

THE BOSTON COMPANY

ASSET MANAGEMENT, LLC

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A Presentation to the
Pennsylvania Association of Public Employee Retirement Systems
Perspectives on International Investing

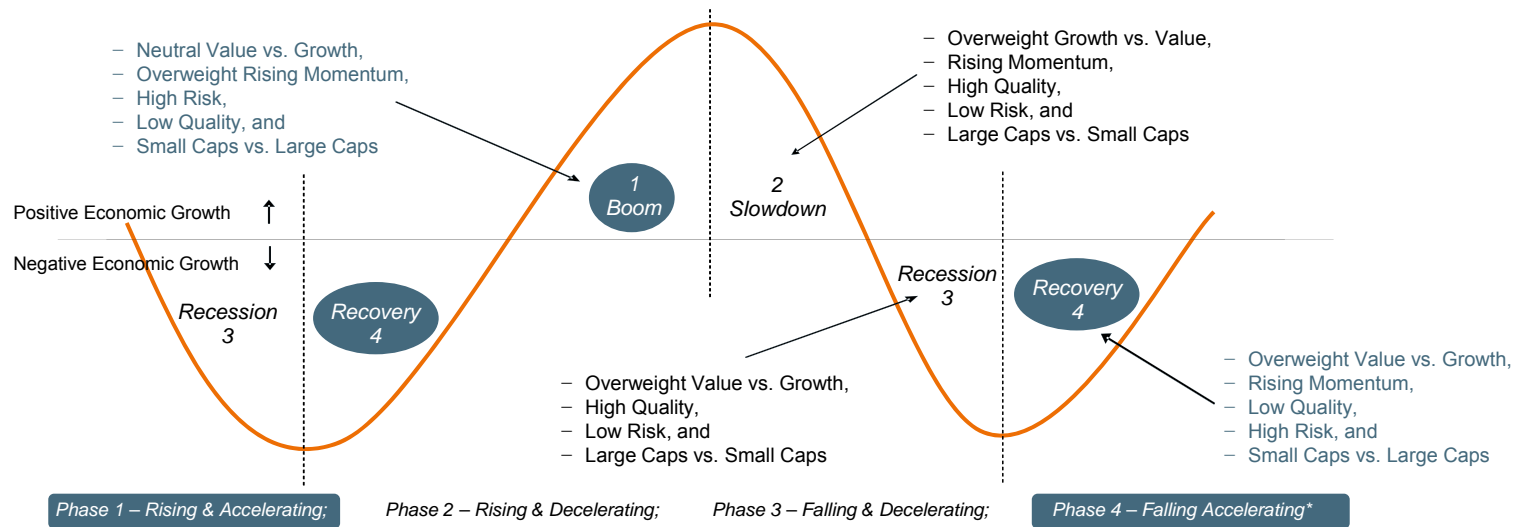
William J. Adams, Senior Portfolio Strategist

May 2016

One-on-One Use Only

Non-US Developed Markets: Early to Mid Cycle Conditions

Emerging Markets: Early Cycle Conditions

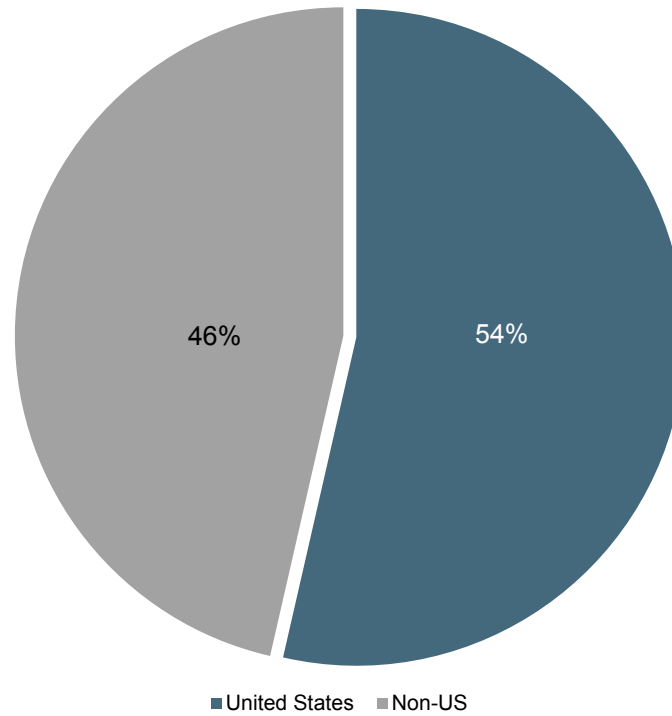


*Economic Cycle based on the ML Composite Macro Indicator. Source: BofA Merrill Lynch; Deutsche Bank, Haver, Datastream. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [18006]

