



Developed Markets ---

 Country Selection Update | November 2022

SUPERIOR PERFORMANCE THROUGH COMMITMENT TO VALUE

KEPPLER ASSET MANAGEMENT INC.

350 WEST 57 STREET | NEW YORK, NY 10019 | WWW.KAMNY.COM



Risk & Return Characteristics

Returns with Net Dividends Reinvested in Local Currencies

December 31, 1969 - October 31, 2022	Top Value Strategy	World Equally Weighted	MSCI World Index	
Number of Months	634	634	634	
Average Monthly Return (%)	1.10	0.87	0.74	
Compound Annual Return (%)	12.56	9.81	8.13	
Number of Winning Months	408	409	403	
Highest Monthly Return (%)	35.3	17.3	14.0	
Probability of Monthly Gain (%)	64.4	64.5	63.6	
Average Gain in Winning Months (%)	3.55	3.10	3.06	
Expectation of Monthly Gain (%)	2.28	2.00	1.94	
Number of Losing Months	226	225	231	
Lowest Monthly Return (%)	-19.4	-24.4	-19.6	
Probability of Monthly Loss (%)	35.6	35.5	36.4	
Average Loss in Losing Months (%)	3.33	3.19	3.31	
Expectation of Monthly Loss (%)	1.19	1.13	1.21	
Longest Losing Streak (# Months)	7	8	7	
Largest Drawdown from Previous High (%)	54.4	53.6	50.8	
Standard Deviation of Monthly Returns (%)	4.63	4.10	4.03	
Monthly Risk-Adjusted Return (Kepler Ratio)	0.93	0.77	0.61	
Monthly Volatility-Adjusted Return (Sharpe Ratio)	0.24	0.21	0.18	
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	-11.9	-12.9	-16.3

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Updated through: October 31, 2022

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Recent Developments & Outlook

Developed markets equities staged a strong comeback in October recovering most of the losses suffered in the previous month. The MSCI World Index (ND) advanced 7.1 % in local currencies, 7.2 % in US dollars and 6.2 % in euros last month. Year-to-date, however, the MSCI World Index with net dividends reinvested has lost 16.3 %, 20.1 % and 8.0 % in local currencies, US dollars and euros, respectively. The Index (December 1969 = 100) now stands at LC 6,219, \$ 7,798 and € 4,186. The euro finished October up 0.9 % versus the US dollar at 0.9884. But compared with its end-of-2021 level of 1.1372 it has lost 13.1 %.

Twenty-one markets included in the MSCI World Index were up last month and two markets were down. Year-to-date, the relationship was reversed, with twenty markets declining and three markets advancing. Value outperformed growth worldwide by a large margin in October, bringing the year-to-date outperformance of value in the developed markets to 21.5 percentage points. The largest winners in October, Italy (+10.3 %), Ireland (+10.1 %) and Austria (+10.0 %) all had double-digit total returns, while Hong Kong (-12.2 %), Singapore (-1.3 %), Portugal and the United Kingdom (both up 2.8 %) performed worst last month. 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 October at LC 51,810 (+5.0 %), \$ 33,322 (+6.2 %) and € 17,888 (+5.2 %). Year-to-date, the *Top Value Model Portfolio* is down 11.9 % in local currencies, 23.6 % in US dollars and 12.1 % 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.

From a macro point of view, things have not changed much as of late: World economic growth has continued to slow marginally, while inflation has continued to rise. There are no signs that the Federal Reserve will change its tightening cycle any time soon. Growth rates of fundamentals have stabilized somewhat, after they had come down from their peak in March due to tough year-over-year comparisons. 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 the *Top Value Model Portfolio* and for key indices as of October 31, 2022:

	12-Month Growth Rates (%)			
	Cash Flows	Earnings	Dividends	TR (ND)
DM Top Value Model Portfolio	32.9	51.2	34.9	-12.2
MSCI World Index	15.7	17.5	12.6	- 4.5
MSCI World Value Index	19.8	24.4	15.4	+ 7.3
MSCI World Growth Index	6.5	7.3	12.2	- 16.1

The *Developed Markets Top Value Model Portfolio* is now undervalued by 49 % compared to the MSCI World Index, by 59 % compared to the MSCI USA Index and by 71 % compared with the MSCI World Growth Index. This extreme undervaluation is not justified by the underlying fundamentals. We therefore expect the *Top Value Model Portfolio* to resume its long-term outperformance over the next three to five years.

