

Emerging Markets

 Country Selection Update | May 2022

SUPERIOR PERFORMANCE THROUGH COMMITMENT TO VALUE

KEPPLER ASSET MANAGEMENT INC.

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Risk & Return Characteristics

Returns with Net Dividends Reinvested in US Dollars

December 31, 1988 - April 30, 2022	Top Value Strategy	EM Equally Weighted	MSCI EM Index
Number of Months	400	400	400
Average Monthly Return (%)	1.69	1.27	0.93
Compound Annual Return (%)	18.73	13.87	8.94
Number of Winning Months	249	241	240
Highest Monthly Return (%)	32.8	25.7	19.0
Probability of Monthly Gain (%)	62.3	60.3	60.0
Average Gain in Winning Months (%)	5.66	4.87	4.87
Expectation of Monthly Gain (%)	3.52	2.93	2.92
Number of Losing Months	151	159	160
Lowest Monthly Return (%)	-29.5	-27.5	-28.9
Probability of Monthly Loss (%)	37.8	39.8	40.0
Average Loss in Losing Months (%)	4.85	4.19	4.99
Expectation of Monthly Loss (%)	1.83	1.67	2.00
Longest Losing Streak (# Months)	5	6	6
Largest Drawdown from Previous High (%)	64.7	55.7	61.6
Standard Deviation of Monthly Returns (%)	7.06	5.94	6.43
Monthly Risk-Adjusted Return (Kepler Ratio)	0.92	0.76	0.46
Monthly Volatility-Adjusted Return (Sharpe Ratio)	0.24	0.21	0.14
2013	0.6	-6.6	-2.6
2014	-12.6	-2.9	-2.2
2015	-16.9	-15.9	-14.9
2016	16.3	13.7	11.2
Annual Returns (%) 2017	33.9	32.8	37.3
2018	-12.5	-12.0	-14.6
2019	14.6	13.8	18.4
2020	7.4	1.2	18.3
2021	3.4	2.6	-2.5
Year to date	-9.2	-5.4	-12.1

KEPPLER ASSET MANAGEMENT INC. | NEW YORK

Updated through: April 30, 2022

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Recent Developments & Outlook

Cap-weighted emerging markets indices have finished lower every month this year. In April, the MSCI Emerging Markets Index (ND) declined 3.5 % in local currencies, 5.6 % in US dollars and 0.4 % in euros. The MSCI EM Index (December 1988 = 100) now stands at \$ 1,737 and € 1,815, respectively. Year-to-date, the EM benchmark was down 9.4 % in local currencies, 12.1 % in US dollars and 5.3 % in euros. Smaller emerging markets have performed much better recently than the larger ones, as shown by the KAM Equally Weighted EM Index. Measured by that index, emerging markets are down only 1.9 % in local currencies and down 5.4 % in US dollars year-to-date. Calculated in euros, the KAM Equally Weighted EM Index is even up 1.9 % this year. The euro finished April down 5.2 % at 1.0550 versus the US dollar and has now declined 7.2 % year-to-date.

Eight markets advanced in April and sixteen markets declined. Turkey (+7.6 %), Saudi Arabia (+5.9 %) and Indonesia (+4.7 %) had the highest returns last month, while Peru (-17.3 %), Poland (-13.8 %) and Brazil (-10.1 %) declined most. Year-to-date, fifteen markets were up and nine were down. The biggest winners this year were Turkey (+34.1 %), Saudi Arabia (+24.1 %) and Kuwait (+21.5 %), while Hungary (-21.8 %), Poland (-19.6 %) and China (-16.7 %) performed worst. Performance is in local currencies unless mentioned otherwise.

The *Emerging Markets Top Value Model Portfolio*, which is based on the *Top Value Strategy* (December 1988 = 100) using national MSCI country indices as hypothetical investment vehicles, declined 4.8 % in local currencies, 8.1 % in US dollars and 3.1 % in euros in April. The *Emerging Markets Top Value Model Portfolio* now stands at \$ 30,571 and € 31,944. Year-to-date, it is down 4.9 % in local currencies, 9.2 % in US dollars and 2.1 % in euros, thus outperforming its EM benchmark by between 2.9 and 4.5 percentage points, depending on the currency. There was no change in our performance ratings last month. The *Top Value Model Portfolio* continues to hold the nine “Buy”-rated markets Brazil, Chile, China, Korea, Malaysia, Mexico, Poland, Taiwan and Turkey. According to our analyses, an equally weighted combination of these most attractively valued markets offers the highest expectation of long-term risk-adjusted performance. For the recent performance of the national and regional MSCI Emerging Markets indices, benchmarks and strategies, please see page 6.