Non-US Markets Play A Crucial Role In Asset Allocation

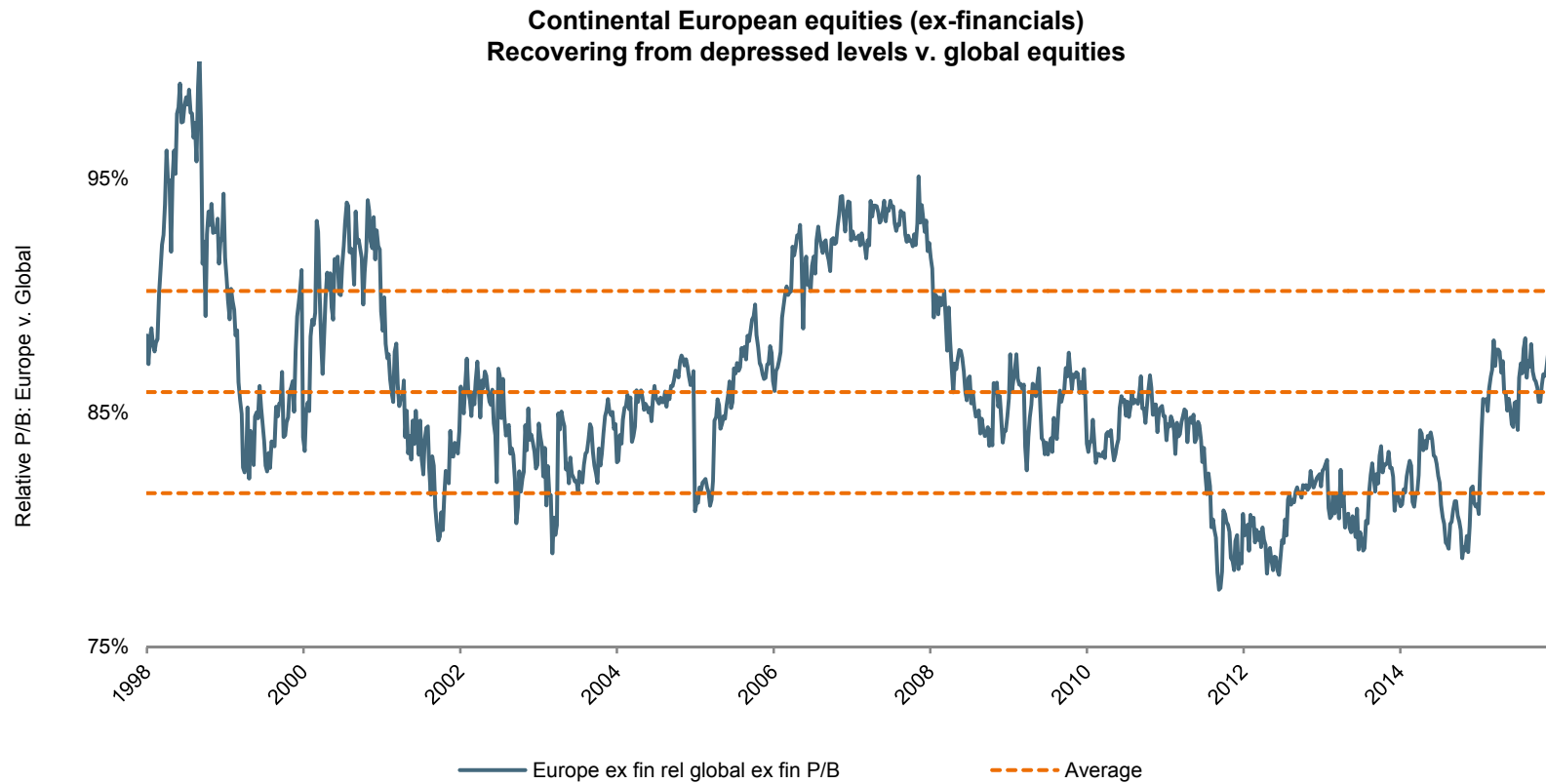
As of February 29, 2016

Global Equity Market Capitalization



Source: FactSet, MSCI. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [17628]

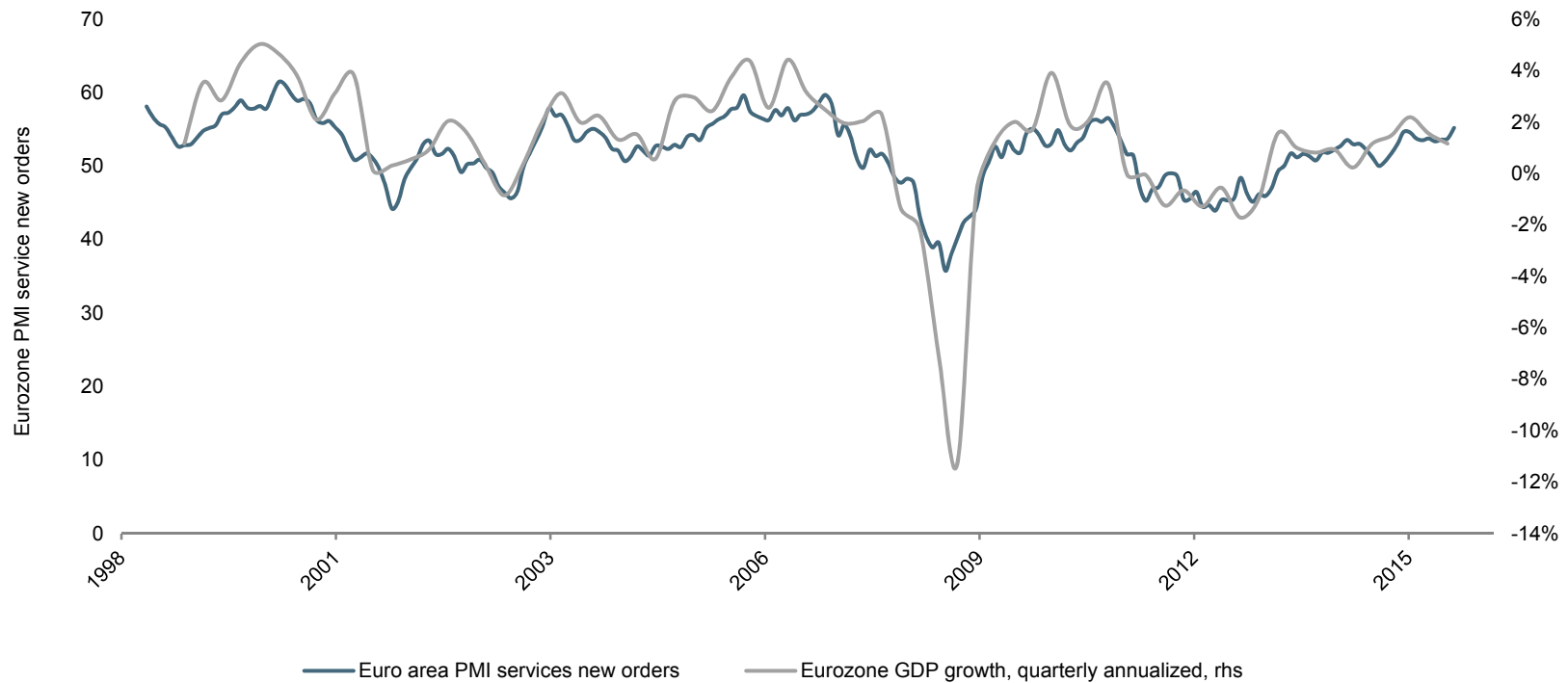
Continental Europe: Compelling Valuations



Source: Thomson Reuters, Credit Suisse Research, as of 12/21/15. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [18006]

