(This article originally appeared in Citywire.)

Beating an index is hard enough when you?re focusing on just one market. Imagine the challenges you encounter when you?re attempting to achieve this on an international scale.

Over the past couple of months, I have been casting an analytical eye over the managers that Morningstar nominated in 2009 as its•domestic equity•and•domestic fixed income•?Managers of the Decade.?

In this round though, I have looked beyond the US to see how well the managers that Morningstar tipped in the international equity category have held out since their nomination.

One thing is immediately clear: International equity managers have performed noticeably better than their domestic counterparts. The international equity nominees have arguably delivered the best performance since 2009 of the three categories that I have analyzed so far, and that?s despite the fact that one fund no longer exists.

The original nominees for Morningstar?s 2009 international equity ?Manager of the Decade? award were Jean-Marie Eveillard of First Eagle, David Herro of Oakmark Funds, the team behind the Manning & Napier World Opportunities fund, BlackRock?s Dennis Stattman, and the team running the American Funds EuroPacific Growth fund.

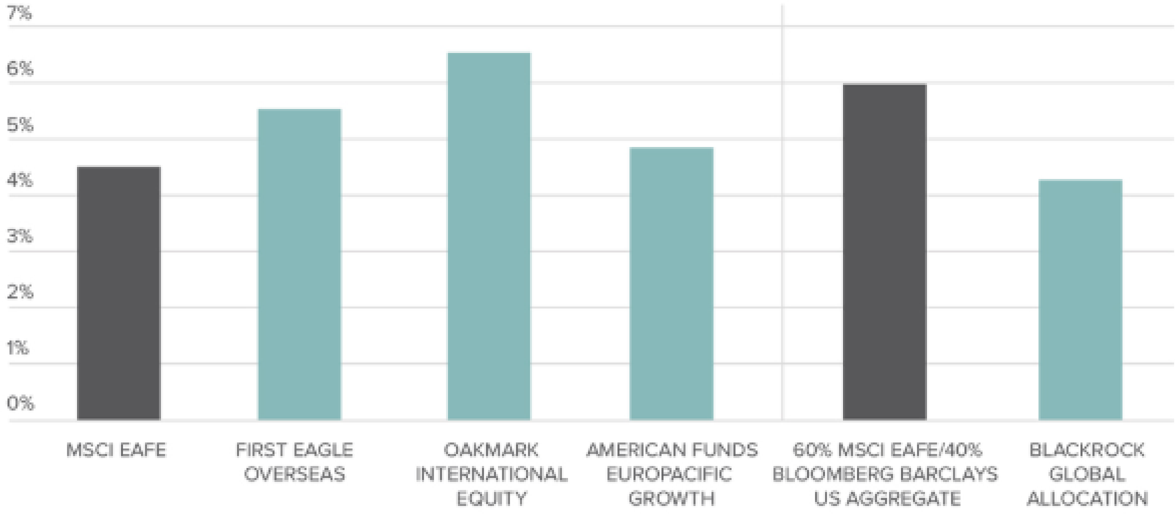
Manning & Napier World Opportunities is the fund that no longer exists, and Eveillard and Stattman have now retired.

Fresh Blood

Let?s start with Eveillard?s pure international charge, the First Eagle Overseas fund. Eveillard and his co-manager Charles de Vaulx stepped down from the fund in late 2008, handing it to Matthew McLennan, who was subsequently joined by Kimball Brooker in early 2010. It appears that the two managers haven?t missed a beat since they took over, with the fund posting a 5.51% annualized return from 2010 through to October 2018, compared with the MSCI EAFE index?s annualized return of 4.49% (see Figure 1).

FIGURE 1: FINDING THE UNDISPUTED CHAMPION

DATA TO OCTOBER 31, 2018 / SOURCE: LIPPER

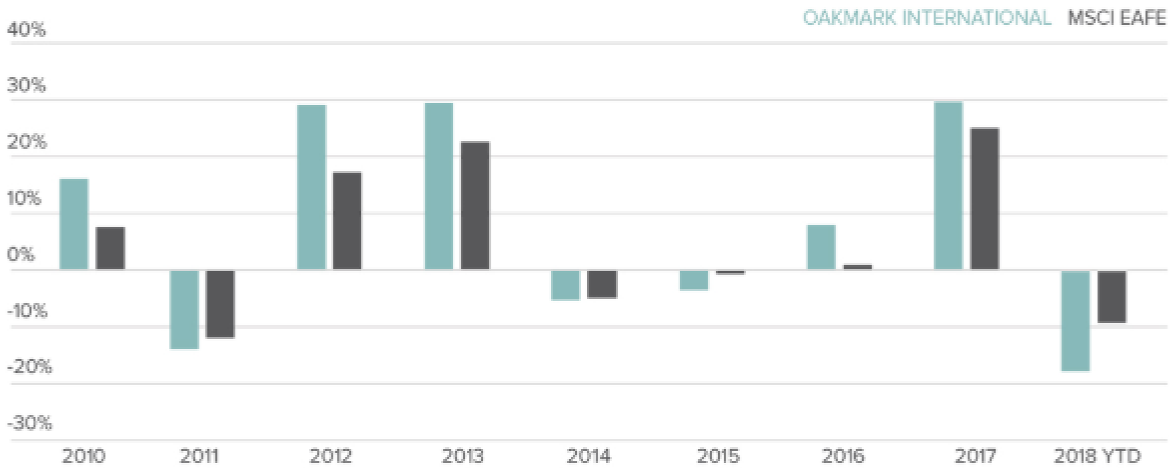


They aren?t the only ones to have outpaced that index. David Herro?s Oakmark International fund delivered a 6.51% annualized return from 2010 through October 2018.

