

Emerging Markets

Country Selection Update | February 2023

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 US Dollars

December 31, 1988 - January 31, 2023	Top Value Strategy	EM Equally Weighted	MSCI EM Index
Number of Months	409	409	409
Average Monthly Return (%)	1.69	1.26	0.91
Compound Annual Return (%)	18.71	13.70	8.68
Number of Winning Months	255	247	244
Highest Monthly Return (%)	32.8	25.7	19.0
Probability of Monthly Gain (%)	62.3	60.4	59.7
Average Gain in Winning Months (%)	5.67	4.86	4.89
Expectation of Monthly Gain (%)	3.53	2.94	2.92
Number of Losing Months	154	162	165
Lowest Monthly Return (%)	-29.5	-27.5	-28.9
Probability of Monthly Loss (%)	37.7	39.6	40.3
Average Loss in Losing Months (%)	4.90	4.25	4.98
Expectation of Monthly Loss (%)	1.84	1.68	2.01
Longest Losing Streak (# Months)	5	6	6
Largest Drawdown from Previous High (%)	64.7	55.7	61.6
Standard Deviation of Monthly Returns (%)	7.08	5.97	6.45
Monthly Risk-Adjusted Return (Keppler Ratio)	0.92	0.75	0.45
Monthly Volatility-Adjusted Return (Sharpe Ratio)	0.24	0.21	0.14
2014	-12.6	-2.9	-2.2
2015	-16.9	-15.9	-14.9
2016	16.3	13.7	11.2
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
2022	-6.7	-7.2	-20.1
Year to date	10.1	6.8	7.9

KEPPLER ASSET MANAGEMENT INC. | NEW YORK

Updated through: January 31, 2023

This publication is for your private information only. It is not intended as an offer or a solicitation with respect to the purchase or sale of any security. The opinions expressed are based upon historical research with data deemed to be reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. There is no guarantee that future results will conform to past performance or be profitable. Our research products should be used only by sophisticated investors who are aware of the risks in global equity investing. Keppler Asset Management, Inc. and/or their officers, directors and employees may, from time to time, have long or short positions in, and buy or sell securities, options, or index futures mentioned herein.

Recent Developments & Outlook

Emerging markets equities had a good start this year. The MSCI Emerging Markets Index (ND) advanced 6.5 % in local currencies, 7.9 % in US dollars and 6.0 % in euros. The MSCI EM Index (January 1988 = 100) now stands at \$ 1,705 and € 1,730, respectively. In the last thirteen months, the EM benchmark declined 10.0 % in local currencies, 13.8 % in US dollars and 9.7 % in euros. The average emerging market—as shown by the KAM Equally Weighted EM Index—performed much better, however: up 4.7 % in local currencies, down 0.9 % in US dollars and up 3.8 % in euros. 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.

Sixteen markets advanced last month, seven markets declined and one market (Kuwait) was unchanged. Egypt (+18.6 %), the Czech Republic (+13.4 %) and Mexico (+12.9 %) performed best last month, while last year's big winner Turkey (-7.7 %) as well as India (-3.9 %) and the United Arab Emirates (-3.8 %) lost ground. Over the last thirteen months, thirteen markets are up and eleven markets are down. The biggest winners in that period were Turkey (+147.7 %), Egypt (+44.6 %) and Chile (+23.6 %), while Korea (-17.7 %), Hungary (-17.3 %) and Poland (-16.5 %) performed worst. Interestingly enough, due to the poor performance of its currency, Egypt's outsized gain turned into losses in both US dollars and in euros. 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, advanced 7.0 % in local currencies, 10.1 % in US dollars and 8.2 % in euros. It now stands at \$ 34,574 and € 35,092. In the last thirteen months, it was up 7.7 % in local currencies, 2.7 % in US dollars and 7.5 % in euros. There is no change in our performance ratings last month. Our **Top Value Model Portfolio** continues to hold the eight "Buy"-rated markets Brazil, Chile, China, Korea, Malaysia, Mexico, Poland and Taiwan. 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 EM 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 January 31, 2023 based on selected valuation and return measures:

	Valuation Ratios			Rates of Return (%)		
	PBV	PCF	PE	DY	CFRoE	RoE
EM Top Value Model Portfolio	1.39	5.6	9.0	4.95	24.7	15.4
MSCI Emerging Markets Index	1.66	8.8	12.8	3.17	18.9	12.9
MSCI World Index (DM)	2.81	12.1	18.2	2.09	23.2	15.5
MSCI EM Growth Index	3.27	13.2	21.0	1.47	24.8	15.6

According to our analyses, the asset class *Emerging Markets Equities* is now undervalued by 33 % compared to the MSCI World Index of the developed markets. Moreover, the **Emerging Markets Top Value Portfolio** is now undervalued by 29 % compared to the MSCI Emerging Markets (Standard) Index, by 53 % compared to the MSCI World Index of the developed markets (DM) and by 61 % compared to the MSCI EM Growth Index. This extreme undervaluation is not justified by the underlying fundamentals. Therefore the recent outperformance of the **Top Value Portfolio** is expected to continue over the next three to five years.

Michael Keppler,
New York, February 6, 2023

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)	1.39	5.6	9.0	4.95	24.7	15.4
Brazil	1.58	3.9	5.8	12.47	40.0	27.4
Chile	1.27	4.4	5.8	7.34	28.5	22.0
China	1.52	13.8	15.7	2.20	10.9	9.7
Korea	0.94	5.2	9.8	2.27	18.0	9.6
Malaysia	1.48	9.0	16.3	3.74	16.4	9.1
Mexico	2.05	7.3	14.2	3.76	28.0	14.4
Poland	1.01	3.3	6.4	3.55	30.8	15.8
Taiwan	2.20	7.9	11.7	4.29	27.7	18.9
SELL CANDIDATES	2.22	8.7	13.5	2.10	25.6	16.4
India	3.45	16.6	24.4	1.29	20.8	14.1
Indonesia	2.44	7.0	14.0	3.06	34.9	17.5
Kuwait	2.51	7.4	21.8	2.37	34.1	11.5
Philippines	1.96	10.3	19.3	1.63	19.0	10.2
Thailand	2.04	10.3	21.9	2.49	19.8	9.3
Turkey	1.65	6.3	5.3	1.77	26.2	31.0
NEUTRALLY RATED MARKETS	1.47	6.4	9.0	3.89	22.8	16.4
Colombia	1.05	6.9	6.4	7.21	15.3	16.6
Czech Republic	2.32	5.0	8.3	7.80	46.5	28.1
Egypt	2.25	11.7	10.2	2.47	19.3	22.0
Greece	1.06	6.8	10.1	2.03	15.5	10.5
Hungary	0.77	2.3	4.3	1.57	33.4	17.8
Peru	1.81	11.3	11.4	3.86	15.9	15.9
Qatar	1.72	8.8	13.2	4.02	19.4	13.0
Saudi Arabia	2.26	9.1	15.6	2.62	24.8	14.5
South Africa	1.79	7.9	11.3	3.80	22.7	15.9
United Arab Emirates	1.70	9.8	11.2	3.57	17.4	15.2
MSCI EM Index (CW)	1.66	8.8	12.8	3.17	18.9	12.9
KAM EM Index (EW)	1.50	5.9	9.0	4.13	25.5	16.7
EM Asia Index	1.64	9.8	14.4	2.50	16.7	11.3
EM EMEA Index	1.78	7.3	11.3	3.18	24.5	15.7
EM Latin America Index	1.65	4.7	7.1	9.30	35.3	23.4