The table below shows how the *Emerging Markets Top Value Model Portfolio* compares to three alternatives as of April 30, 2022 based on selected valuation and return measures:

	Valuation Ratios			Rates of Return (%)		
	PBV	PCF	PE	DY	CFRoE	RoE
EM Top Value Model Portfolio	1.48	6.4	9.9	3.92	23.1	14.9
MSCI Emerging Markets Index	1.76	9.1	13.5	2.69	19.3	13.0
MSCI World Index (DM)	2.97	13.1	18.9	1.97	22.7	15.7
MSCI EM Growth Index	3.34	14.5	23.2	1.31	23.0	14.4

According to our analyses, the asset class *Emerging Markets Equities* is now undervalued by 32 % compared to the MSCI World Index of the developed markets. Moreover, the *Emerging Markets Top Value Model Portfolio* is now undervalued by 26 % compared to the MSCI Emerging Markets (Standard) Index, by 50 % compared to the MSCI World Index of the developed markets (DM) and by a whopping 59 % compared to the MSCI EM Growth Index. This extreme undervaluation is not justified by the underlying fundamentals and therefore is expected to lead to a significant outperformance of the *Top Value Model Portfolio* in the next three to five years through mean reversion.

Michael Keppler,
New York, May 2, 2022

P.S. Mainly due to liquidity issues and geopolitical risks, we are deviating from straight equal weighting of markets in the portfolios we advise.



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)	1.48	6.4	9.9	3.92	23.1	14.9
Brazil	1.70	4.0	5.9	9.55	42.3	28.7
Chile	1.42	7.8	11.9	4.53	18.1	12.0
China	1.40	12.1	13.5	2.24	11.6	10.4
Korea	1.13	6.0	10.8	2.18	18.8	10.5
Malaysia	1.62	9.3	16.5	3.89	17.3	9.8
Mexico	2.05	7.3	14.7	2.89	27.9	14.0
Poland	1.08	3.8	7.4	3.15	28.7	14.5
Taiwan	2.45	9.1	13.2	2.82	26.8	18.6
Turkey	1.37	6.5	6.9	4.07	21.2	20.0
SELL CANDIDATES	2.49	12.9	25.4	1.64	19.3	9.8
India	3.74	18.1	25.7	1.12	20.7	14.5
Kuwait	2.59	10.0	29.5	2.17	25.8	8.8
Philippines	1.82	12.9	22.2	1.63	14.0	8.2
NEUTRALLY RATED MARKETS	1.70	7.4	15.3	3.10	23.0	11.1
Colombia	1.32	6.4	9.8	4.04	20.5	13.5
Czech Republic	2.12	9.3	17.4	5.65	22.8	12.2
Egypt	1.44	6.4	7.0	4.30	22.4	20.7
Greece	1.03	7.0	-8.7	2.37	14.7	-11.8
Hungary	0.95	2.8	5.7	1.51	34.3	16.6
Indonesia	2.71	9.2	19.9	2.85	29.4	13.6
Peru	1.88	9.6	12.9	2.45	19.5	14.6
Qatar	2.32	8.9	17.1	3.13	26.0	13.5
Saudi Arabia	2.95	11.5	22.4	1.93	25.8	13.2
South Africa	1.94	7.5	11.3	3.63	26.1	17.3
Thailand	2.12	10.3	22.2	2.67	20.5	9.5
United Arab Emirates	2.19	16.1	18.7	2.68	13.6	11.7
MSCI EM Index (CW)	1.76	9.1	13.5	2.69	19.3	13.0
KAM EM Index (EW)	1.62	6.8	11.3	3.44	23.7	14.3
EM Asia Index	1.71	10.1	14.4	2.20	16.9	11.9
EM EMEA Index	2.12	8.3	15.5	2.76	25.6	13.7
EM Latin America Index	1.75	4.8	7.5	7.18	36.3	23.4

