



Developed Markets ---

 Country Selection Update | September 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 - August 31, 2023	Top Value Strategy	World Equally Weighted	MSCI World Index	
Number of Months	644	644	644	
Average Monthly Return (%)	1.11	0.88	0.75	
Compound Annual Return (%)	12.70	9.95	8.31	
Number of Winning Months	414	415	409	
Highest Monthly Return (%)	35.3	17.3	14.0	
Probability of Monthly Gain (%)	64.3	64.4	63.5	
Average Gain in Winning Months (%)	3.56	3.11	3.07	
Expectation of Monthly Gain (%)	2.29	2.01	1.95	
Number of Losing Months	230	229	235	
Lowest Monthly Return (%)	-19.4	-24.4	-19.6	
Probability of Monthly Loss (%)	35.7	35.6	36.5	
Average Loss in Losing Months (%)	3.31	3.17	3.29	
Expectation of Monthly Loss (%)	1.18	1.13	1.20	
Longest Losing Streak (# Months)	7	8	7	
Largest Drawdown from Previous High (%)	54.4	53.6	50.8	
Standard Deviation of Monthly Returns (%)	4.62	4.09	4.02	
Monthly Risk-Adjusted Return (Kepler Ratio)	0.94	0.78	0.62	
Monthly Volatility-Adjusted Return (Sharpe Ratio)	0.24	0.21	0.19	
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	10.0	10.0	16.4

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Updated through: August 31, 2023

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Recent Developments & Outlook

Last month, the MSCI World Index (ND) declined 1.8 % in local currencies, 2.4 % in US dollars and 0.8 % in euros. Year-to-date, the world equity benchmark is up 16.4 % in local currencies, 16.1 % in US dollars and 14.2 % in euros. The MSCI World Index (December 1969 = 100) now stands at LC 7,259, \$ 9,273 and € 4,533. Value indices mostly underperformed growth indices globally last month, but outperformed in Europe and emerging markets by 1.3 and 0.5 percentage points, respectively. The euro lost 1.6 % vs. the US dollar in August and now stands at 1.0854, up 1.7 % from its year-end 2022 level of 1.0673.

Nineteen out of the twenty-three markets included in the MSCI World Index declined last month. Three markets had positive returns and one (Japan) was unchanged. Denmark (+6.2 %), Norway (+2.9 %) and Finland (+0.7 %) performed best in August, while Hong Kong (-8.1 %), Netherlands (-7.2 %) and Singapore (-7.1 %) came in last. In the first eight months, twenty markets were up and three markets were down. Ireland (+28.5 %), Japan (+25.3 %) and Italy (+24.6 %) performed best, while Hong Kong (-12.5 %), Finland (-10.7 %) and Portugal (-1.8 %) were the only losing markets. 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 August at LC 61,156 (-2.4 %), \$ 41,700 (-4.3 %) and € 20,385 (-2.8 %). The performance of the **Top Value Strategy** this year continues to suffer under the poor development of value vs. growth. 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. Our **Top Value Model Portfolio** continues to hold the seven “Buy”-rated markets Austria, Germany, Hong Kong, Italy, 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** currently compares to three developed markets MSCI Indices based on selected valuation and return measures:

	Valuation Ratios			Rates of Return (%)		
	PBV	PCF	PE	DY	CFRoE	RoE
DM Top Value Model Portfolio	1.25	5.6	9.7	4.42	22.1	12.8
MSCI World Index	2.99	13.6	20.2	1.98	22.0	14.8
MSCI World Growth Index	6.31	21.6	32.1	0.87	29.2	19.6
MSCI USA Index	4.31	16.7	24.2	1.49	25.8	17.8

The **Developed Markets Top Value Portfolio** is now undervalued by 56 % compared to the MSCI World Index, by 66 % compared to the MSCI USA Index and by 76 % compared with the MSCI World Growth Index. Since this extreme undervaluation is not justified by the underlying fundamentals, we expect the **Top Value Model Portfolio** to mean revert and resume its outperformance from 2022.