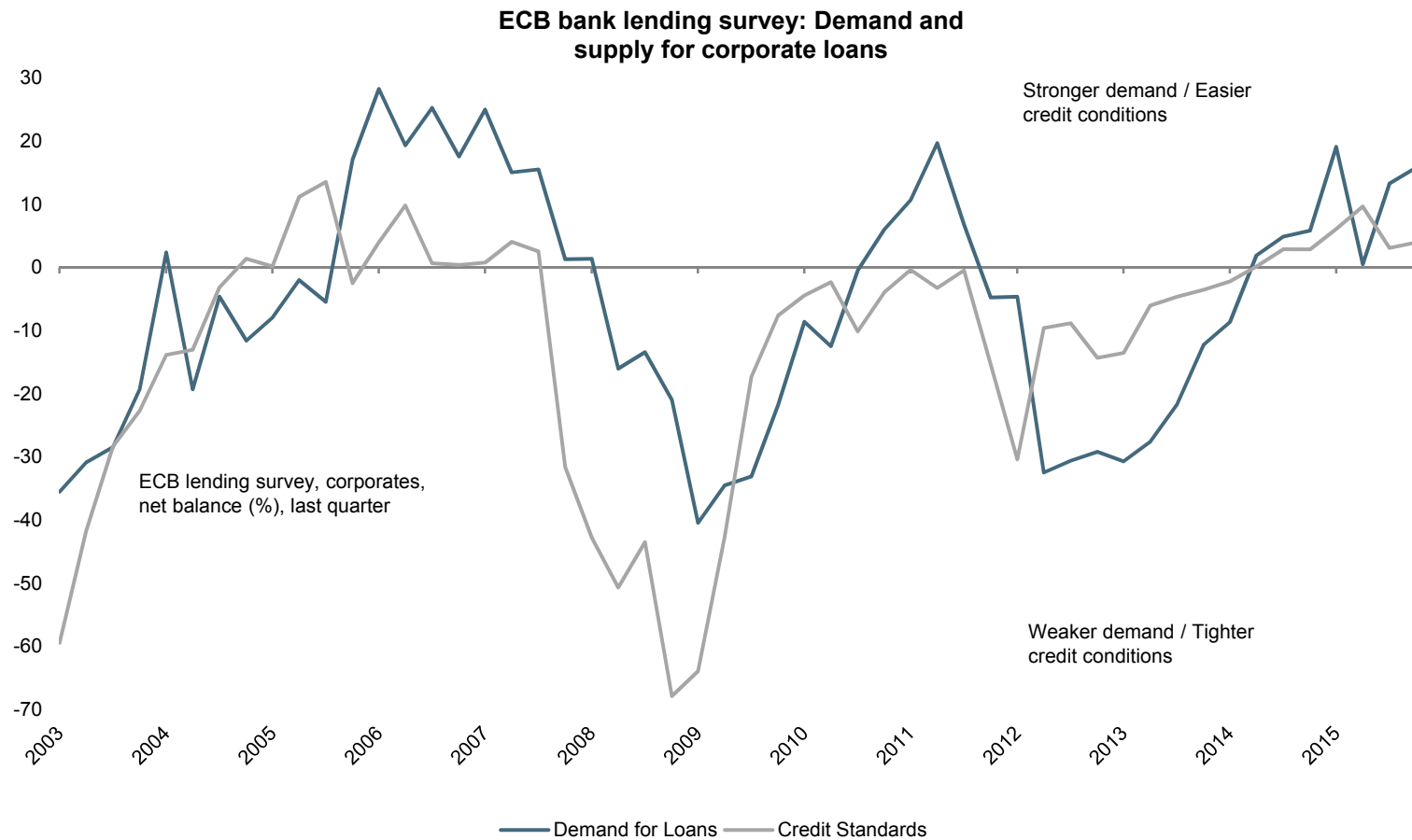
Continental Europe: Improving Domestic GDP Trends

Underlying trends in Eurozone GDP still improving



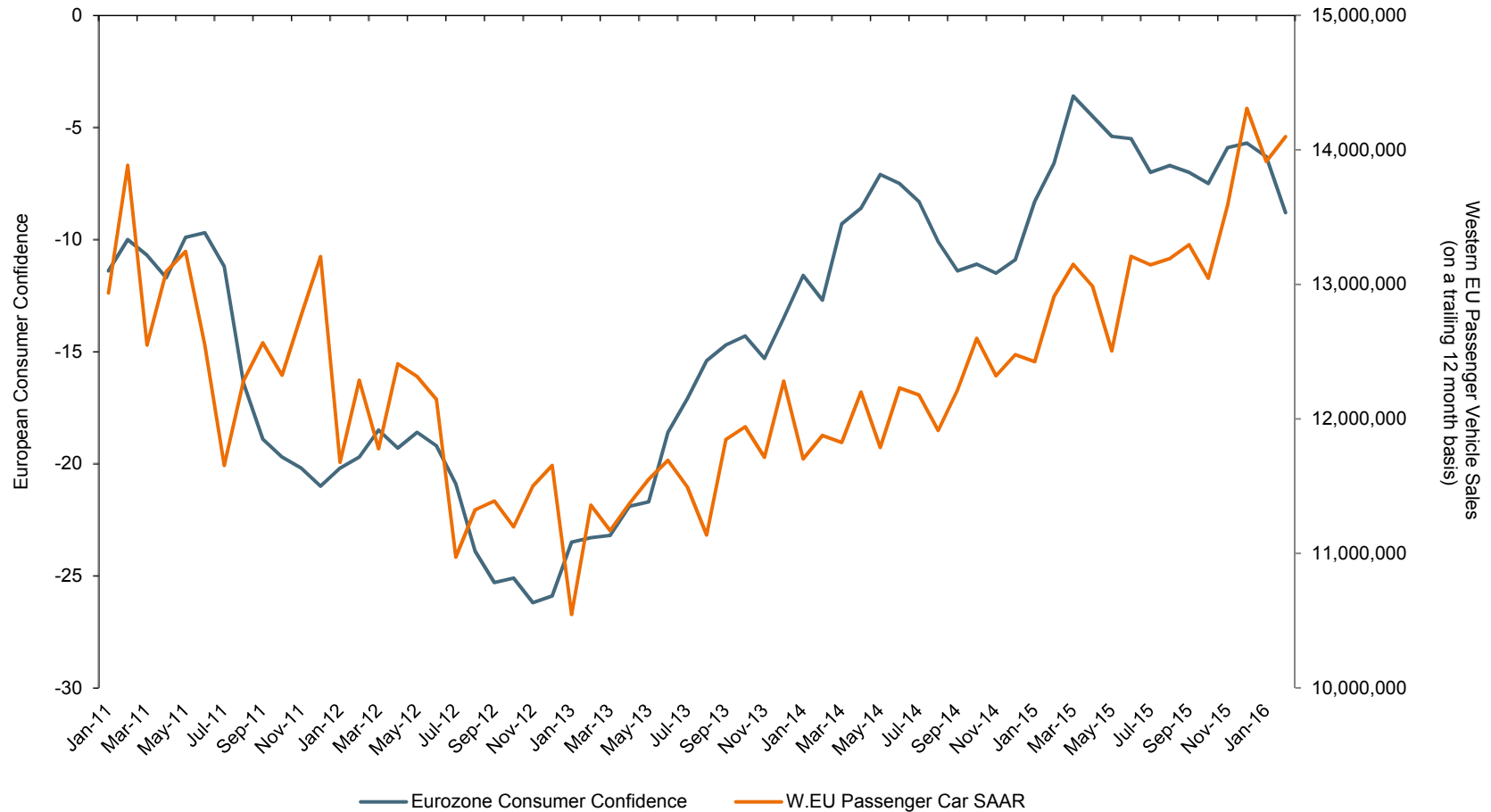
Source: Thomson Reuters, Credit Suisse Research. PMI, as of 11/1/15, GDP as of 9/30/15. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [18006]