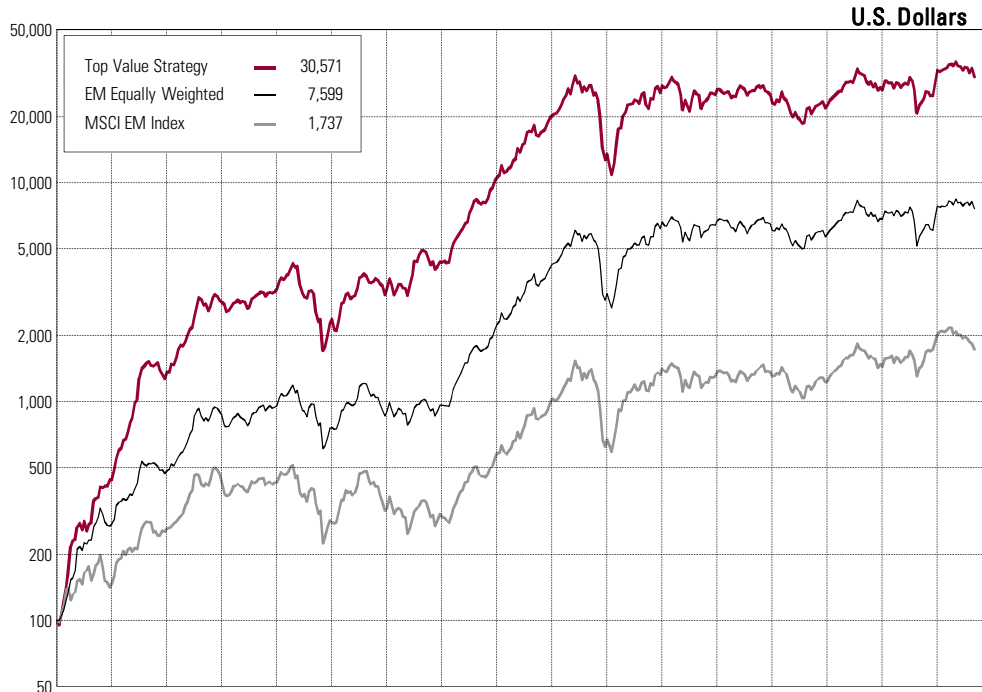


Top Value Strategy Performance History* versus the MSCI EM Index

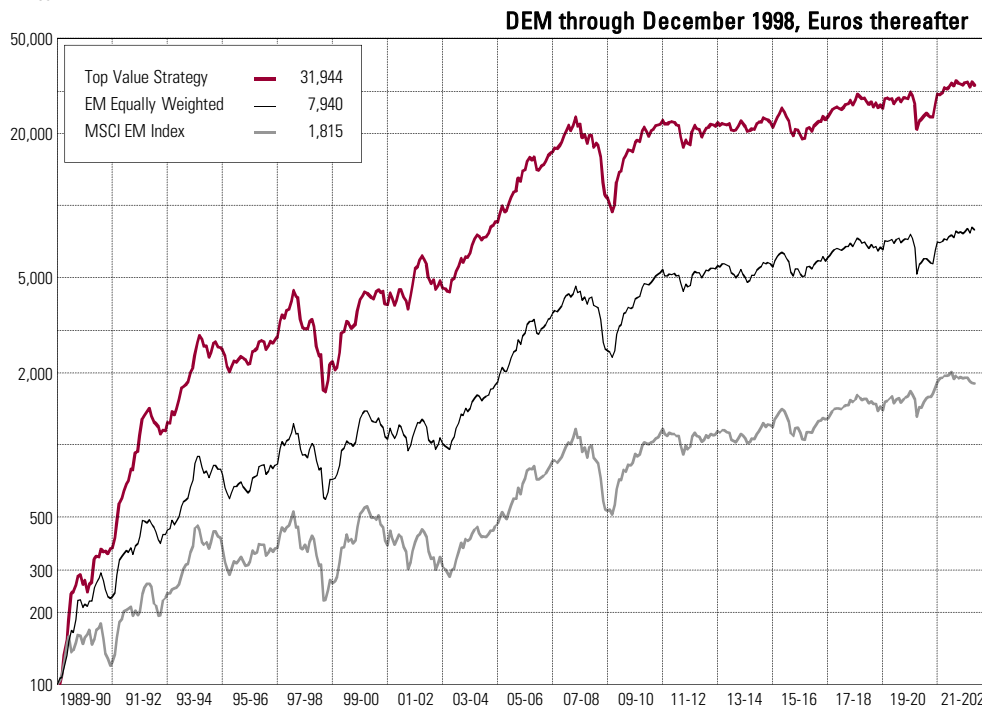
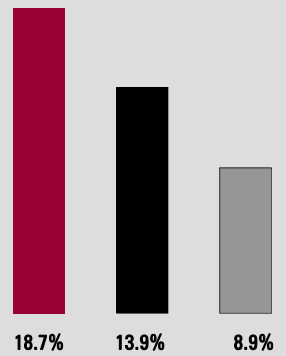
Total & Compound Annual Returns with Net Dividends Reinvested

