



Developed Markets ---

 Country Selection Update | April 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 - March 31, 2023	Top Value Strategy	World Equally Weighted	MSCI World Index	
Number of Months	639	639	639	
Average Monthly Return (%)	1.11	0.88	0.74	
Compound Annual Return (%)	12.73	9.98	8.22	
Number of Winning Months	411	412	406	
Highest Monthly Return (%)	35.3	17.3	14.0	
Probability of Monthly Gain (%)	64.3	64.5	63.5	
Average Gain in Winning Months (%)	3.56	3.12	3.07	
Expectation of Monthly Gain (%)	2.29	2.01	1.95	
Number of Losing Months	228	227	233	
Lowest Monthly Return (%)	-19.4	-24.4	-19.6	
Probability of Monthly Loss (%)	35.7	35.5	36.5	
Average Loss in Losing Months (%)	3.31	3.18	3.31	
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	4.10	4.03	
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	5.9	7.1	7.4

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Updated through: March 31, 2023

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Recent Developments & Outlook

Last month, the cap.-weighted MSCI World Index (ND) gained 2.5 % in local currencies, 3.1 % in US dollars and 0.6 % in euros. Over the last fifteen months, however, the world equity benchmark is still down 9.8 %, 11.8 % and 7.7 % in local currencies, US dollars and euros, respectively. Additionally, while the large-cap. markets performed well last month, the average developed market—as shown by the KAM Equally Weighted World Index—was unchanged. Value fared poorly worldwide last month, underperforming growth by 7.4 percentage points in the developed markets and by 1.1 ppts. in the emerging markets. The euro gained 2.4 % versus the US dollar in March—just as much as it had lost in February. It now stands at 1.0865, up 1.8 % year-to-date, but still down 4.5 % compared with its year-end 2021 level of 1.1372.

Fourteen of the twenty-three markets included in the MSCI World Index advanced last month, eight markets declined and one market (Belgium) was unchanged. Denmark (+5.2 %), Portugal (+4.1 %) and Singapore (+3.9 %) performed best in March. The worst performing markets last month were Austria (-11.8 %), Norway (-3.5 %) and the United Kingdom (-2.7 %). In the last fifteen months, ten markets were up and thirteen markets were down. Spain (+12.2 %), Denmark (+12.1 %) and the United Kingdom (+10.6 %) performed best, while Austria (-21.0 %), Israel (-18.6 %) and the USA (-13.8 %) came in last. 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 March at LC 58,907 (-2.1 %), \$ 40,568 (-0.5 %) and € 19,812 (-2.8 %). 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 March 2023 based on selected valuation and return measures:

	Valuation Ratios			Rates of Return (%)		
	PBV	PCF	PE	DY	CFRoE	RoE
DM Top Value Model Portfolio	1.28	5.9	9.9	4.01	21.6	12.8
MSCI World Index	2.82	12.8	19.1	2.11	22.1	14.7
MSCI World Growth Index	5.86	20.4	30.8	0.96	28.8	19.0
MSCI USA Index	4.03	15.2	21.9	1.62	26.5	18.4

The **Developed Markets Top Value Portfolio** is now undervalued by 51 % compared to the MSCI World Index, by 61 % compared to the MSCI USA Index and by 73 % 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 recent outperformance in the next three to five years.