Michael Keppler
New York, November 4, 2022

Developed Markets



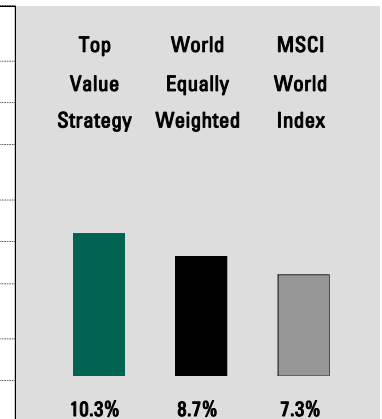
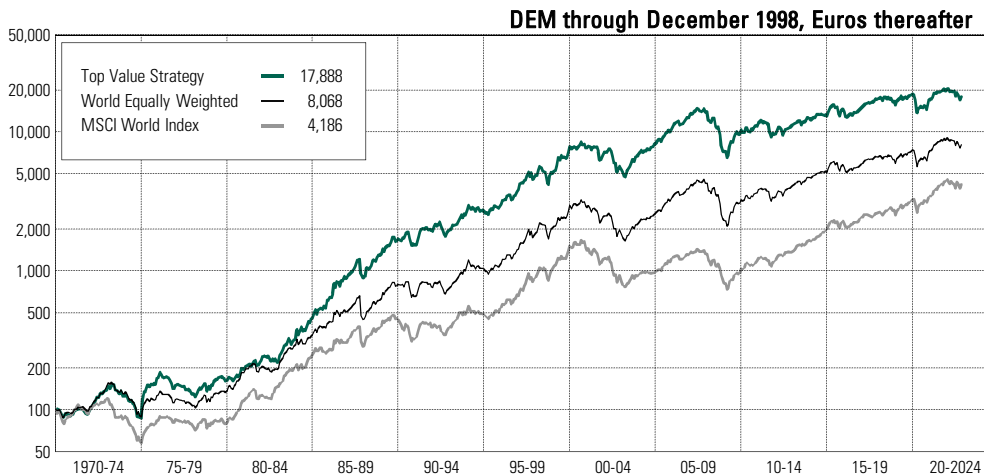
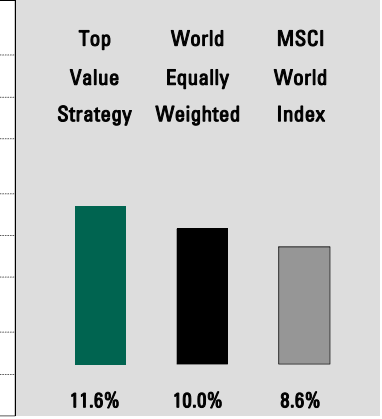
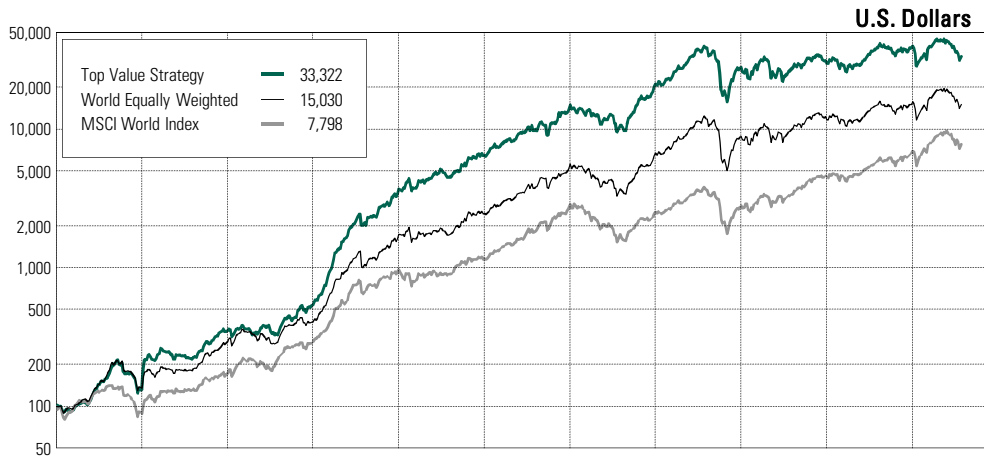
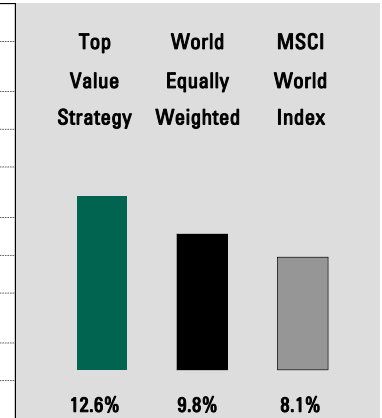
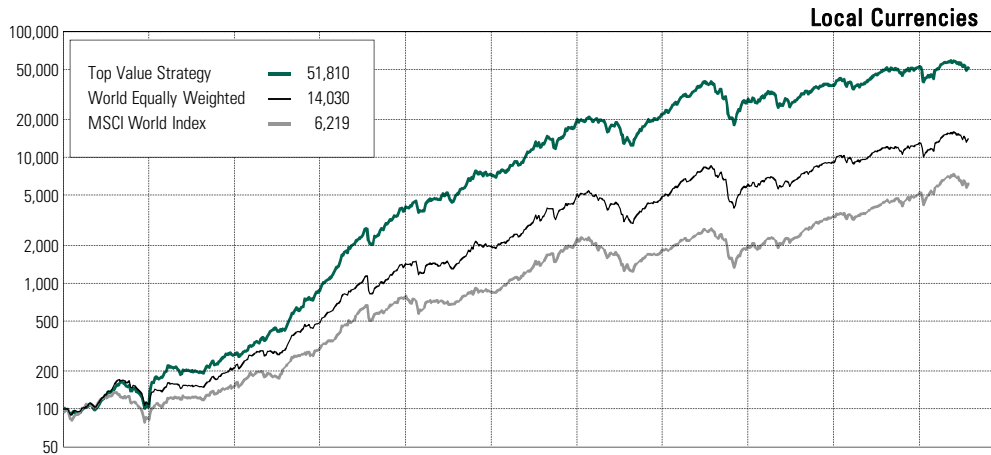
Current Ratings & Valuation Characteristics