Total Returns
December 1988 = 100

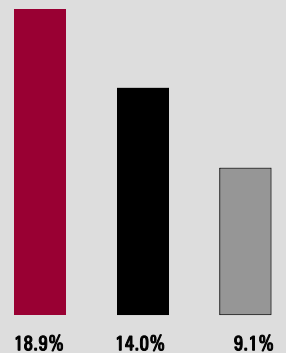
Compound Annual Returns
December 1988 - April 2022



Top Value Strategy **EM Equally Weighted** **MSCI EM Index**



Top Value Strategy **EM Equally Weighted** **MSCI EM Index**



*From January 2003: Using MSCI national market indices as hypothetical investment vehicles. Prior to 2003, S&P/IFCI national market indices.

Emerging Markets



Recent Performance*

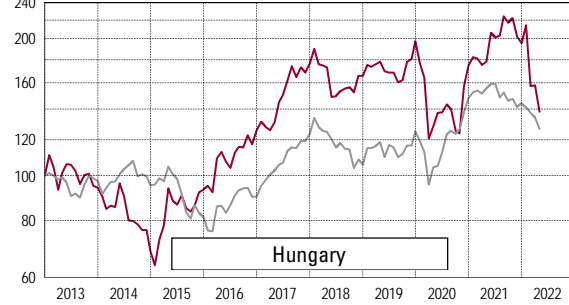