Continental Europe: Easing Credit Standards And Rising Credit Demand



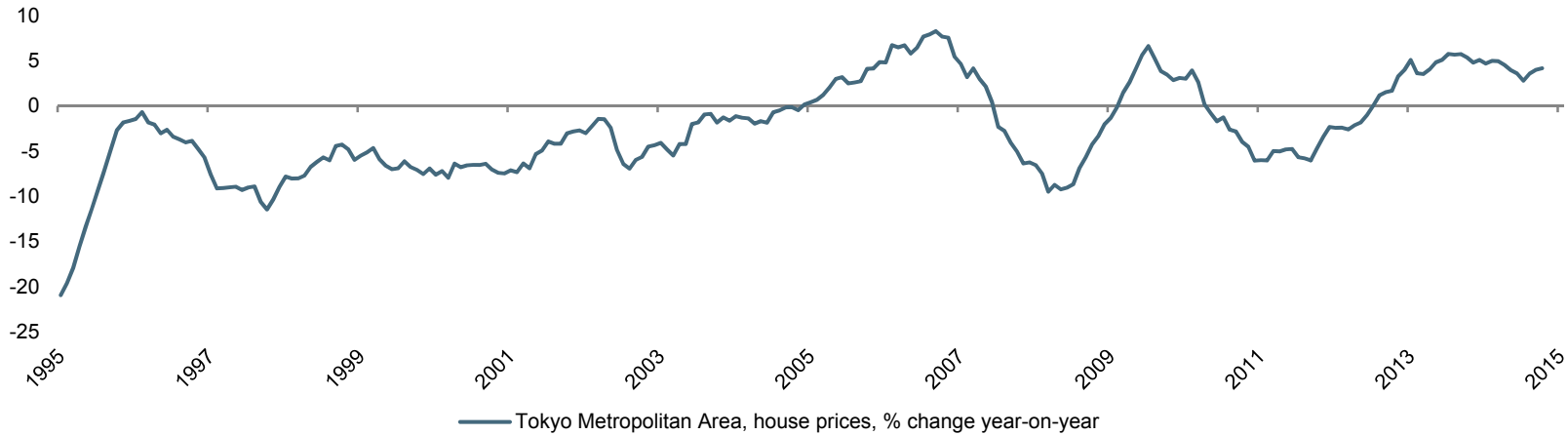
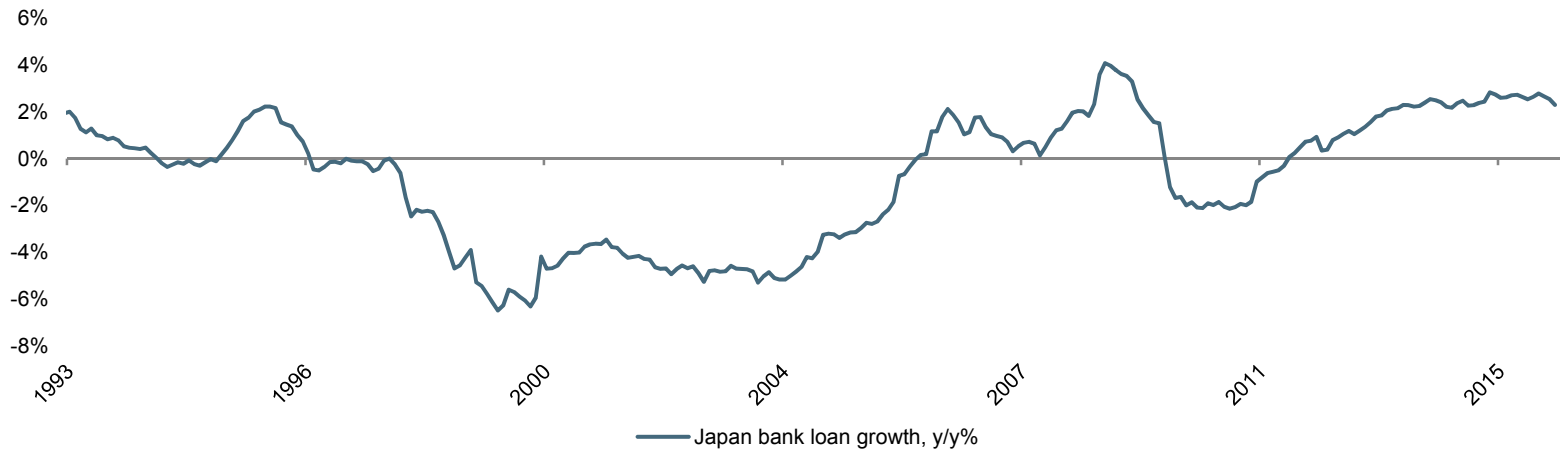
Source: ECB, Credit Suisse European Economics Team, as of 12/22/15, change over past 3 months. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [18006]