Michael Keppler
New York, April 4, 2023

Developed Markets



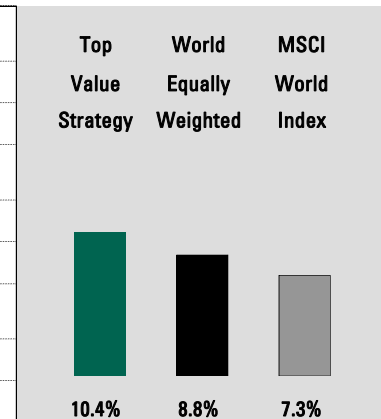
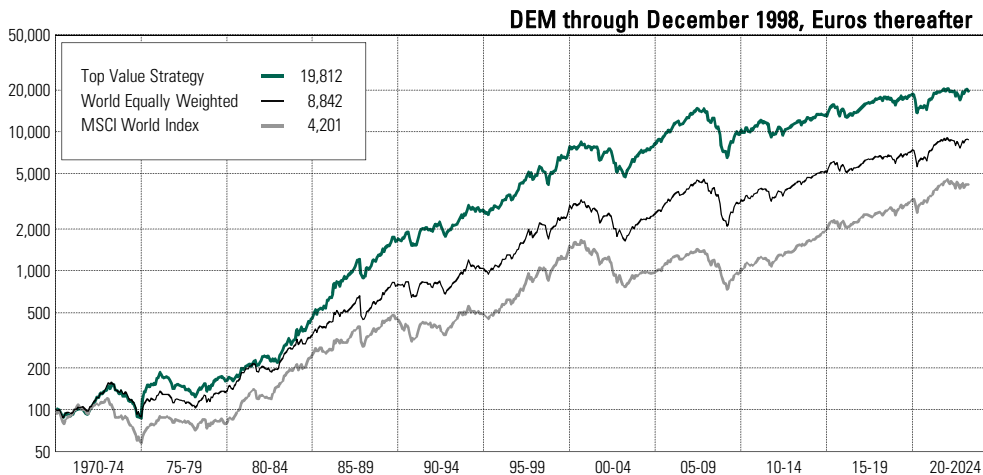
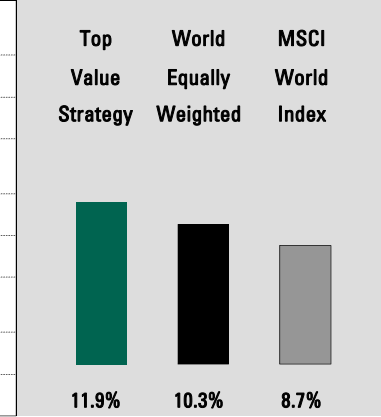
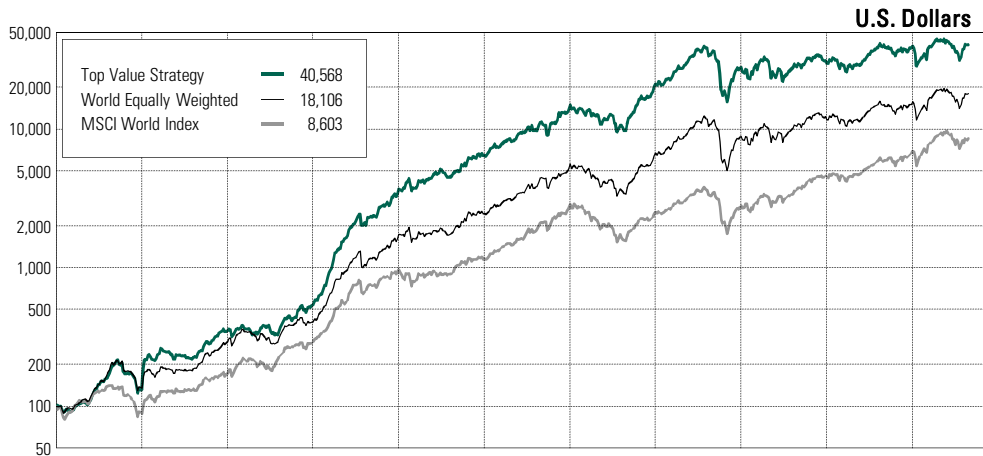
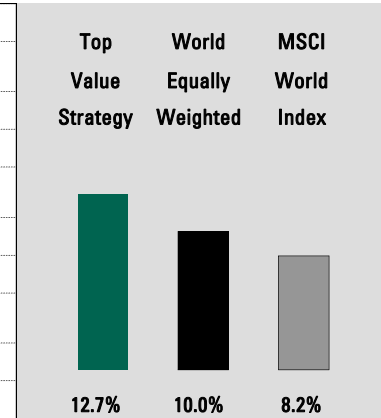
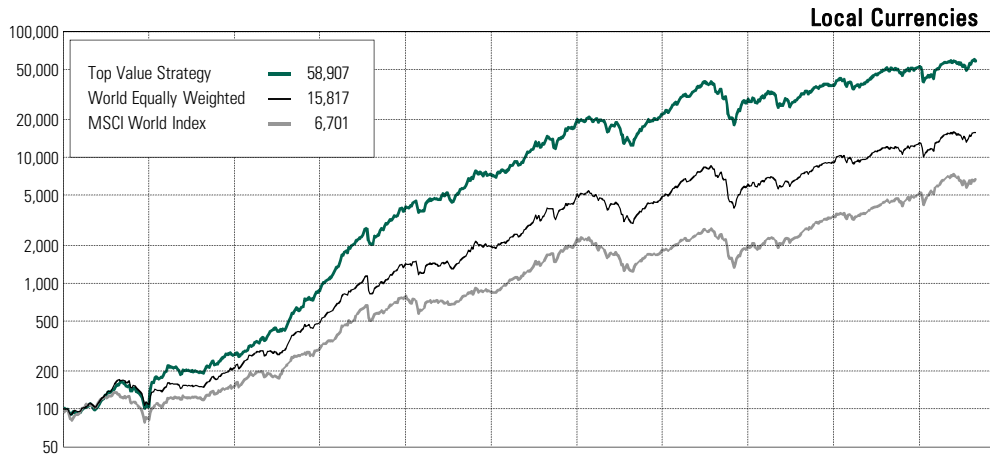
Current Ratings & Valuation Characteristics

