



Developed Markets

Country Selection Update | February 2023

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 - January 31, 2023		Top Value Strategy	World Equally Weighted	MSCI World Index
Number of Months		637	637	637
Average Monthly Return (%)		1.11	0.88	0.74
Compound Annual Return (%)		12.78	10.00	8.23
Number of Winning Months		410	411	405
Highest Monthly Return (%)		35.3	17.3	14.0
Probability of Monthly Gain (%)		64.4	64.5	63.6
Average Gain in Winning Months (%)		3.57	3.12	3.07
Expectation of Monthly Gain (%)		2.30	2.01	1.95
Number of Losing Months		227	226	232
Lowest Monthly Return (%)		-19.4	-24.4	-19.6
Probability of Monthly Loss (%)		35.6	35.5	36.4
Average Loss in Losing Months (%)		3.32	3.19	3.32
Expectation of Monthly Loss (%)		1.18	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	4.11	4.04
Monthly Risk-Adjusted Return (Kepler Ratio)		0.94	0.78	0.62
Monthly Volatility-Adjusted Return (Sharpe Ratio)		0.24	0.21	0.18
Annual Returns (%)	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
	2022	-5.4	-8.3	-16.0
	Year to date	6.3	6.3	6.5

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Updated through: January 31, 2023

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Recent Developments & Outlook

Developed markets equities celebrated a strong comeback in January. The MSCI World Index (ND) gained 6.5 % in local currencies, 7.1 % in US dollars and 5.2 % in euros. Despite these gains, however, performance in the last thirteen months is still negative, however, with the MSCI benchmark down 10.6 %, 12.3 % and 8.2 % in local currencies, US dollars and euros, respectively. The euro continued its recent recovery in January, rising 1.8 % vs. the US dollar to 1.0861. Nevertheless, it is still down 4.5 % compared with its year-end 2021 level of 1.1372.

Nineteen markets included in the MSCI World Index were up last month, three markets were down and one market (Finland) was unchanged. January brought a worldwide reversal in favor of growth stocks, which had underperformed value strategies for more than 1 ½ years. The MSCI World Growth Index beat its value equivalent by 4.9 percentage points. This may not be a change of the overall trend in favor of growth, however, given that growth indices are still substantially overvalued compared to the value indices, not only in the US, but in Europe, Asia and in the emerging markets as well. The Netherlands (+12.8 %), Ireland (+11.2 %) and Italy (+11.1 %) performed best in January. The laggards and only losing markets in January were Portugal (-1.7 %), Norway (-1.1 %) and Denmark (-0.1 %). 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 the most attractively valued national MSCI country indices as hypothetical investment vehicles, finished January at LC 59,117 (+6.3 %), \$ 41,056 (+7.5 %) and € 20,057 (+5.7 %). For details on the recent performance of national MSCI indices, benchmarks and strategies, please see page 6. There is no change 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.

The table below shows how the **Top Value Model Portfolio** compares to three Developed Markets MSCI Indices as of the end of January 2023 based on selected valuation and return measures:

	Valuation Ratios			Rates of Return (%)		
	PBV	PCF	PE	DY	CFRoE	RoE
DM Top Value Model Portfolio	1.29	5.9	10.3	3.69	21.9	12.5
MSCI World Index	2.81	12.1	18.2	2.09	23.2	15.5
MSCI World Growth Index	5.71	19.0	28.2	0.99	30.1	20.2
MSCI USA Index	4.06	14.5	20.8	1.61	28.0	19.6

The **Developed Markets Top Value Portfolio** is now undervalued by 48 % 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 continue its outperformance in the next three to five years.