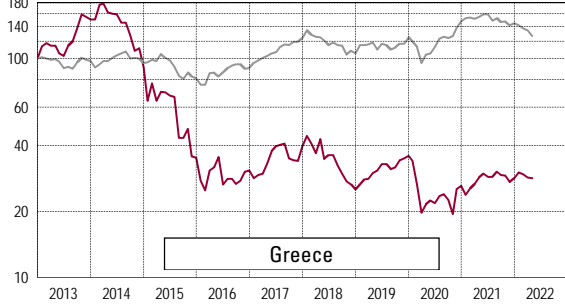
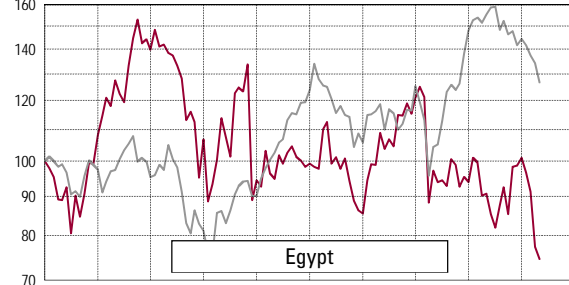
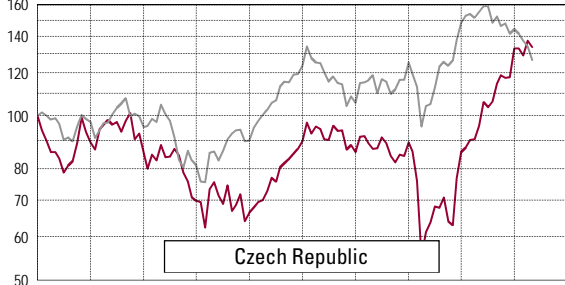
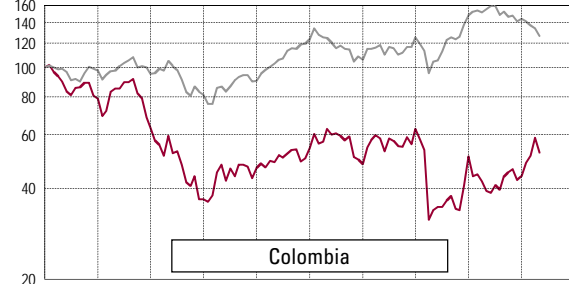
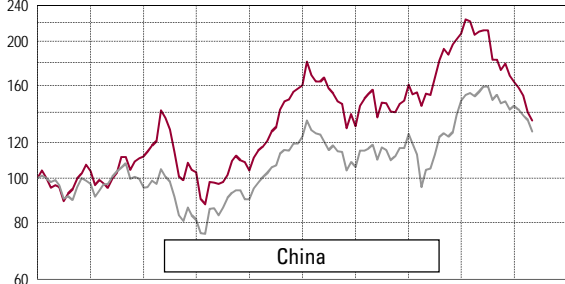
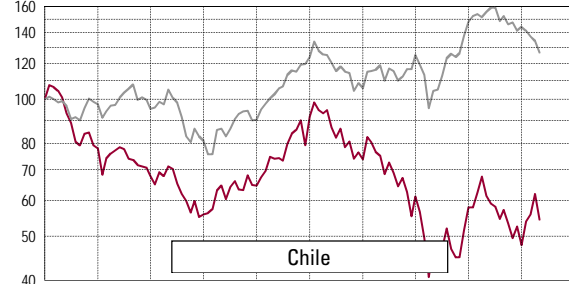
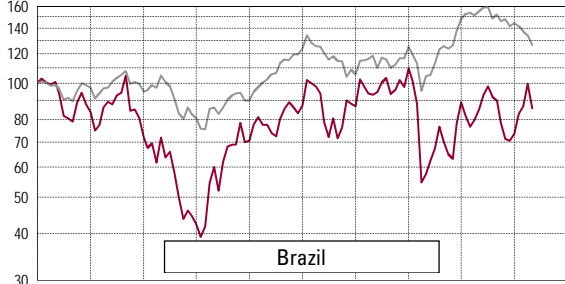
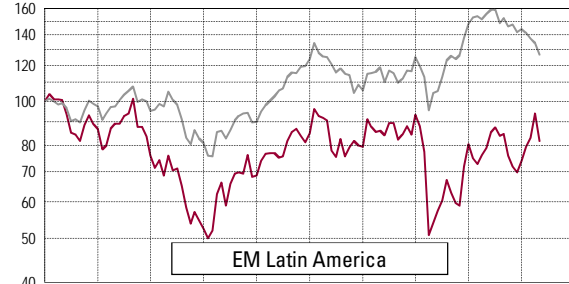
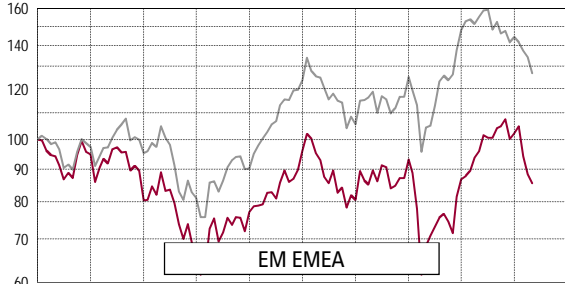
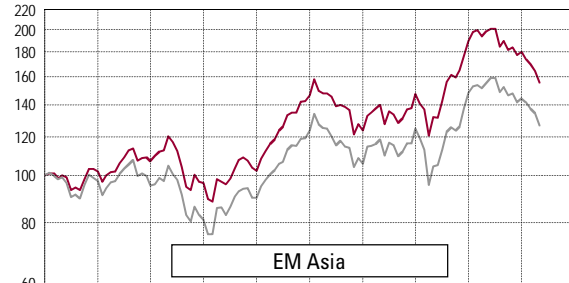
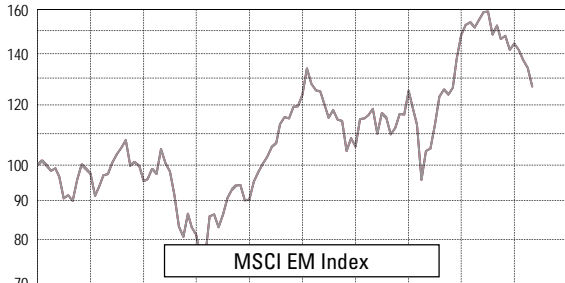
Total Returns based on Indices
with Net Dividends Reinvested