Michael Keppler
September 2, 2023

Developed Markets



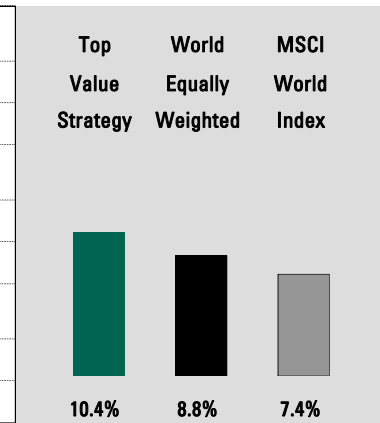
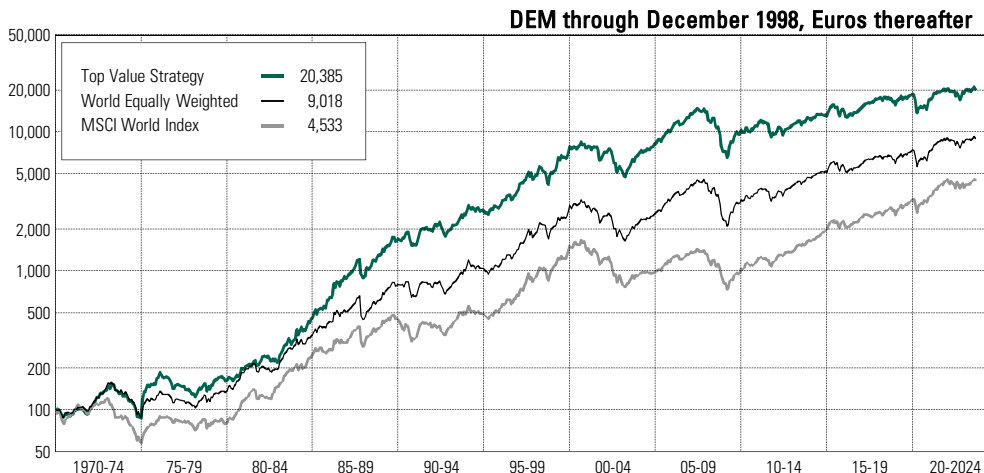
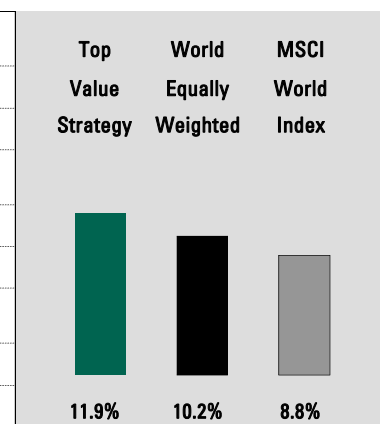
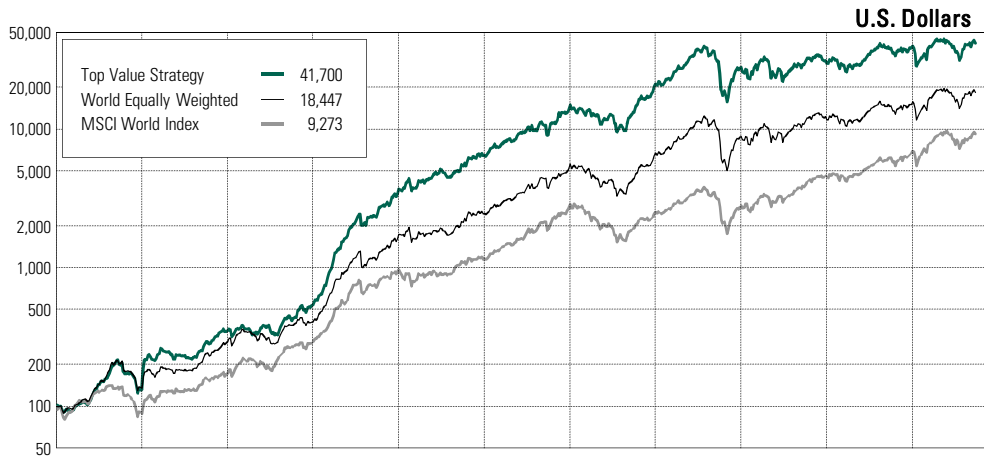
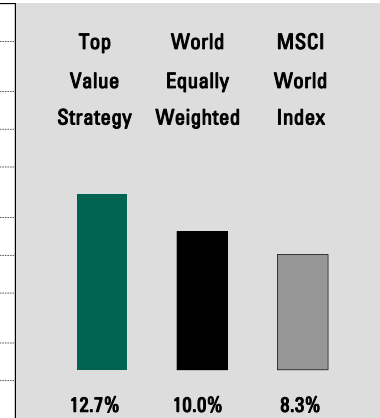
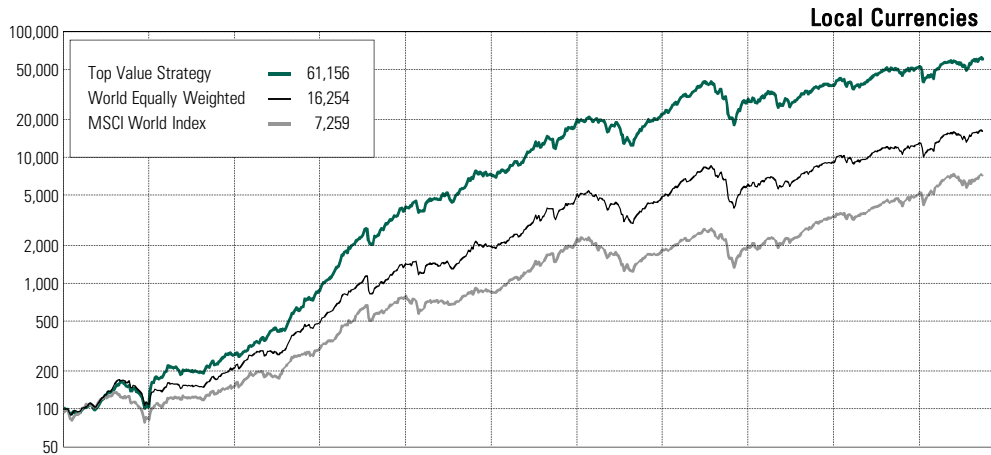
Current Ratings & Valuation Characteristics

