



Developed Markets ---

 Country Selection Update | August 2022

SUPERIOR PERFORMANCE THROUGH COMMITMENT TO VALUE

KEPPLER ASSET MANAGEMENT INC.

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Risk & Return Characteristics

Returns with Net Dividends Reinvested in Local Currencies

December 31, 1969 - July 31, 2022	Top Value Strategy	World Equally Weighted	MSCI World Index	
Number of Months	631	631	631	
Average Monthly Return (%)	1.11	0.88	0.75	
Compound Annual Return (%)	12.73	9.96	8.28	
Number of Winning Months	407	408	402	
Highest Monthly Return (%)	35.3	17.3	14.0	
Probability of Monthly Gain (%)	64.5	64.7	63.7	
Average Gain in Winning Months (%)	3.54	3.10	3.05	
Expectation of Monthly Gain (%)	2.29	2.00	1.94	
Number of Losing Months	224	223	229	
Lowest Monthly Return (%)	-19.4	-24.4	-19.6	
Probability of Monthly Loss (%)	35.5	35.3	36.3	
Average Loss in Losing Months (%)	3.31	3.18	3.29	
Expectation of Monthly Loss (%)	1.18	1.12	1.19	
Longest Losing Streak (# Months)	7	8	7	
Largest Drawdown from Previous High (%)	54.4	53.6	50.8	
Standard Deviation of Monthly Returns (%)	4.62	4.09	4.01	
Monthly Risk-Adjusted Return (Kepler Ratio)	0.94	0.78	0.63	
Monthly Volatility-Adjusted Return (Sharpe Ratio)	0.24	0.21	0.19	
Annual Returns (%)	2013	19.9	21.4	28.9
	2014	1.5	6.6	9.8
	2015	4.8	6.1	2.1
	2016	7.0	5.4	9.0
	2017	20.4	17.3	18.5
	2018	-10.0	-10.6	-7.4
	2019	17.8	22.4	27.3
	2020	-4.7	1.2	13.5
	2021	15.9	21.4	24.2
	Year to date	-7.3	-8.5	-11.7

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Updated through: July 31, 2022

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Recent Developments & Outlook

After their sharp drop in June, developed markets equities recovered strongly in July. The MSCI World Index (ND) advanced 8.0 % in local currencies, 7.9 % in US dollars and 10.7 % in euros. Year-to-date, the MSCI World Index has lost 11.7 %, 14.2 % and 4.3 % in local currencies, in US dollars and in euros, respectively. It now stands at LC 6,557, \$ 8,371 and € 4,356 (December 1969 = 100). The euro finished July down 2.5 % at 1.0197 versus the US dollar. Compared with its end-of-2021 level of 1.1372, it lost 10.3 %.

Twenty-two markets were up and only one market—Hong Kong, which was the only winner in June—declined in July. Helped by lower interest rates, growth stocks outperformed value stocks worldwide last month. Value indices, however, still outperformed in the last twelve months and year-to date. The Netherlands (+13.1 %), Denmark (+10.9 %), and Sweden (+10.8 %) performed best, while Hong Kong (-3.6 %), Spain (+0.9 %) and Belgium (+2.5 %) came in last. Year-to-date, three markets were up and twenty markets declined. Portugal (+12.2 %), Norway (+9.1 %) and the United Kingdom (+5.3 %) were the only advancing markets this year, whereas Austria (-25.1 %), Ireland (-23.2 %), and Germany (-18.6 %) performed worst. Performance is in local currencies unless mentioned otherwise.

The *Top Value Model Portfolio*, which is based on the *Top Value Strategy* (December 1969 = 100) using national MSCI country indices as hypothetical investment vehicles, finished July at LC 54,493 (+2.8 %), \$ 36,631 (+2.1 %) and € 19,061 (+4.7 %). Year-to-date, the *Top Value Model Portfolio* is down 7.3 % in local currencies, 16.0 % in US dollars and 6.3 % in euros. For details on the recent performance of national MSCI indices, benchmarks and strategies in local currencies, US dollars and euros, please see page 6.

There are no changes in our country ratings this month. The *Top Value Model Portfolio* continues to hold the eight “Buy”-rated markets Austria, Germany, Hong Kong, Italy, Japan, Norway, Spain and the United Kingdom. According to our analyses, an equally weighted combination of these markets offers the highest expectation of long-term risk-adjusted performance.