Michael Keppler
New York, February 6, 2023

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)	1.29	5.9	10.3	3.69	21.9	12.5
Austria	1.00	4.3	7.5	3.99	23.1	13.4
Germany	1.39	6.2	13.3	3.35	22.5	10.4
Hong Kong	1.19	11.2	20.6	3.15	10.7	5.8
Italy	1.17	4.3	7.8	4.51	26.9	15.0
Japan	1.25	7.8	14.4	2.53	16.1	8.7
Norway	1.82	4.5	6.9	4.75	40.6	26.3
Spain	1.15	6.2	10.8	3.67	18.5	10.7
United Kingdom	1.72	7.3	11.8	3.60	23.6	14.7
SELL CANDIDATES	2.79	14.9	19.9	2.38	18.7	14.0
Denmark	4.80	12.7	17.3	1.86	37.8	27.7
Netherlands	2.92	17.3	25.1	2.04	16.9	11.6
Singapore	1.47	20.8	21.2	3.52	7.0	6.9
Switzerland	3.17	12.3	17.1	2.88	25.8	18.5
U.S.A.	4.06	14.5	20.8	1.61	28.0	19.6
NEUTRALLY RATED MARKETS	2.01	10.5	16.8	3.03	19.1	12.0
Australia	2.27	10.5	15.4	4.62	21.6	14.7
Belgium	1.57	14.9	22.5	2.19	10.6	7.0
Canada	1.94	9.5	13.6	3.13	20.5	14.3
Finland	2.19	9.4	13.9	3.50	23.4	15.7
France	1.88	9.7	16.3	2.69	19.5	11.6
Ireland	1.71	11.3	17.8	1.46	15.1	9.6
Israel	1.62	6.3	8.2	3.95	25.6	19.7
New Zealand	3.07	21.4	40.4	2.31	14.3	7.6
Portugal	2.77	8.1	25.8	3.40	34.3	10.7
Sweden	2.00	18.1	26.6	3.06	11.0	7.5
MSCI World Index (CW)	2.81	12.1	18.2	2.09	23.2	15.5
KAM World Index (EW)	1.69	8.5	13.7	3.17	20.0	12.3
MSCI EAFE Index	1.68	8.7	14.6	3.10	19.4	11.6
MSCI Europe Index	1.88	8.7	14.3	3.08	21.5	13.1



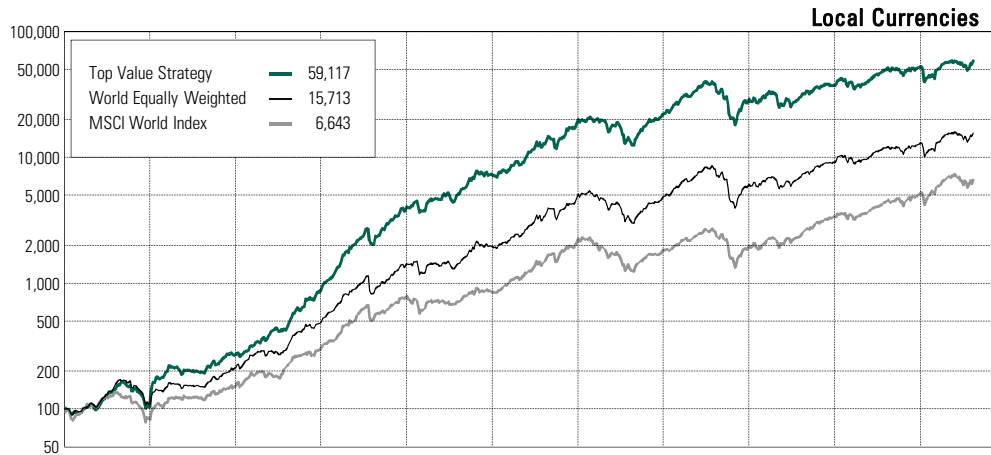
Top Value Strategy Performance History* versus the MSCI World Index