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)	1.17	5.9	10.0	4.14	19.9	11.8
Austria	0.88	4.2	6.3	4.70	20.9	14.1
Germany	1.24	5.8	12.8	3.86	21.5	9.7
Hong Kong	0.87	8.2	14.9	4.37	10.5	5.8
Italy	1.08	4.2	7.7	5.11	25.4	14.0
Japan	1.28	8.1	14.4	2.57	15.8	8.9
Norway	1.98	5.6	9.1	4.44	35.4	21.6
Spain	1.11	6.8	10.2	4.07	16.4	10.9
United Kingdom	1.60	6.9	10.9	3.98	23.0	14.7
SELL CANDIDATES	2.53	14.1	18.1	2.57	17.9	14.0
Denmark	4.57	12.6	16.0	2.04	36.4	28.5
Netherlands	2.45	14.1	19.3	2.36	17.4	12.7
Singapore	1.31	21.2	20.2	3.80	6.2	6.5
Switzerland	3.04	11.8	16.3	3.00	25.7	18.6
U.S.A.	3.89	13.9	19.7	1.65	28.1	19.8
NEUTRALLY RATED MARKETS	1.95	10.3	17.2	3.29	19.0	11.3
Australia	2.07	9.2	14.0	5.42	22.5	14.8
Belgium	1.47	13.6	21.8	2.46	10.8	6.7
Canada	1.89	9.3	13.4	3.20	20.4	14.1
Finland	2.16	11.9	19.9	3.52	18.1	10.9
France	1.73	8.8	14.9	3.01	19.5	11.6
Ireland	1.83	10.3	18.5	1.86	17.8	9.9
Israel	1.77	6.6	9.0	4.05	26.7	19.7
New Zealand	2.69	18.0	32.3	2.59	14.9	8.3
Portugal	2.62	9.1	38.7	3.49	28.9	6.8
Sweden	1.94	14.4	20.3	3.35	13.5	9.6
MSCI World Index (CW)	2.75	11.8	17.4	2.17	23.3	15.8
KAM World Index (EW)	1.55	8.2	13.0	3.52	18.9	12.0
MSCI EAFE Index	1.59	8.3	13.7	3.42	19.1	11.6
MSCI Europe Index	1.75	8.3	13.4	3.41	21.2	13.1