Even though economic growth has slowed, inflation has continued to rise, which means further tightening by the Federal Reserve is still widely expected. Growth rates of fundamentals, though down from their peak in March, have remained strong, thereby offering support for stock prices. The table below shows the annual percentage change of the reported cash flows, earnings and dividends in local currencies and total returns in euros for key indices and the *Top Value Model Portfolio* as of July 31, 2022:

	12-Month Growth Rates (%)			
	Cash Flows	Earnings	Dividends	TR (ND)
DM Top Value Model Portfolio	41.8	87.5	42.8	- 1.4
MSCI World Index	23.8	37.3	17.2	+ 5.6
MSCI World Value Index	29.4	47.1	20.9	+12.9
MSCI World Growth Index	14.0	22.9	14.8	- 2.2

The *Developed Markets Top Value Model Portfolio* is now undervalued by 47 % compared to the MSCI World Index, by 57 % compared to the MSCI USA Index and by 71 % compared to the MSCI World Growth Index. This extreme undervaluation, however, is not justified by the underlying fundamentals. We therefore expect continued outperformance of the *Top Value Model Portfolio* versus the MSCI World Growth Index in the next three to five years.

Michael Keppler
New York, August 1, 2022

Developed Markets



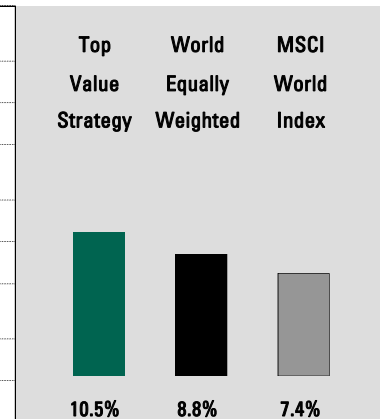
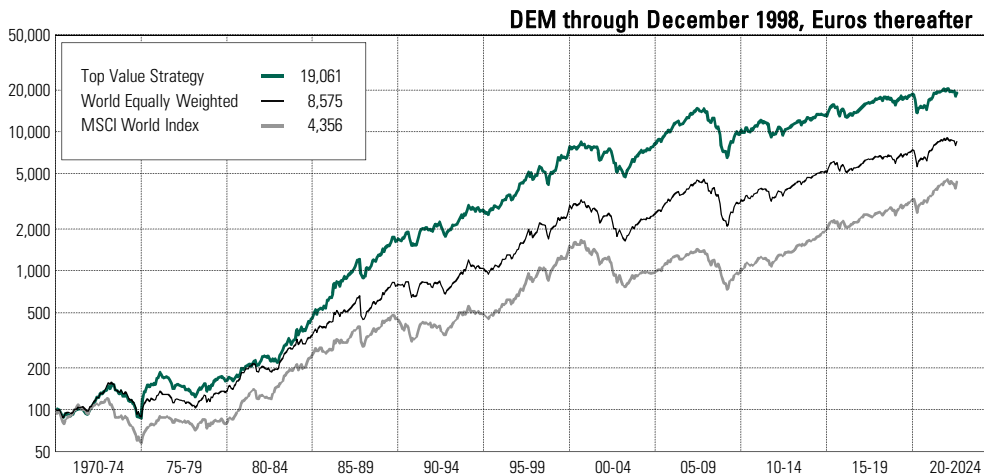
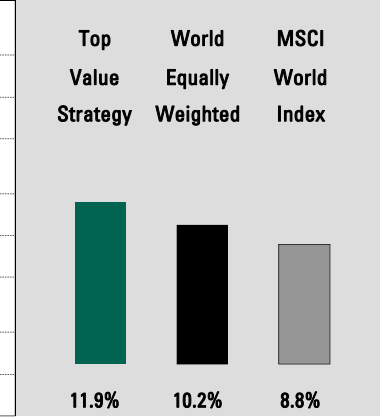
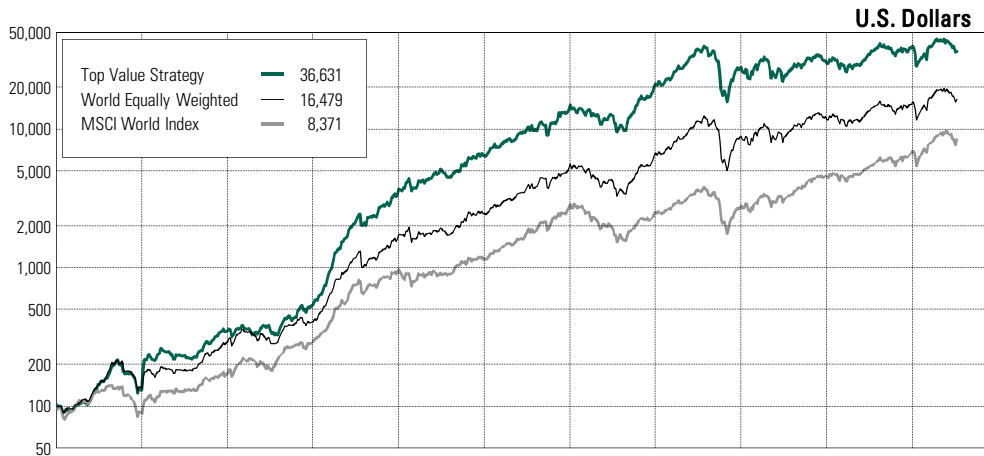
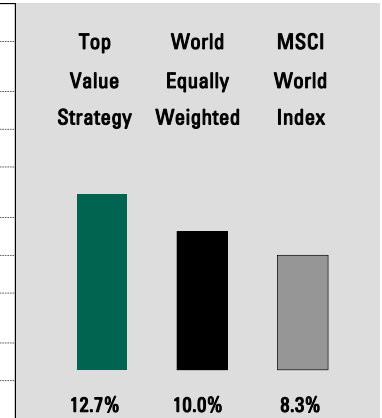
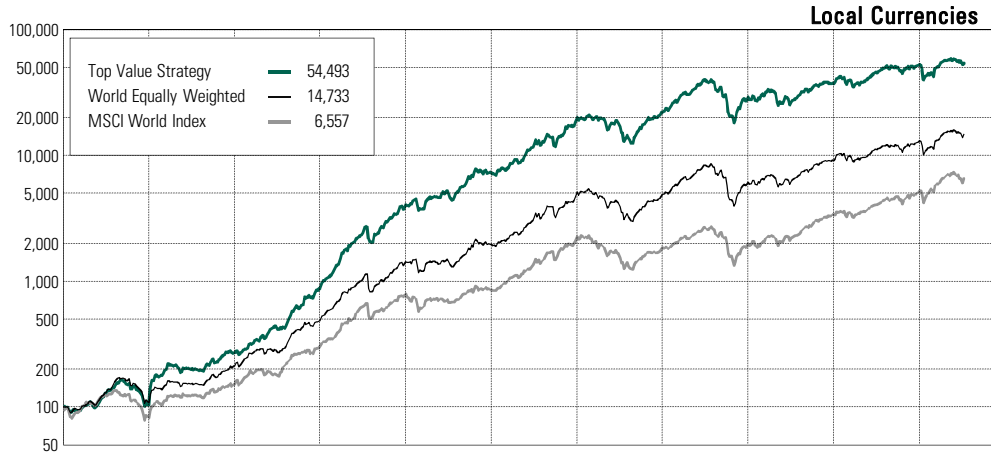
Current Ratings & Valuation Characteristics