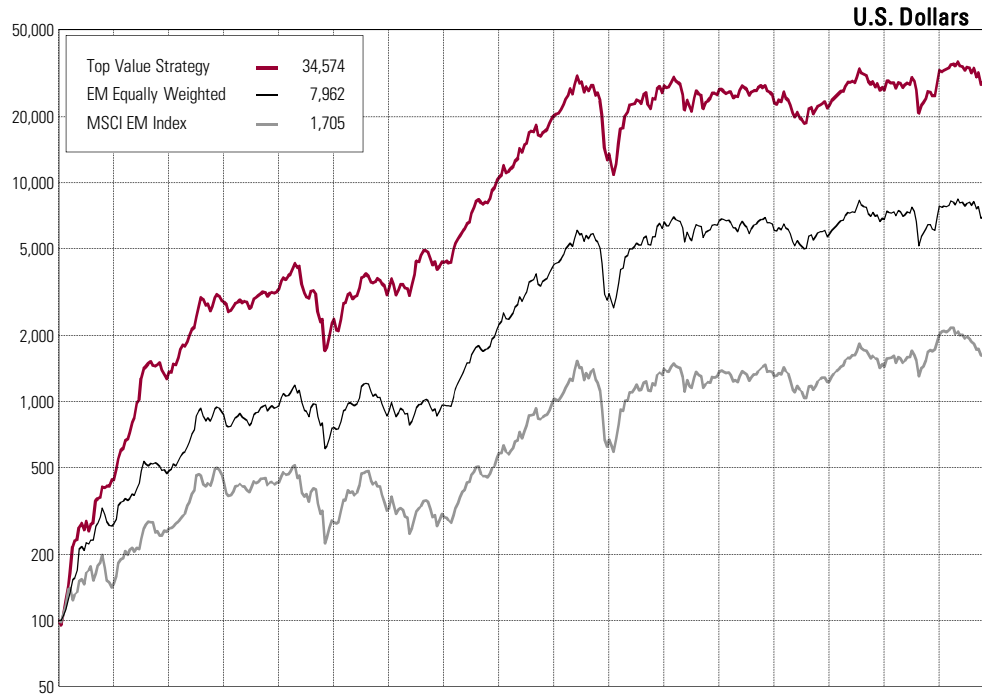
Top Value Strategy Performance History* versus the MSCI EM Index

Total & Compound Annual Returns with Net Dividends Reinvested

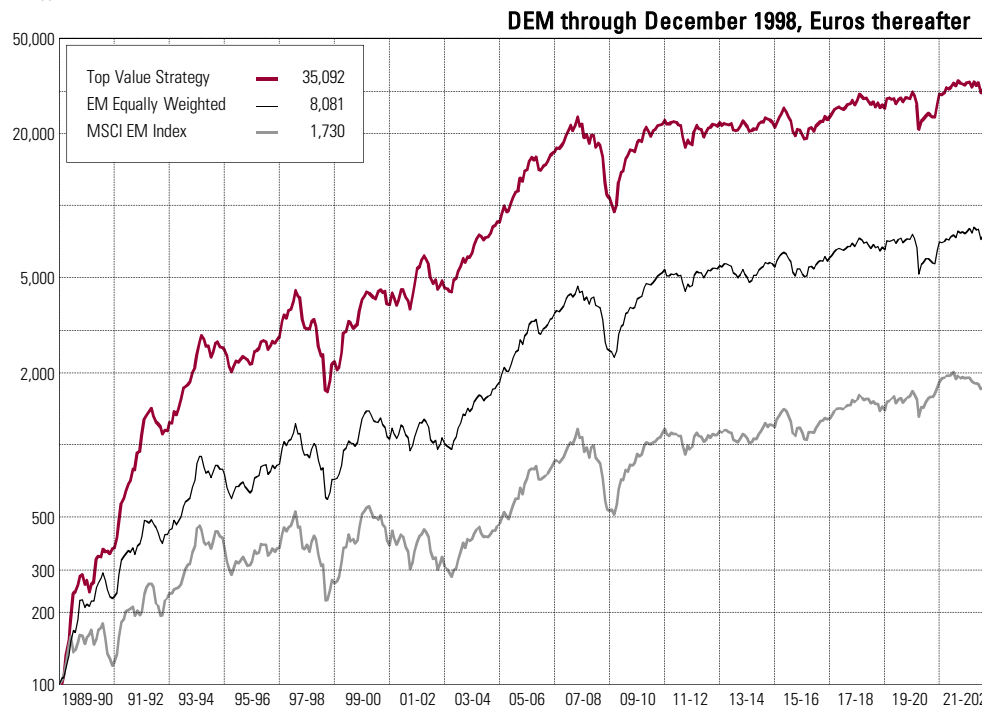
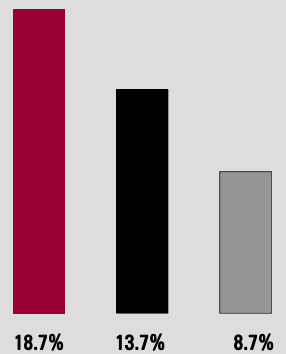
Total Returns
December 1988 = 100

