

Cash Flow and Carey



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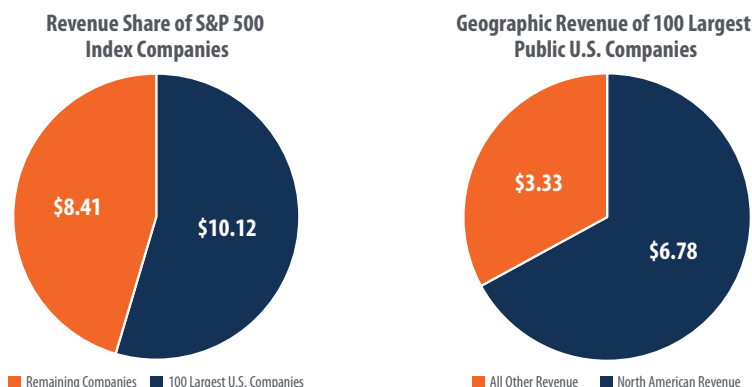
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This chart is for illustrative purposes only and not indicative of any actual investment. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets countries (excluding the US) and 24 Emerging Markets countries.

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S&P 500 Index Geographic Revenue

Revenue Breakdown of S&P 500 Index Companies (Trillions)



Source: FactSet Research Systems. Data as of 2/18/26.

View from the Observation Deck

International equities have been front and center in many of our conversations recently. Given their relative performance, there is little wonder as to why. The MSCI World (Ex U.S.) Index produced a 32.7% total return in 2025 compared to 17.9% for the S&P 500 Index ("Index"); the first time the MSCI World Index outperformed the Index since 2022 (when both were negative). Investors have taken notice, especially given the international market's comparatively low valuations, recent declines in the U.S. dollar, and increasingly expansionary economic policies from several major global economies. In today's discussion, we break down the Index's revenues by geography and investigate the potential impact of international tailwinds on the broader U.S. equity market.

The 100 largest public U.S. corporations account for an outsized share of the Index's total revenues.

As the first pie chart shows, the 100 largest U.S. companies account for nearly 55% (\$10.12 trillion of \$18.54 trillion) of the Index's total revenue. Additionally, nearly 33% of those revenues are sourced outside of North America (right-side chart).

In a break from long-term trends, international equities significantly outperformed their U.S. counterparts last year.

International equities, as measured by the MSCI World (ex U.S.) Index, posted average annual total returns of 9.2% over the 10-year period ended 12/31/25. For comparison, average annual total returns for the Index were 14.8% over the time frame. As mentioned in the opening paragraph, the MSCI World (ex U.S.) significantly outperformed the Index in 2025. This trend persisted into 2026. The MSCI World (ex U.S.) Index posted a total return of 8.3% compared to the S&P 500 Index's 0.7% year-to-date through 2/18.

Global GDP growth is estimated to outpace U.S. GDP growth over the near-term.

In its January 2026 edition of the World Economic Outlook, the International Monetary Fund (IMF) projected that U.S. GDP is expected to increase by 2.4% and 2.0% in 2026 and 2027, respectively. Comparatively, the IMF forecasts that total world GDP will increase by 3.3% and 3.2%, respectively, during those years.

Takeaway

International equities enjoyed their best performance since 2009 last year, driven by attractive valuations, a weakening U.S. dollar, and a favorable global economic outlook. The trend has continued so far in 2026, with the MSCI World (ex U.S.) Index increasing by 8.3% through 2/18. That said, several of the factors driving international equity performance appear to be benefitting U.S. companies as well. American companies with comparatively large non-U.S. revenue exposure are boasting significantly higher Q4'25 y-o-y earnings growth. FactSet reported that the Q4'25 blended y-o-y earnings growth rate for companies generating more than 50% of sales outside the U.S. stood at 17.7% on February 9, 2026. For comparison, the Q4'25 y-o-y earnings growth rate for companies generating 50% or more of sales inside the U.S. stood at 10.0%. As we see it, each of these earnings growth rates reflect strong U.S. corporate performance, but companies with a larger share of international sales exposure are clearly being rewarded.