Europe: Auto Demand Recovers with Improving Consumer Confidence



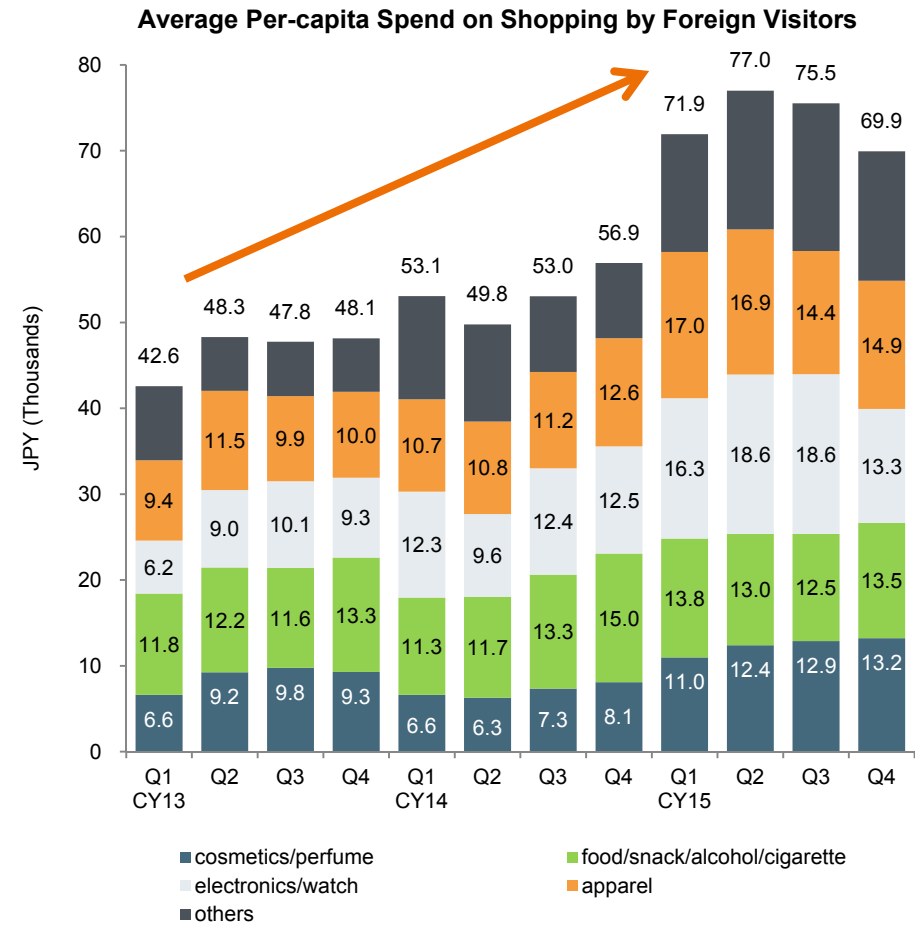
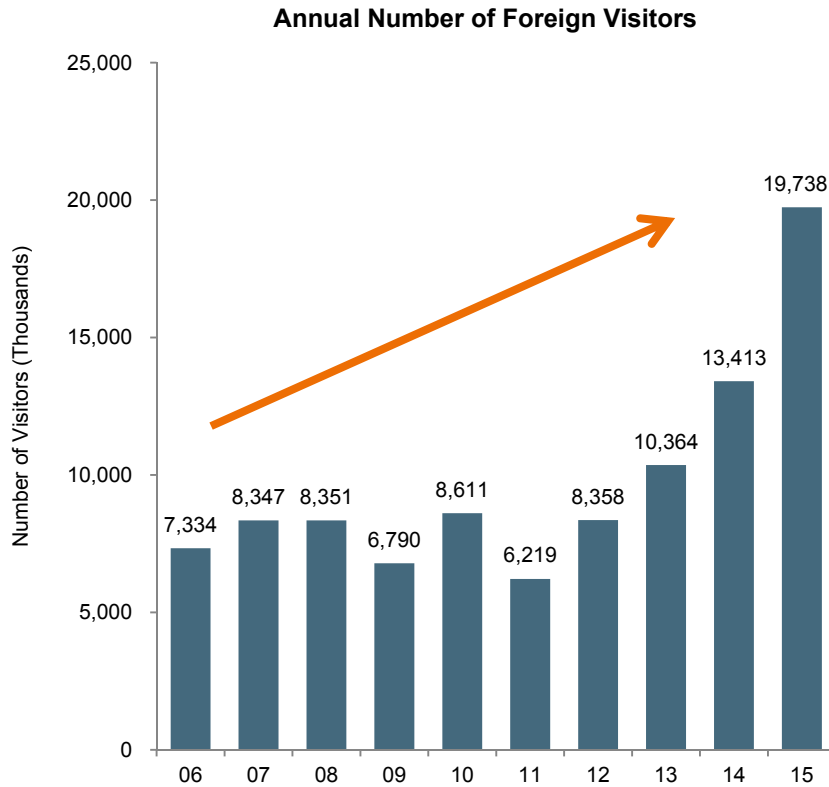
Source: JD Power, Bloomberg, BofA Merrill Lynch Global Research, 1/1/11 – 2/29/16. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [17659]

Japan: Improving Loan Growth & Property Market Trends



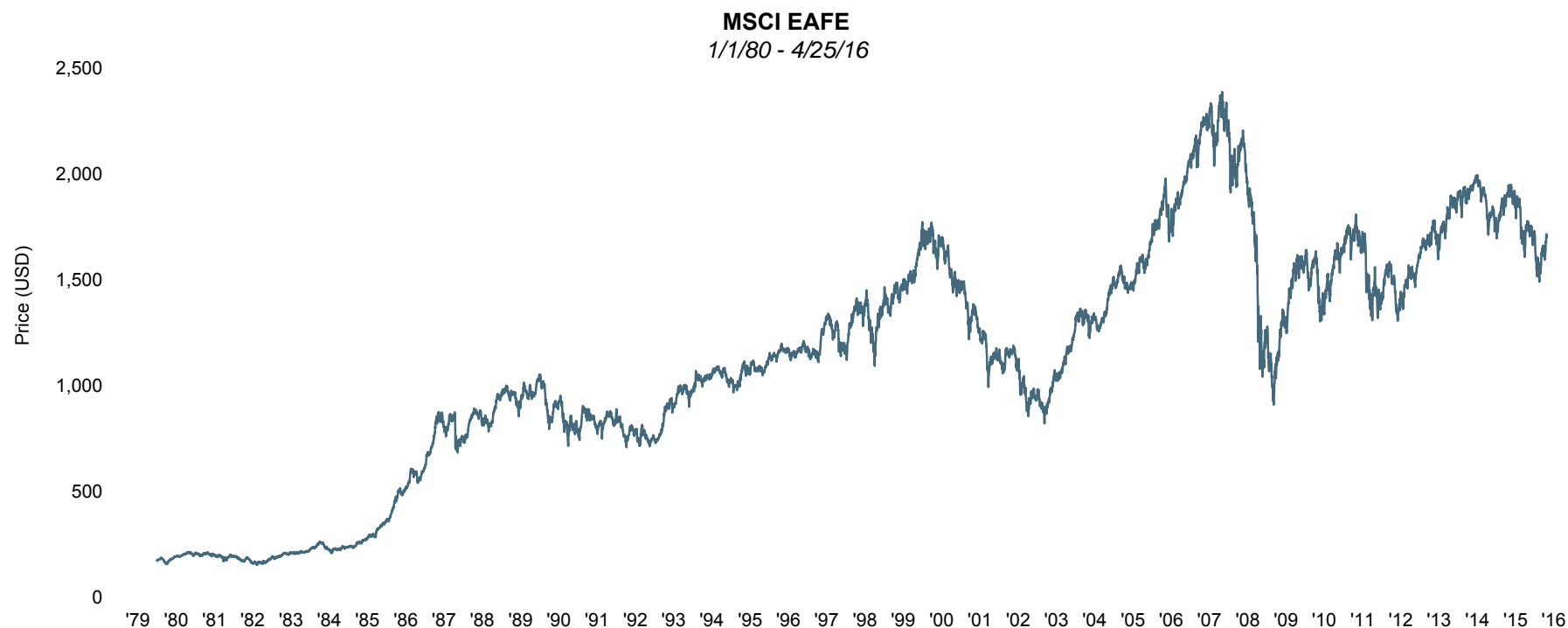
Source: Credit Suisse, Datastream; Top - as of 11/15/15, Bottom - as of 9/15/15. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [16103]

Japan: Trends in Foreign Visitors



Source: Credit Suisse, JNTO, JTA, March 2016. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [18006]