Compound Annual Returns

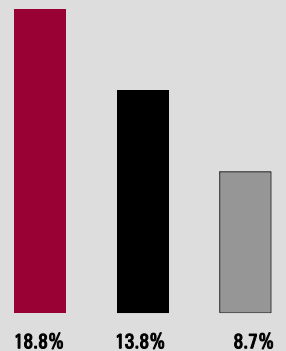
December 1988 - January 2023



Top Value Strategy	EM Equally Weighted	MSCI EM Index
18.7%	13.7%	8.7%



Top Value Strategy	EM Equally Weighted	MSCI EM Index
18.8%	13.8%	8.7%



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

Updated through: January 31, 2023

KEPPLER ASSET MANAGEMENT INC. | NEW YORK

Emerging Markets



Recent Performance*

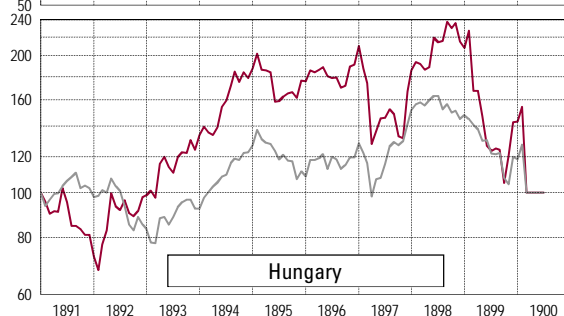
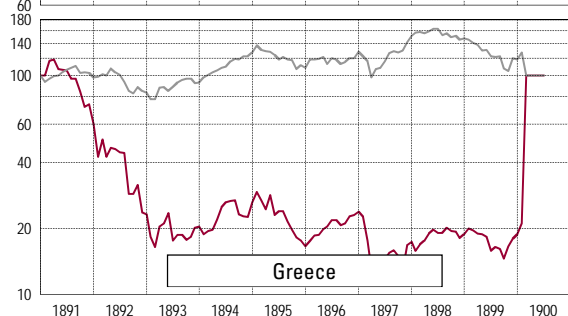