Total & Compound Annual Returns with Net Dividends Reinvested

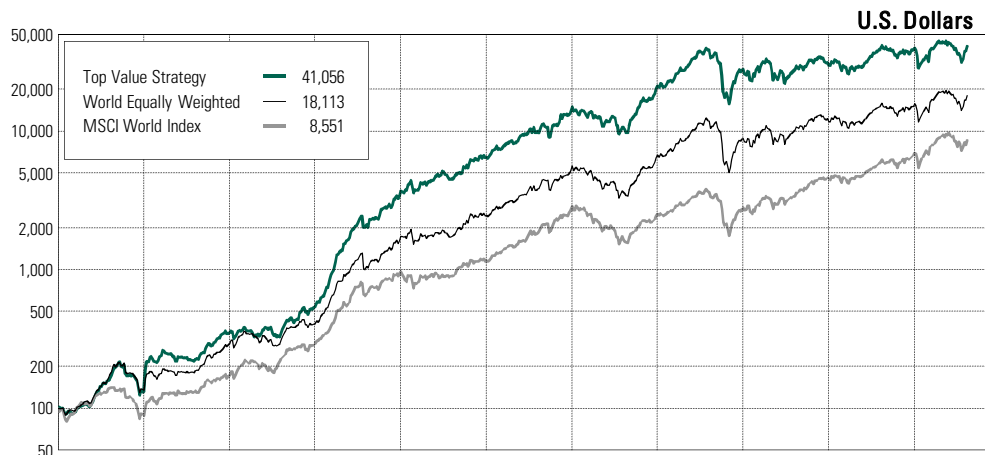
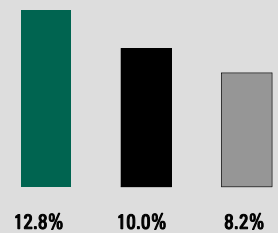


Compound Annual Returns

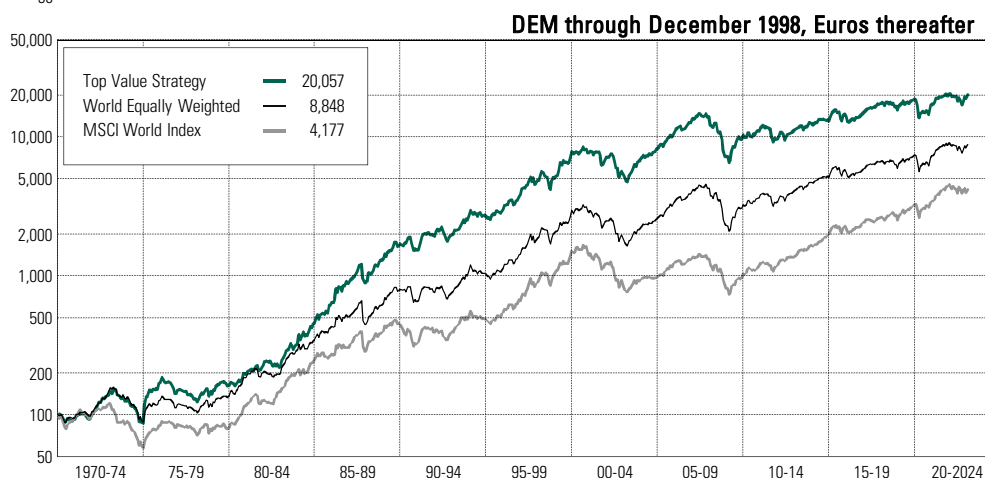
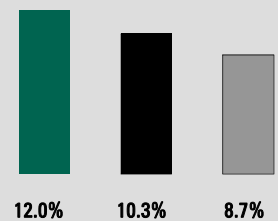
December 1969 - January 2023



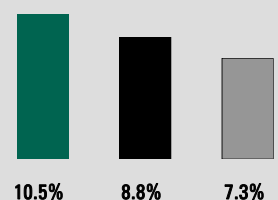
Top Value Strategy	World Equally Weighted	MSCI World Index
12.8%	10.0%	8.2%



Top Value Strategy	World Equally Weighted	MSCI World Index
12.0%	10.3%	8.7%



Top Value Strategy	World Equally Weighted	MSCI World Index
10.5%	8.8%	7.3%



*Using MSCI National Market Indices as hypothetical investment vehicles.