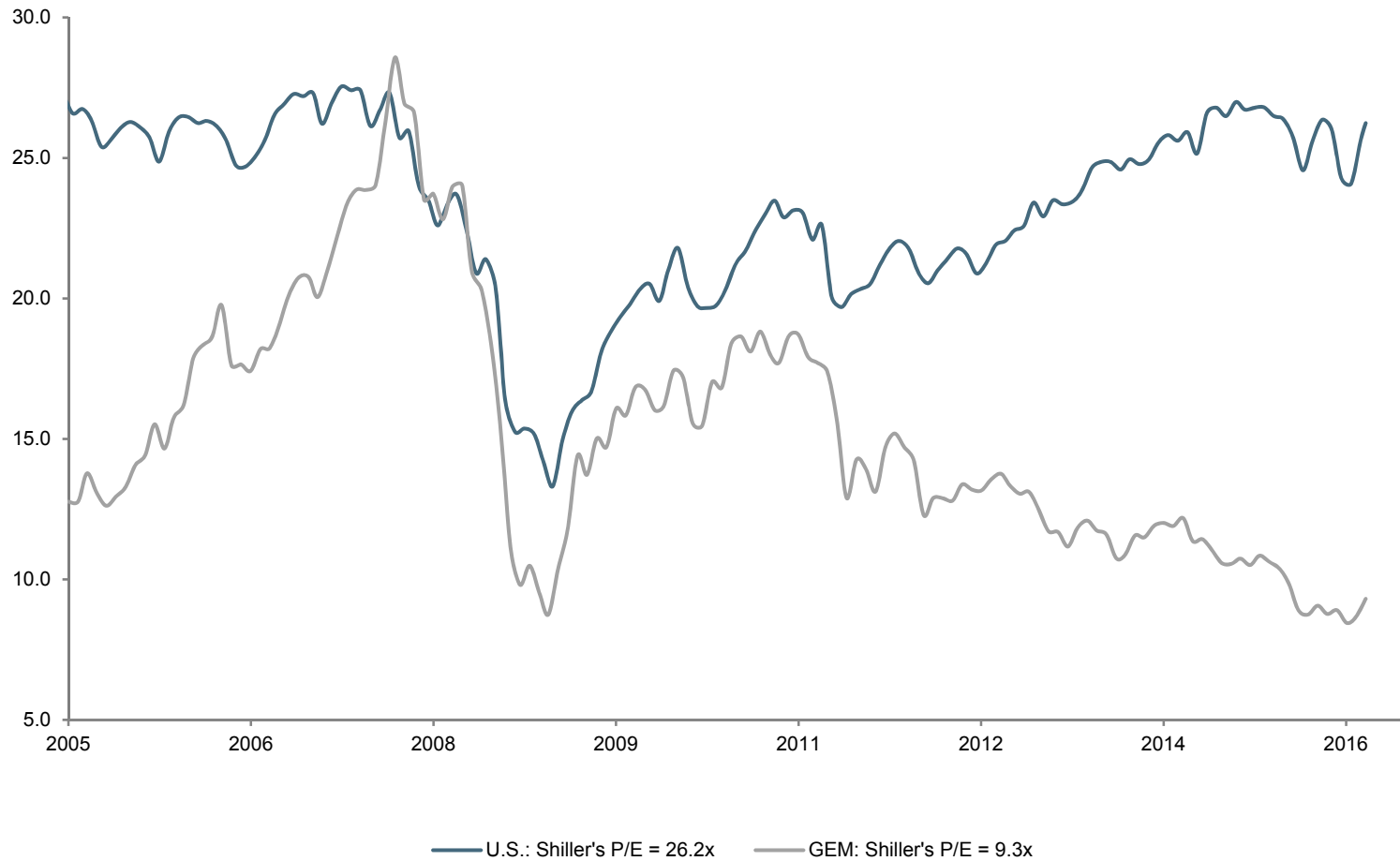
Non-US Developed Markets – Still Trading Nearly 30% Below 2007 Peak



as of 4/18/16	Forward P/E	ROE	FY1E % EPS growth
MSCI Europe	15.0	9.2	5%
MSCI Japan	12.9	8.3	12%
MSCI USA	17.3	13.2	6%

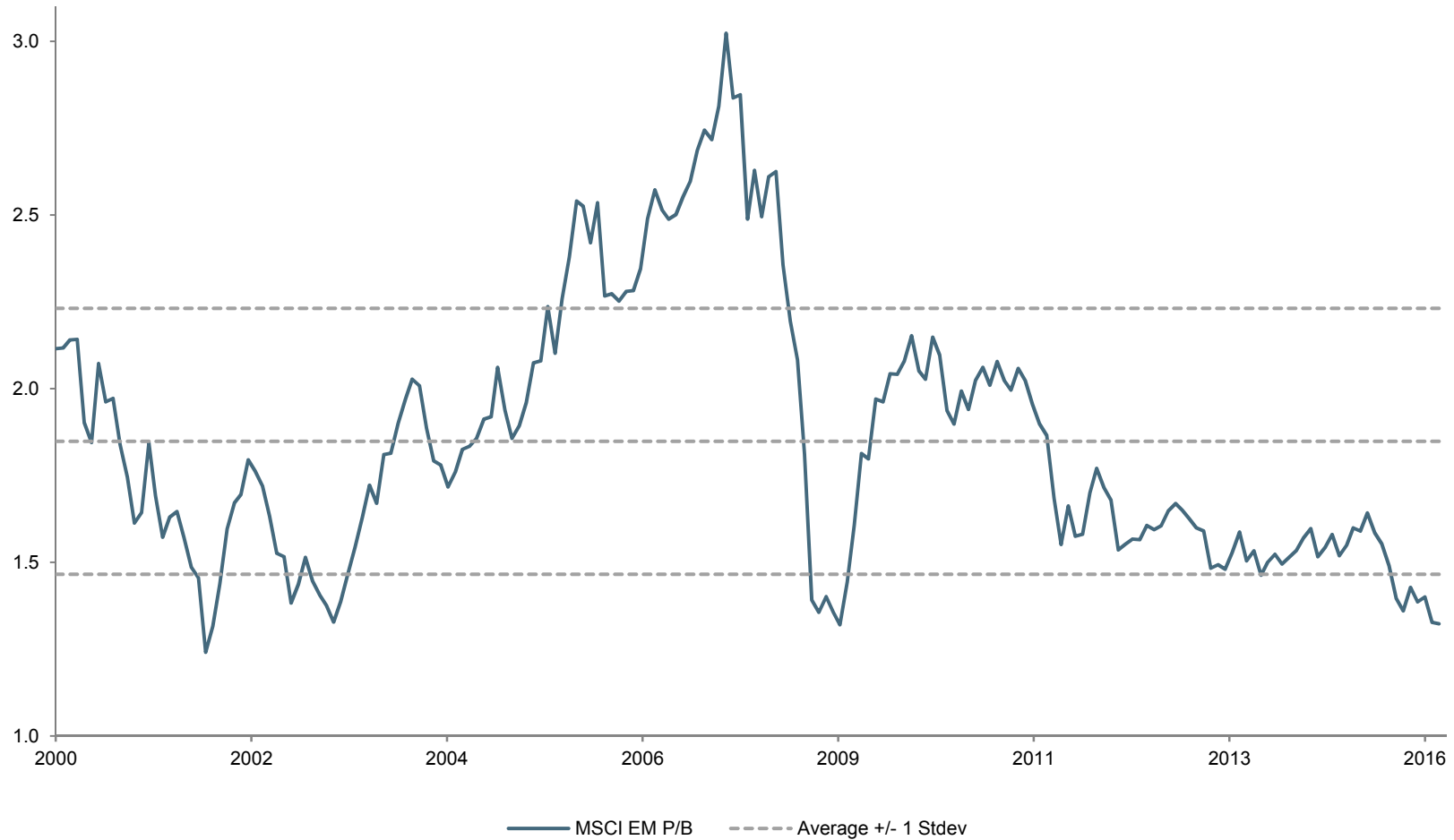
Source: FactSet, MSCI, Bloomberg. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [18006]

Emerging Markets Valuation Opportunity: Cheap on Normalized P/E vs U.S.