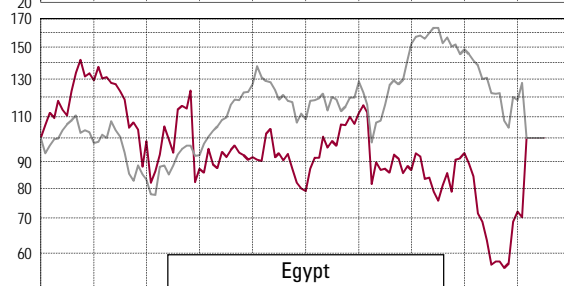
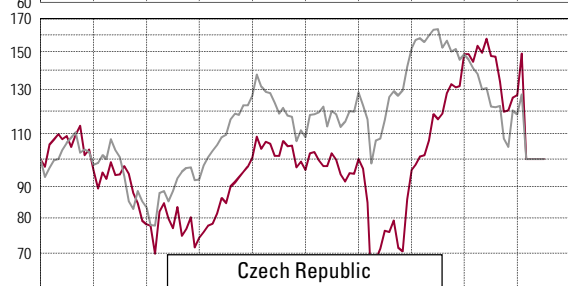
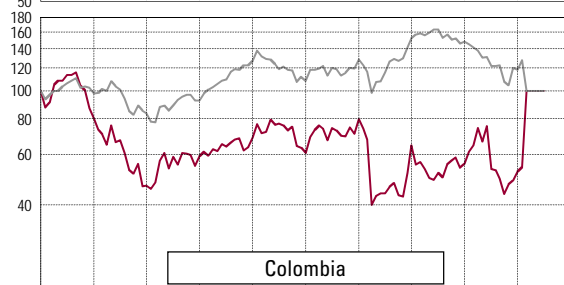
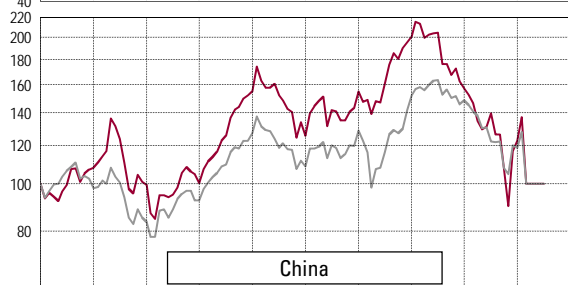
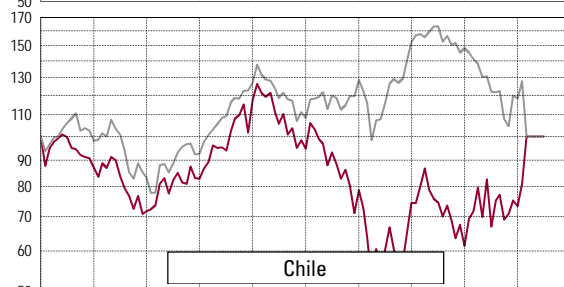
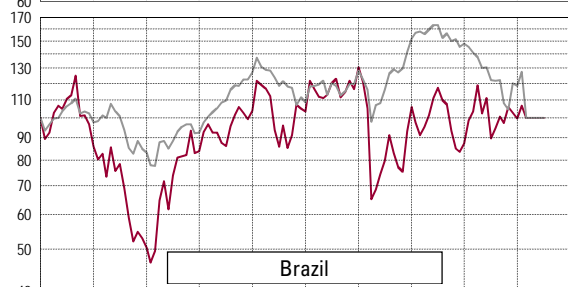
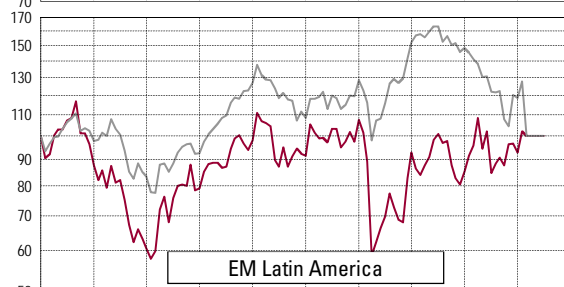
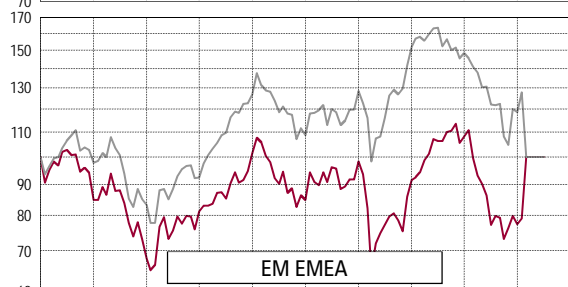
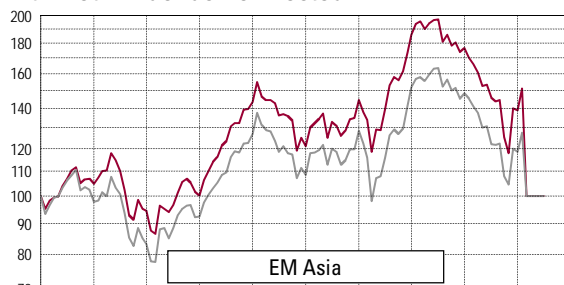
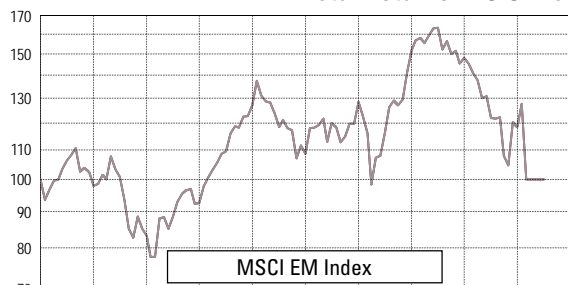
Total Returns based on Indices
with Net Dividends Reinvested