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.

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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 Oct 22	last 3 mths.	Year to date	during Oct 22	last 3 mths.	Year to date	during Oct 22	last 3 mths.	Year to date
	Australia		5.8	0.5	-2.0	5.2	-7.9	-13.8	4.3	-5.0	-0.8
Austria			10.0	-4.3	-28.3	11.0	-7.3	-37.7	10.0	-4.3	-28.3
	Belgium		7.2	-3.2	-11.2	8.1	-6.2	-22.8	7.2	-3.2	-11.2
	Canada		5.8	-0.5	-6.7	6.5	-6.5	-13.6	5.6	-3.5	-0.6
		Denmark	8.9	-8.1	-8.6	9.7	-10.9	-20.7	8.7	-8.1	-8.7
		Finland	3.3	-3.7	-12.7	4.2	-6.6	-24.1	3.3	-3.7	-12.7
		France	8.5	-3.3	-10.7	9.5	-6.3	-22.4	8.5	-3.3	-10.7
Germany			8.4	-3.7	-21.6	9.3	-6.6	-31.8	8.4	-3.7	-21.6
Hong Kong			-12.2	-24.3	-28.7	-12.2	-24.3	-29.2	-12.9	-21.9	-18.5
		Ireland	10.1	1.1	-22.4	11.1	-2.0	-32.5	10.1	1.1	-22.4
		Israel	8.0	2.8	-13.9	8.7	0.4	-20.6	7.8	3.6	-8.6
Italy			10.3	2.5	-13.2	11.3	-0.7	-24.6	10.3	2.5	-13.2
Japan			5.7	0.0	-2.2	3.0	-10.1	-24.2	2.1	-7.2	-12.8
		Netherlands	4.9	-11.8	-27.5	5.8	-14.4	-36.8	4.9	-11.7	-27.3
		New Zealand	4.2	-1.0	-12.5	7.1	-8.3	-25.7	6.1	-5.4	-14.5
Norway			6.3	-4.3	4.5	11.4	-11.0	-11.4	10.5	-8.2	2.0
		Portugal	2.8	-9.1	2.0	3.7	-11.9	-11.3	2.8	-9.1	2.0
		Singapore	-1.3	-5.2	-15.9	0.0	-7.1	-19.4	-0.9	-4.1	-7.3
Spain			8.6	-1.3	-4.9	9.6	-4.4	-17.3	8.6	-1.3	-4.9
		Sweden	6.4	-5.1	-20.9	6.9	-12.5	-35.2	5.9	-9.7	-25.5
		Switzerland	4.8	-4.3	-16.2	3.1	-9.0	-23.7	2.2	-6.1	-12.3
United Kingdom			2.8	-3.6	1.5	6.0	-8.8	-13.7	5.1	-5.9	-0.8
		U.S.A.	7.9	-6.0	-19.2	7.9	-6.0	-19.2	7.0	-3.0	-7.0