CURRENT RATINGS	Valuation Ratios			Rates of Return (%)		
	Price/ Book Value	Price/ Cash Flow	Price/ Earnings	Dividend Yield	Cash-Flow Re- turn on Equity	Return on Equity
BUY CANDIDATES (Top Value)	1.27	6.7	11.4	3.83	19.0	11.1
Austria	0.95	4.7	7.5	4.50	20.0	12.6
Germany	1.30	5.9	12.1	3.71	22.0	10.8
Hong Kong	1.15	11.3	17.2	3.25	10.1	6.7
Italy	1.05	4.7	9.2	5.13	22.5	11.4
Japan	1.34	8.4	14.7	2.50	16.0	9.1
Norway	2.19	6.7	11.8	3.83	32.6	18.6
Spain	1.11	7.7	11.2	3.89	14.4	9.9
United Kingdom	1.78	8.2	13.1	3.85	21.7	13.6
SELL CANDIDATES	2.72	16.2	19.9	2.33	16.8	13.7
Denmark	5.23	15.4	19.4	1.84	34.1	26.9
Netherlands	2.65	16.9	21.1	2.00	15.7	12.6
Singapore	1.41	26.6	22.0	3.44	5.3	6.4
Switzerland	3.10	12.4	16.8	2.85	24.9	18.4
U.S.A.	4.15	15.0	20.8	1.55	27.7	19.9
NEUTRALLY RATED MARKETS	2.04	11.5	18.4	3.11	17.7	11.1
Australia	2.18	10.5	15.0	5.15	20.8	14.5
Belgium	1.50	12.2	15.8	2.43	12.3	9.5
Canada	1.96	10.0	13.8	3.13	19.6	14.2
Finland	2.34	14.0	22.8	3.31	16.7	10.3
France	1.79	9.8	16.8	2.85	18.2	10.7
Ireland	1.95	11.4	21.4	1.81	17.1	9.1
Israel	1.78	7.8	9.6	3.68	22.9	18.6
New Zealand	2.81	16.8	27.7	2.50	16.8	10.1
Portugal	2.72	12.6	205.1	3.15	21.6	1.3
Sweden	2.09	15.9	21.9	3.11	13.2	9.5
MSCI World Index (CW)	2.90	12.8	18.5	2.05	22.8	15.7
KAM World Index (EW)	1.66	9.2	14.3	3.28	18.0	11.6
MSCI EAFE Index	1.69	9.2	14.9	3.23	18.4	11.3
MSCI Europe Index	1.86	9.2	14.9	3.23	20.1	12.5



Top Value Strategy Performance History* versus the MSCI World Index

Total & Compound Annual Returns with Net Dividends Reinvested



*Using MSCI National Market Indices as hypothetical investment vehicles.