BUY	NEUTRAL	SELL	% Change								
			in Local Currencies			in U.S. Dollars			in Euros		
			during Apr 22	last 3 mths.	Year to date	during Apr 22	last 3 mths.	Year to date	during Apr 22	last 3 mths.	Year to date
Brazil			-10.1	-3.2	4.3	-13.7	3.8	17.3	-9.0	10.3	26.4
Chile			-4.9	7.8	13.8	-12.3	1.0	13.6	-7.5	7.3	22.5
China			-3.2	-14.2	-16.7	-4.1	-15.2	-17.7	1.2	-9.9	-11.3
	Colombia		-5.3	9.2	16.9	-10.6	8.2	19.6	-5.7	15.0	28.9
	Czech Republic		3.6	8.3	7.3	-2.5	0.7	0.5	2.8	7.0	8.4
	Egypt		-2.4	-9.1	-13.0	-3.5	-22.8	-26.1	1.8	-17.9	-20.3
	Greece		4.4	-0.2	7.9	-1.0	-6.1	0.1	4.4	-0.2	7.9
	Hungary		-4.7	-26.9	-21.8	-12.3	-35.3	-29.3	-7.5	-31.2	-23.8
		India	-0.8	0.2	-0.8	-1.7	-2.2	-3.5	3.7	4.0	4.0
	Indonesia		4.7	13.9	15.6	3.7	13.0	13.6	9.4	20.1	22.5
Korea			-2.9	-1.8	-10.5	-6.3	-5.7	-15.3	-1.2	0.2	-8.7
		Kuwait	1.3	15.7	21.5	0.4	14.4	19.9	5.9	21.5	29.2
Malaysia			0.7	7.0	3.6	-2.7	2.9	-0.8	2.6	9.3	6.9
Mexico			-9.0	0.8	-3.7	-11.0	2.0	-3.4	-6.2	8.3	4.1
	Peru		-17.3	-0.3	11.5	-17.3	-0.3	11.5	-12.8	6.0	20.2
		Philippines	-7.2	-7.5	-3.8	-8.0	-9.7	-6.0	-3.0	-4.0	1.3
Poland			-13.8	-18.3	-19.6	-19.1	-24.7	-27.0	-14.6	-20.0	-21.3
	Qatar		1.0	11.9	20.7	1.0	11.9	20.7	6.5	18.9	30.1
	Saudi Arabia		5.9	13.7	24.1	5.9	13.7	24.2	11.7	20.8	33.9
	South Africa		-5.6	0.4	4.0	-12.8	-1.8	4.9	-8.0	4.4	13.1
Taiwan			-7.2	-8.9	-10.2	-9.8	-14.1	-15.7	-4.9	-8.7	-9.2
	Thailand		-1.8	1.9	1.8	-4.7	-0.9	-0.7	0.5	5.3	7.0
Turkey			7.6	25.7	34.1	6.2	13.5	19.9	12.0	20.6	29.2
	United Arab Emirates		-1.1	15.8	19.8	-1.1	15.8	19.8	4.3	23.1	29.2
MSCI EM Index (CW)			-3.5	-7.8	-9.4	-5.6	-10.5	-12.1	-0.4	-4.8	-5.3
KAM EM Index (EW)			-3.5	-2.5	-1.9	-7.2	-6.7	-5.4	-2.1	-0.9	1.9
MSCI EM Asia Index			-3.3	-7.6	-10.4	-5.1	-10.2	-13.3	0.1	-4.6	-6.6
MSCI EM EMEA Index			-0.4	-12.0	-9.8	-3.3	-18.6	-16.5	2.0	-13.5	-10.0
MSCI EM Latin America Index			-9.6	-1.2	2.8	-13.0	3.1	10.7	-8.2	9.6	19.4
EM Top Value Strategy			-4.8	-4.1	-4.9	-8.1	-8.8	-9.2	-3.1	-3.1	-2.1

* Using MSCI National Market Indices as hypothetical investment vehicles.

MSCI National Markets vs. MSCI Emerging Markets Index

Total Returns in U.S. Dollars with Net Dividends Reinvested



December 31, 2012 = 100 (unless shown otherwise)
Updated Through: April 30, 2022

MSCI National Markets vs. MSCI Emerging Markets Index

Total Returns in U.S. Dollars with Net Dividends Reinvested