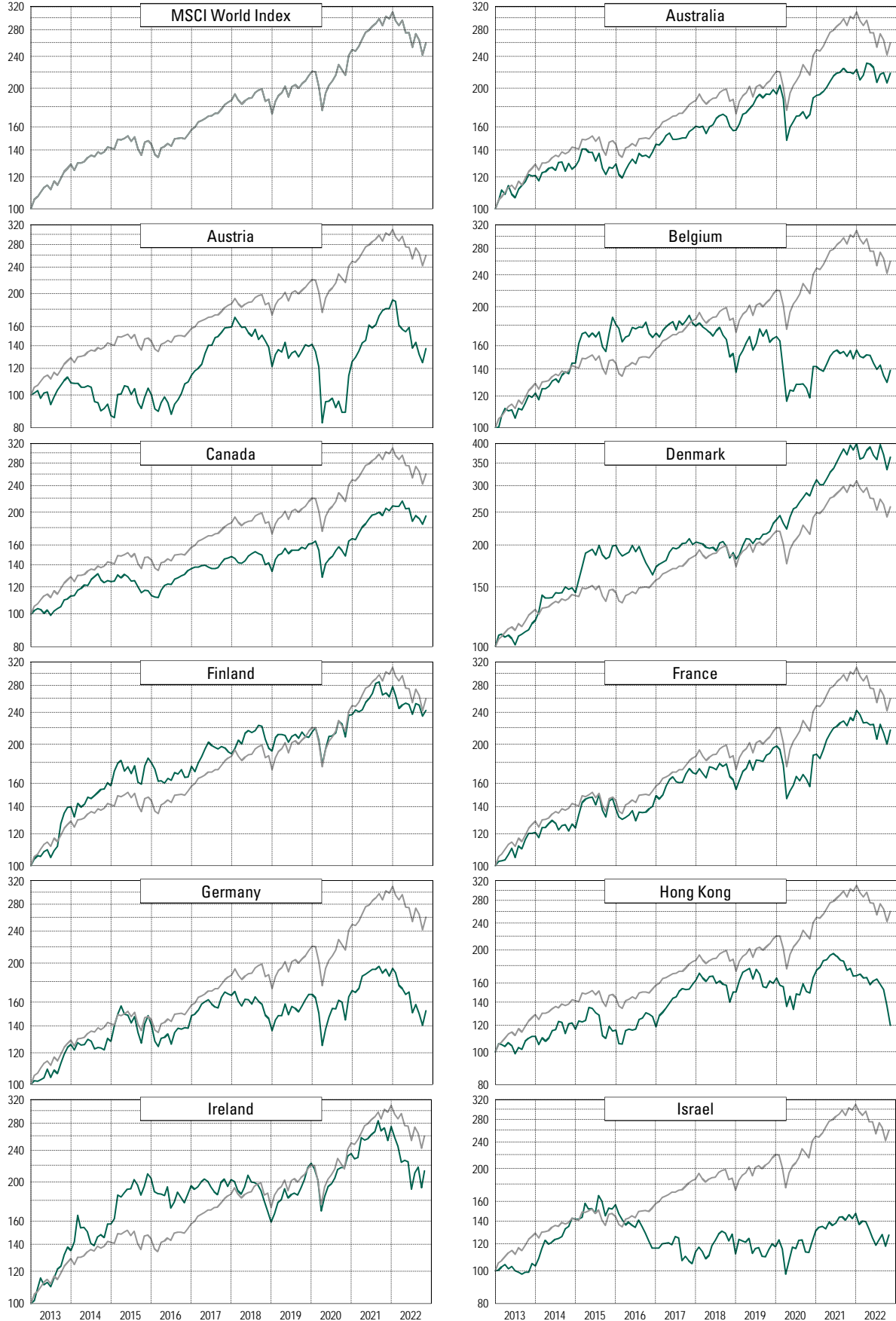
Developed Markets Regions, World and Country Selection Strategy

MSCI World Index (CW)	7.1	-5.2	-16.3	7.2	-6.8	-20.1	6.2	-3.9	-8.0
KAM World Index (EW)	5.5	-4.8	-12.9	6.2	-8.8	-23.1	5.3	-5.9	-11.5
MSCI EAFE Index	5.3	-3.5	-9.9	5.4	-9.0	-23.2	4.4	-6.1	-11.6
MSCI Europe Index	6.1	-4.2	-12.1	7.2	-8.2	-23.7	6.2	-5.3	-12.2
Top Value Strategy*	5.0	-4.9	-11.9	6.2	-9.0	-23.6	5.2	-6.2	-12.1

* 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: October 31, 2022

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MSCI National Markets vs. MSCI World Index

Total Returns in Local Currencies with Net Dividends Reinvested