BUY	NEUTRAL	SELL	% Change								
			in Local Currencies			in U.S. Dollars			in Euros		
			during 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.
Brazil			3.1	-2.2	11.6	6.9	0.8	22.1	5.1	-8.3	27.8
Chile			3.6	-3.3	23.6	10.4	14.3	31.8	8.5	4.0	38.0
China			11.7	50.3	-11.4	11.8	52.5	-12.7	9.8	38.8	-8.6
	Colombia		-0.3	9.6	11.6	4.1	15.3	-2.1	2.3	5.0	2.5
	Czech Republic		13.4	9.7	0.5	17.1	24.0	0.2	15.1	12.9	4.9
	Egypt		18.6	53.4	44.6	-2.7	22.8	-24.7	-4.4	11.7	-21.2
	Greece		10.4	15.9	17.9	12.3	27.4	12.6	10.4	15.9	17.9
	Hungary		3.7	11.3	-17.3	7.9	28.1	-25.6	6.0	16.6	-22.1
	India		-3.9	-4.5	-1.6	-3.0	-3.5	-10.7	-4.7	-12.2	-6.5
	Indonesia		-0.6	-4.6	12.5	3.3	-0.8	7.0	1.5	-9.7	12.0
Korea			9.5	5.9	-17.7	12.4	22.5	-20.6	10.4	11.5	-16.9
	Kuwait		0.0	-0.9	11.5	0.3	0.6	10.4	-1.4	-8.5	15.6
Malaysia			-0.4	2.8	-0.8	2.9	13.9	-3.1	1.1	3.7	1.5
Mexico			12.9	9.5	5.3	17.0	15.6	14.7	15.0	5.2	20.1
	Peru		7.9	11.5	18.1	7.9	11.5	18.1	6.0	1.4	23.7
	Philippines		3.3	10.3	-2.8	5.4	17.0	-9.2	3.6	6.5	-5.0
Poland			5.4	23.4	-16.5	6.5	35.7	-22.5	4.7	23.5	-18.8
	Qatar		2.0	-12.0	-5.0	2.0	-12.0	-5.0	0.2	-19.9	-0.6
	Saudi Arabia		2.0	-8.4	-3.1	2.2	-8.3	-3.0	0.4	-16.6	1.5
	South Africa		7.2	14.1	9.9	4.7	20.3	0.6	2.9	9.4	5.4
Taiwan			10.1	21.3	-14.1	12.7	30.2	-20.9	10.7	18.5	-17.1
	Thailand		-1.1	3.3	7.6	3.8	19.1	8.9	2.0	8.4	14.0
	Turkey		-7.7	22.9	147.7	-8.2	21.5	74.8	-9.8	10.6	83.1
	United Arab Emirates		-3.8	-9.3	-9.8	-3.8	-9.3	-9.8	-5.5	-17.4	-5.5
MSCI EM Index (CW)			6.5	16.6	-10.0	7.9	22.2	-13.8	6.0	11.2	-9.7
KAM EM Index (EW)			4.1	10.5	4.7	6.8	19.2	-0.9	5.0	8.5	3.8
MSCI EM Asia Index			7.2	21.6	-10.3	8.6	27.9	-14.3	6.7	16.4	-10.3
MSCI EM EMEA Index			2.9	1.2	-18.3	2.3	3.7	-26.7	0.5	-5.6	-23.2
MSCI EM Latin America Index			5.9	1.2	10.4	9.9	5.9	19.7	8.0	-3.6	25.3
EM Top Value Strategy			7.0	16.1	7.7	10.1	25.4	2.7	8.2	14.1	7.5

* 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, 2013 = 100 (unless shown otherwise)

Updated Through: January 31, 2023

KEPPLER ASSET MANAGEMENT INC. | NEW YORK

MSCI National Markets vs. MSCI Emerging Markets Index

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