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)	1.28	5.9	9.9	4.01	21.6	12.8
Austria	0.91	4.0	6.5	5.32	23.1	14.2
Germany	1.46	6.4	13.4	3.46	22.6	10.8
Hong Kong	1.12	11.9	21.6	3.35	9.5	5.2
Italy	1.19	4.7	7.8	4.88	25.5	15.3
Japan	1.29	8.2	15.7	2.52	15.6	8.2
Norway	1.70	4.1	6.5	5.14	41.9	26.2
Spain	1.28	6.5	10.0	3.69	19.6	12.8
United Kingdom	1.66	7.9	12.1	3.76	21.0	13.7
SELL CANDIDATES	2.80	16.4	21.2	2.38	17.0	13.2
Denmark	5.10	13.8	18.9	1.66	36.9	27.1
Netherlands	3.00	17.9	26.9	1.93	16.8	11.1
Singapore	1.45	23.3	19.4	3.67	6.2	7.5
Switzerland	3.15	14.9	20.7	3.03	21.2	15.2
U.S.A.	4.03	15.2	21.9	1.62	26.5	18.4
NEUTRALLY RATED MARKETS	2.01	10.8	16.6	2.92	18.7	12.1
Australia	2.17	10.1	14.5	4.71	21.5	14.9
Belgium	1.60	13.6	20.7	2.15	11.8	7.7
Canada	1.87	9.5	14.3	3.24	19.7	13.1
Finland	2.05	7.7	10.6	3.65	26.7	19.4
France	1.99	10.0	17.0	2.62	20.0	11.7
Ireland	1.81	11.2	18.5	1.58	16.2	9.8
Israel	1.68	11.0	10.9	2.19	15.3	15.5
New Zealand	3.02	17.5	27.2	2.30	17.3	11.1
Portugal	2.71	7.7	23.7	3.37	35.2	11.4
Sweden	1.98	19.0	27.1	3.35	10.4	7.3
MSCI World Index (CW)	2.82	12.8	19.1	2.11	22.1	14.7
KAM World Index (EW)	1.69	8.6	13.6	3.34	19.6	12.4
MSCI EAFE Index	1.71	9.2	15.1	3.14	18.6	11.3
MSCI Europe Index	1.91	9.3	14.8	3.15	20.6	12.9