Updated through: January 31, 2023

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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 Jan 23	last 3 mths.	last 13 mths.	during Jan 23	last 3 mths.	last 13 mths.	during Jan 23	last 3 mths.	last 13 mths.
Australia	Australia		6.5	10.4	8.2	10.7	21.7	4.9	8.8	10.7	9.8
	Austria		7.6	17.7	-15.6	9.5	29.4	-19.4	7.6	17.7	-15.6
	Belgium		2.5	7.6	-4.5	4.3	18.2	-8.8	2.5	7.6	-4.5
	Canada		7.4	7.5	0.3	9.0	9.9	-5.0	7.1	0.0	-0.5
Denmark	Denmark		-0.1	10.9	1.3	1.7	21.9	-3.3	-0.1	11.0	1.3
	Finland		0.0	3.3	-9.8	1.7	13.5	-13.8	0.0	3.3	-9.8
	France		9.3	13.0	1.0	11.2	24.2	-3.6	9.3	13.0	1.0
	Germany		10.5	16.5	-8.6	12.4	28.1	-12.7	10.5	16.5	-8.6
Hong Kong	Hong Kong		4.2	39.5	-0.6	3.8	39.7	-1.1	2.0	27.1	3.6
	Ireland		11.2	12.5	-12.6	13.1	23.7	-16.6	11.2	12.5	-12.6
	Israel		2.9	-4.8	-18.0	4.3	-3.7	-23.5	2.5	-12.3	-19.9
	Italy		11.1	16.8	1.4	13.1	28.4	-3.2	11.1	16.8	1.4
Japan	Japan		4.7	2.2	0.0	6.2	16.8	-11.5	4.4	6.3	-7.3
	Netherlands		12.8	19.7	-13.3	14.7	31.1	-17.1	12.7	19.3	-13.2
	New Zealand		5.6	12.8	-1.2	7.9	25.5	-6.8	6.1	14.2	-2.4
	Norway		-1.1	-1.7	2.8	-2.5	2.3	-9.3	-4.1	-6.9	-5.0
Portugal	Portugal		-1.7	2.8	4.9	0.0	13.0	0.2	-1.7	2.8	4.9
	Singapore		5.6	11.2	-6.5	7.5	18.8	-4.3	5.6	8.1	0.2
	Spain		9.3	13.5	8.0	11.2	24.7	3.1	9.3	13.5	8.0
	Sweden		7.9	12.5	-11.1	7.4	18.7	-23.1	5.6	8.1	-19.5
Switzerland	Switzerland		5.4	4.3	-12.6	6.1	13.7	-13.3	4.3	3.4	-9.2
	United Kingdom		4.1	9.9	11.5	6.5	17.5	1.4	4.7	6.9	6.1
	U.S.A.		6.5	5.6	-14.6	6.5	5.6	-14.6	4.7	-3.9	-10.6

Developed Markets Regions, World and Country Selection Strategy

MSCI World Index (CW)	6.5	6.8	-10.6	7.1	9.7	-12.3	5.2	-0.2	-8.2
KAM World Index (EW)	6.3	12.0	-2.5	7.7	20.5	-7.3	5.9	9.7	-2.9
MSCI EAFE Index	6.3	9.7	-1.1	8.1	20.4	-7.5	6.2	9.5	-3.2
MSCI Europe Index	7.0	11.3	-2.2	8.7	21.0	-7.7	6.8	10.1	-3.3
Top Value Strategy*	6.3	14.1	0.5	7.5	23.2	-5.9	5.7	12.1	-1.4

* 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, 2013 = 100
Updated Through: January 31, 2023

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MSCI National Markets vs. MSCI World Index

Total Returns in Local Currencies with Net Dividends Reinvested

