

# A Snapshot Of Major Emerging Markets Stock Indices

## Y-T-D Total Returns, Earnings Growth Rates & Price-to-Earnings (P/E) Ratios For Major Emerging Market Equity Indices

Index	Y-T-D Total Returns (USD)	2018 EPS Growth Est.	2018 P/E Est.	2019 EPS Growth Est.	2019 P/E Est.	3-Yr Avg. P/E
<b>MSCI Emerging Markets</b>	31.20%	17.53%	11.81	11.35%	10.61	14.48
<b>MSCI Emerging Markets Small Cap</b>	25.75%	21.15%	12.80	17.38%	10.90	24.60
<b>MSCI BRIC (Brazil, Russia, India &amp; China)</b>	36.70%	15.31%	12.62	15.18%	10.96	13.59
<b>MSCI EM Latin America</b>	23.96%	10.90%	14.20	17.62%	12.07	24.40

Source: Bloomberg. Data as of 10/27/17. EPS growth and P/Es are consensus estimates. Total returns are calculated on a net basis, which includes the withholding of taxes. Past performance is no guarantee of future results.

### View from the Observation Deck

1. As indicated in the table, emerging markets equities have performed well in 2017. All four of the indices in the table have outperformed the S&P 500 Index's 17.16% year-to-date total return, according to Bloomberg.
2. Y-T-D through 10/27/17, the U.S. Dollar Index (DXY) was down 7.13%, according to Bloomberg. The weakness in the U.S. dollar has boosted the returns for U.S. investors with unhedged exposure to foreign equities.
3. While emerging markets equities are eclipsing U.S. equities so far this year, they have a lot of ground to make up. Over the past seven years (10/27/10-10/27/17), the average annualized total returns on these indices were as follows: 14.18% (S&P 500); 2.60% (MSCI Emerging Markets); 1.78% (MSCI Emerging Markets Small Cap); 1.55% (MSCI BRIC); and -3.54% (MSCI EM Latin America), according to Bloomberg. The U.S. Dollar Index (DXY) rose by 21.46% over that seven-year period.
4. Emerging markets equities are not expensive on a P/E basis (see chart), in our opinion. All four emerging market indices have 2018 and 2019 consensus estimated year-end P/E ratios below their respective three-year averages as of 10/27/17.
5. The consensus earnings estimates for 2018 and 2019 are also encouraging (see chart). All four emerging markets indices have double-digit projections for 2018 and 2019 as of 10/27/17.

*This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Small Cap Index includes small-cap representation across 23 emerging market nations. MSCI BRIC Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of Brazil, Russia, India and China. The MSCI Emerging Markets Latin America Index is a free-float weighted index that captures large and mid-cap representation across five emerging markets in Latin America. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance.*

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