. stock market.

International markets also benefited from rising earnings expectations helped by the initiation of economic stimulus programs in the eurozone and the success of shareholder reforms by many Japanese companies. Earnings growth is now expected to be similar to that of the U.S. market, even as international markets continue to trade at a steep valuation discount.

Finally, falling interest rates and rising government deficits in the U.S. have contributed to a weaker U.S. dollar for most of this year. A falling dollar is generally favorable for a U.S. investor holding international investments, and the current U.S. administration has clearly stated its desire for a weaker dollar going forward.

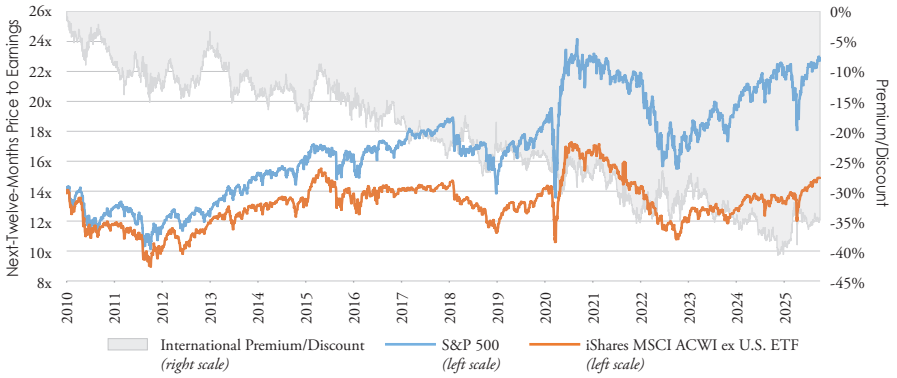
Taken together, these conditions present an attractive long-term investment scenario for international markets. We believe that international stocks present attractive diversification opportunities for U.S. investors that are exposed to a relatively expensive U.S. market but remain concerned about domestic economic uncertainty. At the same time, many international stocks present very attractive investment return potential on their own, given their low valuations and improving fundamentals.

2025 PERFORMANCE THROUGH NOVEMBER 30



Data from 1/1/2025–11/30/2025
Sources: Bloomberg, BlackRock, S&P Dow Jones

INTERNATIONAL EQUITIES ATTRACTIVELY VALUED



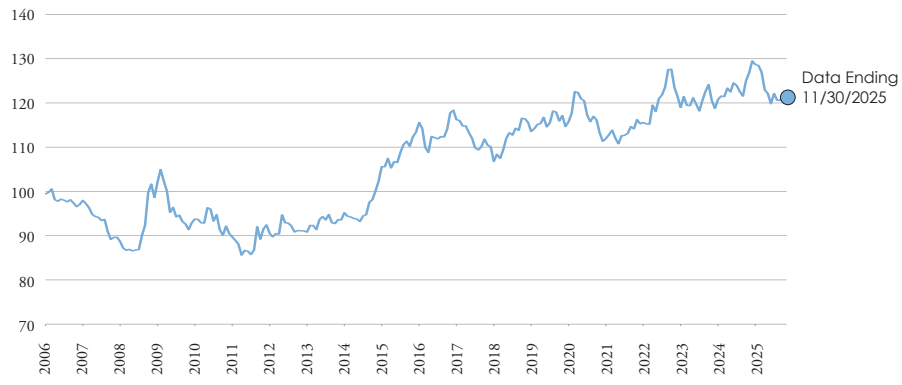
Data from 12/31/2009–9/30/2025
Sources: FactSet, Renaissance Research

EXPECTED EPS GROWTH

	2025	2026
S&P 500	12%	14%
iShares MSCI ACWI ex US ETF	12%	13%

Data as of 11/30/2025
Sources: FactSet, BlackRock, S&P Dow Jones

NOMINAL BROAD U.S. DOLLAR INDEX



Data from 1/1/2006–11/30/2025, 1/1/2006 = 100, monthly, not seasonally adjusted.
Source: Federal Reserve Bank of St. Louis

International Market Update

DISCLOSURES

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PERFORMANCE

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REFERENCED ETFs

iShares MSCI ACWI ex US ETF—The iShares MSCI ACWI ex U.S. ETF seeks to track the investment results of an index composed of large- and mid-capitalization non-U.S. equities. iShares ETF names are registered trademarks of Blackrock, Inc.

iShares MSCI EAFE ETF— The iShares MSCI EAFE ETF seeks to track the investment results of an index composed of large- and mid-capitalization developed market equities, excluding the U.S. and Canada.

iShares MSCI Emerging Markets ETF— The iShares MSCI Emerging Markets ETF seeks to track the investment results of an index composed of large- and mid-capitalization emerging market equities.

REFERENCED INDICES

(Indices are unmanaged and are not available for direct investment.)

Nominal Broad U.S. Dollar Index—The U.S. Dollar Index is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners. Nominal dollars are the actual, unadjusted monetary value of money at a specific point in time, without accounting for inflation.

S&P 500 Index—The S&P 500 Stock Index is a market capitalization weighted index and consists of 500 stocks chosen for market size, liquidity and industry group representation.

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