Source: Credit Suisse Research, Thomson Reuters, April 2016. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [17962]

Emerging Markets Valuation Opportunity: Approaching GFC Lows on P/B

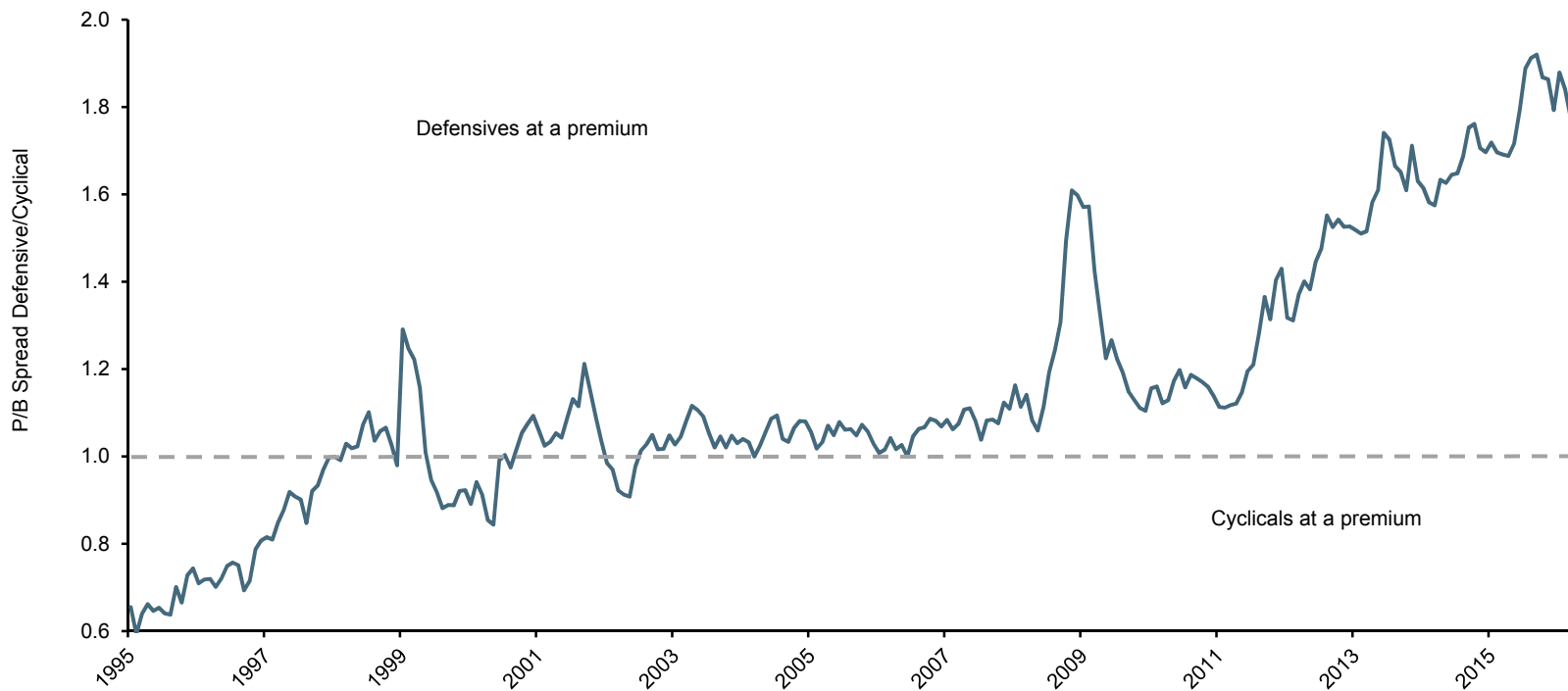


Source: Credit Suisse Research, Thomson Reuters, March 2016. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [17962]