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 Mar 23	last 3 mths.	last 15 mths.	during Mar 23	last 3 mths.	last 15 mths.	during Mar 23	last 3 mths.	last 15 mths.
	Australia		0.1	4.1	5.7	-0.6	2.8	-2.6	-3.0	1.0	1.9
Austria			-11.8	0.8	-21.0	-9.6	2.6	-24.5	-11.8	0.8	-21.0
	Belgium		0.0	4.4	-2.7	2.4	6.3	-7.0	0.0	4.4	-2.7
	Canada		-0.5	4.2	-2.6	0.1	4.3	-9.1	-2.3	2.5	-4.9
		Denmark	5.2	10.6	12.1	7.7	12.4	6.9	5.1	10.4	11.9
		Finland	-2.3	-2.1	-11.6	0.1	-0.3	-15.6	-2.3	-2.1	-11.6
		France	0.7	12.6	4.0	3.1	14.6	-0.7	0.7	12.6	4.0
Germany			1.5	12.7	-6.8	4.0	14.7	-10.9	1.5	12.7	-6.8
Hong Kong			1.2	-1.9	-6.4	1.2	-2.4	-7.0	-1.2	-4.1	-2.6
		Ireland	2.8	19.3	-6.2	5.4	21.4	-10.4	2.8	19.3	-6.2
		Israel	0.1	2.1	-18.6	1.1	0.8	-26.1	-1.3	-0.9	-22.6
Italy			-1.6	12.6	2.7	0.8	14.7	-1.8	-1.6	12.6	2.7
Japan			1.6	7.1	2.3	4.0	6.2	-11.5	1.5	4.3	-7.4
		Netherlands	2.6	14.6	-11.8	5.0	16.6	-15.7	2.5	14.6	-11.8
		New Zealand	2.3	9.2	2.1	3.3	8.0	-6.7	0.8	6.1	-2.3
Norway			-3.5	-1.3	2.5	-4.7	-7.2	-13.7	-7.0	-8.8	-9.7
		Portugal	4.1	1.6	8.5	6.7	3.4	3.6	4.1	1.6	8.5
		Singapore	3.9	6.2	-5.9	5.0	7.0	-4.7	2.5	5.2	-0.3
Spain			-1.1	13.6	12.2	1.3	15.7	7.2	-1.1	13.6	12.2
		Sweden	-0.8	9.0	-10.2	-0.2	9.5	-21.6	-2.6	7.6	-17.9
		Switzerland	1.5	5.4	-12.6	4.1	6.7	-12.8	1.6	4.8	-8.8
United Kingdom			-2.7	3.2	10.6	-0.6	6.1	1.0	-3.0	4.2	5.7
		U.S.A.	3.5	7.6	-13.8	3.5	7.6	-13.8	1.0	5.7	-9.7

Developed Markets Regions, World and Country Selection Strategy

MSCI World Index (CW)	2.5	7.4	-9.8	3.1	7.7	-11.8	0.6	5.8	-7.7
KAM World Index (EW)	0.0	7.1	-1.8	1.5	7.7	-7.3	-1.0	5.8	-3.0
MSCI EAFE Index	0.5	7.5	0.0	2.5	8.5	-7.2	0.0	6.5	-2.9
MSCI Europe Index	0.1	8.6	-0.6	2.4	10.6	-6.1	-0.1	8.6	-1.7
Top Value Strategy*	-2.1	5.9	0.2	-0.5	6.3	-7.0	-2.8	4.4	-2.6

* 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: March 31, 2023

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MSCI National Markets vs. MSCI World Index

Total Returns in Local Currencies with Net Dividends Reinvested