Developed Markets



Recent Performance*

Total Returns based on Indices
with Net Dividends Reinvested

BUY	NEUTRAL	SELL	% Change								
			in Local Currencies			in U.S. Dollars			in Euros		
			during Jul 22	last 3 mths.	Year to date	during Jul 22	last 3 mths.	Year to date	during Jul 22	last 3 mths.	Year to date
	Australia		5.0	-5.6	-2.5	6.6	-7.3	-6.4	9.3	-4.1	4.4
Austria			4.0	-7.1	-25.1	1.4	-10.2	-32.8	4.0	-7.1	-25.1
	Belgium		2.5	-5.3	-8.2	0.0	-8.4	-17.7	2.5	-5.3	-8.2
	Canada		4.2	-4.4	-6.2	4.9	-4.7	-7.6	7.5	-1.4	3.1
		Denmark	10.9	1.8	-0.6	8.0	-1.7	-11.0	10.7	1.7	-0.7
		Finland	6.1	-0.3	-9.4	3.5	-3.7	-18.7	6.1	-0.3	-9.4
		France	9.1	0.3	-7.6	6.4	-3.1	-17.2	9.1	0.3	-7.6
Germany			4.9	-5.6	-18.6	2.4	-8.7	-27.0	4.9	-5.6	-18.6
Hong Kong			-3.6	0.4	-5.8	-3.6	0.3	-6.4	-1.2	3.8	4.4
		Ireland	9.8	-7.0	-23.2	7.1	-10.1	-31.2	9.8	-7.0	-23.2
		Israel	4.3	-6.4	-16.2	6.2	-7.6	-20.9	8.9	-4.4	-11.8
Italy			5.1	-6.1	-15.3	2.5	-9.3	-24.1	5.1	-6.1	-15.3
Japan			4.0	2.1	-2.2	5.7	-1.0	-15.7	8.4	2.4	-6.0
		Netherlands	13.1	2.9	-17.8	10.4	-0.5	-26.1	13.2	3.0	-17.6
		New Zealand	5.8	1.4	-11.6	6.7	-2.1	-19.0	9.4	1.3	-9.7
Norway			3.8	0.8	9.1	6.0	-2.9	-0.4	8.7	0.5	11.0
		Portugal	7.4	8.5	12.2	4.7	4.8	0.6	7.4	8.5	12.2
		Singapore	5.4	-4.6	-11.3	6.0	-4.7	-13.3	8.6	-1.4	-3.3
Spain			0.9	-4.2	-3.6	-1.5	-7.4	-13.6	0.9	-4.2	-3.6
		Sweden	10.8	-1.4	-16.7	11.3	-5.3	-26.0	14.1	-2.0	-17.5
		Switzerland	4.2	-7.6	-12.4	4.7	-5.9	-16.2	7.3	-2.6	-6.6
United Kingdom			3.5	-0.5	5.3	3.7	-3.6	-5.4	6.4	-0.2	5.5
		U.S.A.	9.3	-0.1	-14.0	9.3	-0.1	-14.0	12.1	3.4	-4.1

Developed Markets Regions, World and Country Selection Strategy

MSCI World Index (CW)	8.0	-0.7	-11.7	7.9	-1.3	-14.2	10.7	2.1	-4.3
KAM World Index (EW)	5.4	-2.4	-8.5	4.7	-4.6	-15.7	7.3	-1.3	-5.9
MSCI EAFE Index	5.2	-1.7	-6.7	5.0	-4.0	-15.6	7.6	-0.7	-5.8
MSCI Europe Index	6.1	-2.4	-8.3	4.9	-4.8	-16.9	7.6	-1.5	-7.3
Top Value Strategy*	2.8	-2.4	-7.3	2.1	-5.2	-16.0	4.7	-2.0	-6.3

* Using MSCI National Market Indices as hypothetical investment vehicles.

MSCI National Markets vs. MSCI World Index

Total Returns in Local Currencies with Net Dividends Reinvested



December 31, 2012 = 100
Updated Through: July 31, 2022

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MSCI National Markets vs. MSCI World Index

Total Returns in Local Currencies with Net Dividends Reinvested