MSCI EM Index: Price/Book Value - Defensive vs. Cyclical Industries

January 1995 – March 2016

Comparable to Value vs. Growth, Positioned for Rotation

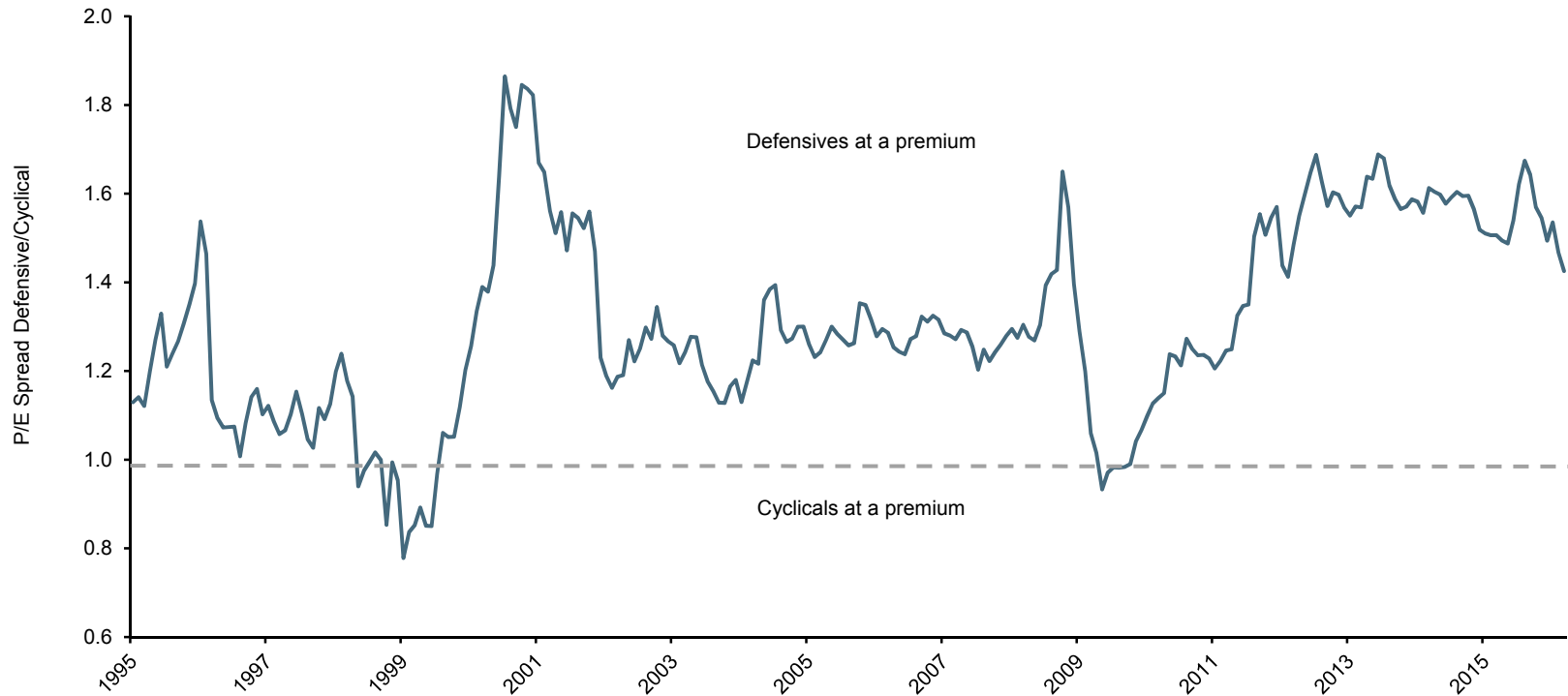


Source: UBS, MSCI, IBES. Note: Defensive sectors include Health Care, Telecommunication Services, Consumer Staples, Utilities. Cyclical sectors include Energy, Information Technology, Consumer Discretionary, Materials, Industrials, Financials. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [18006]

MSCI EM Index: Price/Earnings - Defensive vs. Cyclical Industries

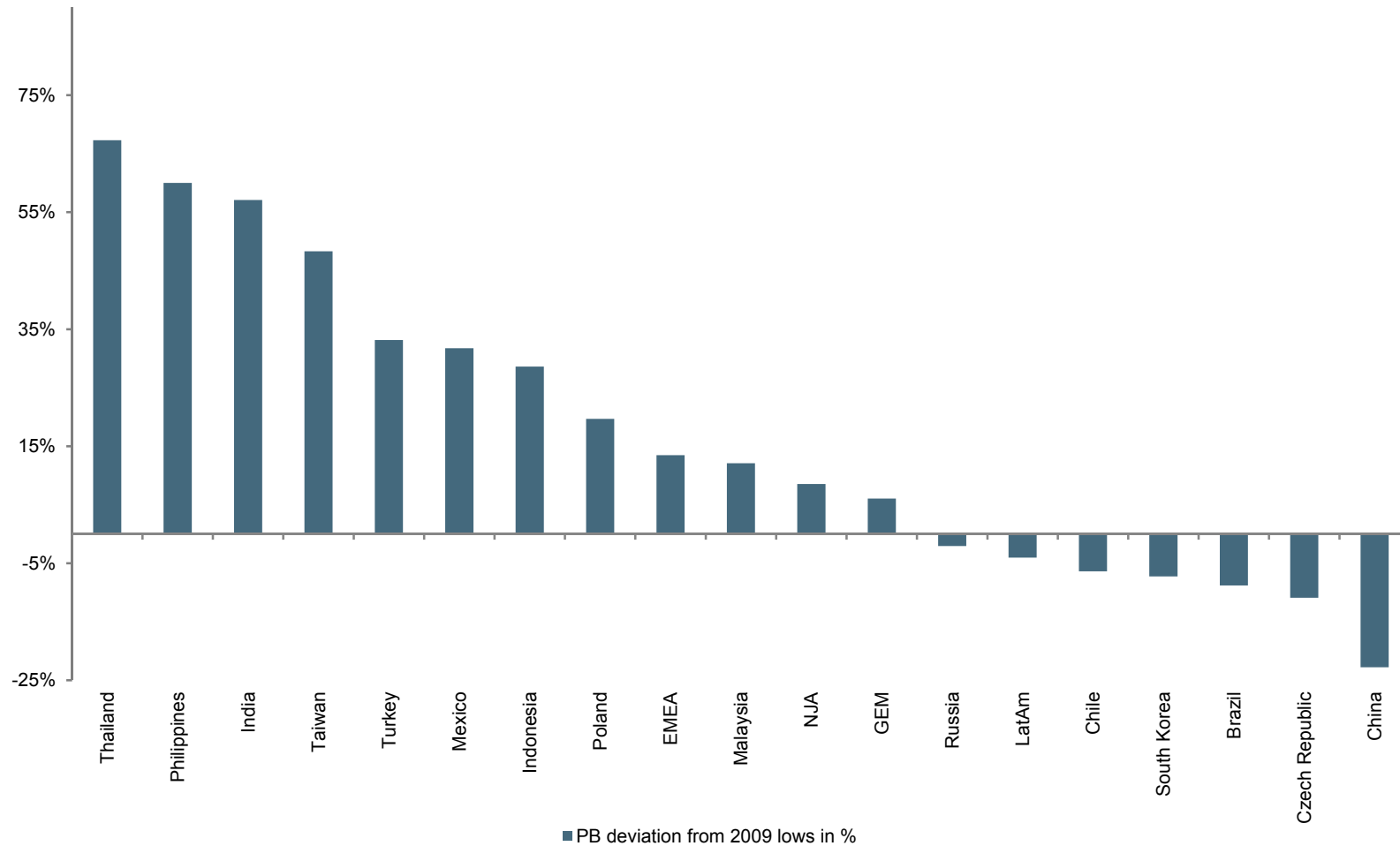
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Comparable to Value vs. Growth, Positioned for Rotation



Source: UBS, MSCI, IBES. Note: Defensive sectors include Health Care, Telecommunication Services, Consumer Staples, Utilities. Cyclical sectors include Energy, Information Technology, Consumer Discretionary, Materials, Industrials, Financials. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [18006]

Emerging Markets Valuation Opportunity by Country



Source: Credit Suisse Research, Thomson Reuters, March 2016. Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by TBCAM. TBCAM makes no representations as to the accuracy or the completeness of such information. [17962]

Non-US Developed & Emerging Markets Outlook

- ECB/BoJ remains supportive – ZIRP & NIRP + expanding QE programs
- Lead indicators still positive in Europe – credit expansion, BLS improvement
- Japan property market and select consumption trends improving
- Domestic European plays more attractive – less China/commodity cycle exposure
- Cheap oil – positive for consumption
- Margins and earnings remain low and depressed
- EAFE Valuations even more compelling after correction – EPS recovery story intact
- Emerging Markets valuations historically low and relatively low versus global equities
- No hard landing in China; near term cyclical improvement
- Bottoming out of EM currencies and commodities a positive signpost for early recovery

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No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.