

# MSCI EAFE

The MSCI EAFE Index is a widely recognized international equities index of large companies across developed countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The MSCI EAFE Index includes equities across a range of industries and regions, providing broad opportunities for growth.

Equities from the United Kingdom, Japan, France and Germany account for more than 60% of the Index. Individual companies represented include Nestle, Toyota Motor Corp, BP, Royal Dutch Shell and Bayer—companies with a strong historical track record of positive returns. The MSCI EAFE Index includes ten market sectors including financials, health care and energy.



Ask your financial professional how Nationwide New Heights® and the MSCI EAFE Index could provide growth potential in your retirement savings



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International Index Option



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International investing could involve risk such as currency, economic, geographical, political, and differences in accounting standards.

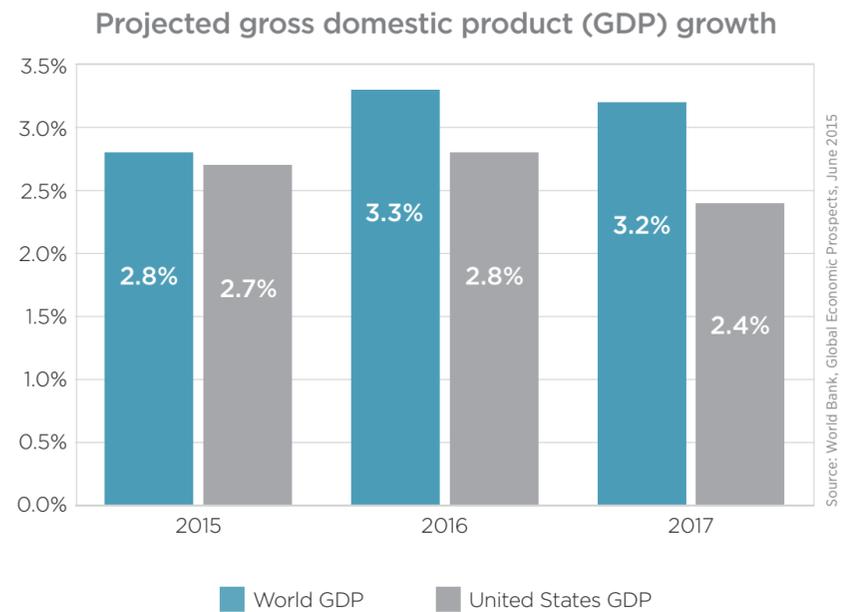
<sup>1</sup>MSCI from Intersec, June 2014. MSCI EAFE is one of MSCI's oldest indexes, dating back to 1969. MSCI EAFE's long history makes it one of the most popular benchmarks of international equities.

## MSCI EAFE Index

*An index that provides access to developed markets outside the United States*

# The international market growth opportunity

The United States represents only 41% of the total global stock market.<sup>2</sup> The remaining 59% of the world's equities are traded on markets in Paris, London, Berlin, Singapore and beyond. In an increasingly global economy, international markets provide substantial growth opportunities. In fact, the World Bank forecasts world economic growth to exceed the growth in the United States in each of the next three years.<sup>3</sup>



# A wide-reaching international equities index

MSCI EAFE is the oldest international equities index and includes a selection of stocks from 21 countries. MSCI EAFE selects stocks from developed markets providing the opportunity to participate in returns from international companies while limiting exposure to emerging markets.<sup>4</sup> The Index is reviewed quarterly to reflect changes in the international equities market.<sup>5</sup>



MSCI EAFE captures **85%** of the market capitalization of each country<sup>6</sup>

### MSCI EAFE developed markets countries

Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom<sup>7</sup>

# Last 10 years of MSCI EAFE Index performance

MSCI EAFE provides an international equities opportunity with nearly 30 years of live history. Domestic indices such as the S&P 500® Index exclude international equities markets and a majority of the world's equities. The graph below illustrates how MSCI EAFE price index and the S&P 500® price index have performed over the last 10 years.

	S&P 500® price index	MSCI EAFE price index
2005	3.00%	10.86%
2006	13.62%	23.47%
2007	3%	8.62%
2008	-38.49%	-45.09%
2009	23.45%	27.75%
2010	12.78%	4.90%
2011	0.00%	-14.82%
2012	13.41%	13.55%
2013	29.60%	19.43%
2014	11.39%	-7.35%

**With the international economy projected to outperform the United States over the next several years, MSCI EAFE could provide an opportunity to harness that potential.<sup>3</sup>**

<sup>2</sup> World Federation of Exchanges, measured by market capitalization of the NYSE and NASDAQ markets as a percent of overall global market capitalization, December 2014.

<sup>3</sup> World Bank, Global Economic Prospects, June 2015. A portion of the world GDP could include emerging markets as well as the developed markets tracked by the MSCI EAFE Index.

The MSCI EAFE Index is unmanaged and cannot be invested into directly, and past performance is not indicative of future results. International investing could involve risk such as currency, economic, geographic, political and differences in accounting standards.

<sup>4</sup> Limiting exposure to emerging markets may reduce potential volatility but may also reduce potential short-term returns of emerging markets countries experiencing rapid growth.

<sup>5</sup> Semi-annual index reviews in May and November rebalance the index and establish the large and mid capitalization cutoffs.

<sup>6</sup> MSCI Indexes.

<sup>7</sup> As of June 15, 2015.

**Chart Assumptions:** Index growth from 12/31/2004 - 12/31/2014. Calendar year-end returns are the percentage change between the closing price on December 31 of the year noted and December 31 of the prior year. Past performance is not an indicator or guarantee of future performance.