However, Herro?s performance has taken a big hit this year, recording a 16% decline through October 31 versus a decline of nearly 9% for the index (see Figure 2). The fund has also picked up a standard deviation of nearly 19%, versus just 16% for the index over the past decade.

FIGURE 2: HERRO'S OAKMARK INTERNATIONAL FUND DROPS POINTS

DATA TO OCTOBER 31, 2018 / SOURCE: LIPPER



I will caveat this by saying that Herro?s fund has always been characterized by more volatility than its peers, and investors who have been able to stand the heat over his 25-year tenure have generally been well rewarded.

Next we have the American Funds EuroPacific Growth fund, which has also outpaced the MSCI EAFE index, albeit by a smaller margin over the past decade. The fund has delivered a 4.83% annualized return from 2010 through October 2018, which weighs in as a 0.34 percentage point improvement on the index?s performance.

Of the fund?s current line-up of nine managers, four have been on it since 2002 ? almost the entire decade prior to the nomination and the entire period since. Of the other five, four have been on the fund for a decade or more, with the most recent recruit joining in 2014.

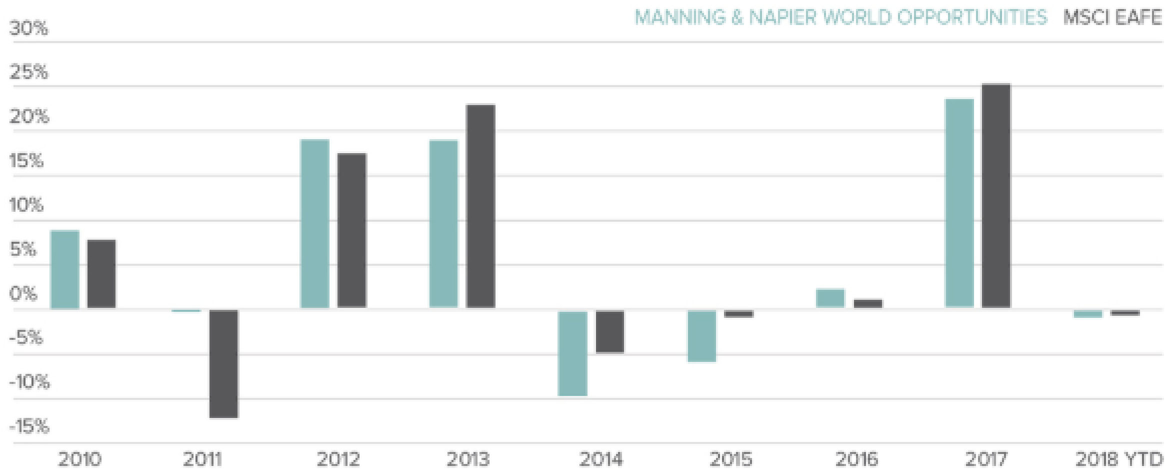
Fallen glory

The one pure international equity fund that has failed to outperform since its 2009 nomination is the Manning & Napier World Opportunities strategy, which ceased to exist in late September 2018 after it was merged into another fund.

According to data from Manning & Napier, the fund delivered a 3.69% annualized return from 2010 through to September 21, 2018. By contrast, the MSCI EAFE index delivered a 5.53% annualized return over that period (see Figure 3).

FIGURE 3: THE MANNING & NAPIER WORLD OPPORUNITIES FUND HITS THE MAT

DATA TO SEPTEMBER 21, 2018 / SOURCE: LIPPER



For the remaining fund, the BlackRock Global Allocation strategy, I compared its performance with an index made up of 60% MSCI All Country World index (ACWI) and 40% Bloomberg Barclays US Aggregate Bond index. Stattman?s international multi-asset fund failed to beat that benchmark, posting a 4.27% annualized return versus the blended index?s 5.89%. However, the fund?s virtue is its lower volatility, as it has delivered a standard deviation of 9.22% over the past decade, while the Morningstar Global Allocation category average sits at more than 11%.

Backing the winners

All in all, three of the four pure international equity funds shortlisted by Morningstar beat the index, one pure stock fund was merged out of existence, and the Global Allocation fund failed to beat its blended index but posted impressively low volatility.

The evidence certainly points to international equity being the space where Morningstar enjoyed its greatest success in identifying funds that could continue to outperform.

Also, when there were manager changes or retirements, the successors continued to steer the funds well, possibly indicating that Morningstar did a decent job identifying factors that might be harder to quantify, such as a fund company?s stewardship skills.