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)	1.25	5.6	9.7	4.42	22.1	12.8
Austria	0.90	3.8	6.5	5.43	23.7	13.8
Germany	1.41	6.6	14.0	3.40	21.3	10.1
Hong Kong	0.98	10.6	22.6	3.88	9.2	4.3
Italy	1.26	4.9	7.8	4.76	25.8	16.1
Norway	1.72	4.4	7.8	5.63	38.9	22.1
Spain	1.27	6.1	9.4	4.04	20.8	13.5
United Kingdom	1.65	7.4	11.5	3.81	22.3	14.4
SELL CANDIDATES	2.79	15.4	19.8	2.57	18.1	14.1
Denmark	5.54	16.7	23.1	1.73	33.2	24.0
Netherlands	2.86	15.8	22.3	2.07	18.1	12.8
Singapore	1.34	14.9	14.5	4.53	9.0	9.2
Switzerland	3.54	13.4	18.5	3.04	26.4	19.1
U.S.A.	4.31	16.7	24.2	1.49	25.8	17.8
NEUTRALLY RATED MARKETS	1.87	9.8	15.1	2.95	19.1	12.4
Australia	2.17	10.9	15.8	4.29	19.8	13.7
Belgium	1.52	12.6	21.3	2.46	12.1	7.1
Canada	1.85	9.5	15.3	3.26	19.4	12.1
Finland	1.95	5.7	7.6	4.14	34.4	25.5
France	1.93	9.9	16.9	2.81	19.6	11.4
Ireland	1.90	12.3	18.0	1.49	15.5	10.6
Israel	1.73	14.3	12.5	2.29	12.1	13.8
Japan	1.40	8.8	15.8	2.24	15.9	8.9
New Zealand	2.72	16.3	25.8	2.65	16.7	10.5
Portugal	2.12	7.3	21.9	3.52	29.3	9.7
Sweden	1.88	9.8	12.4	3.35	19.2	15.2
MSCI World Index (CW)	2.99	13.6	20.2	1.98	22.0	14.8
KAM World Index (EW)	1.66	8.3	13.3	3.46	19.9	12.5
MSCI EAFE Index	1.73	9.0	14.6	3.11	19.2	11.9
MSCI Europe Index	1.91	8.8	13.9	3.23	21.6	13.7



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 Aug 23	last 3 mths.	Year to date	during Aug 23	last 3 mths.	Year to date	during Aug 23	last 3 mths.	Year to date
	Australia		-0.5	4.5	7.4	-4.3	4.6	2.6	-2.8	2.7	0.8
Austria			-2.1	7.6	6.6	-3.7	9.6	8.4	-2.1	7.6	6.6
	Belgium		-1.6	6.4	2.3	-3.1	8.3	4.0	-1.6	6.4	2.3
	Canada		-1.5	4.9	6.8	-4.2	5.4	7.0	-2.7	3.5	5.2
		Denmark	6.2	5.6	18.6	4.6	7.4	20.4	6.2	5.5	18.4
		Finland	0.7	-2.0	-10.7	-0.9	-0.3	-9.2	0.7	-2.0	-10.7
		France	-2.4	2.8	14.3	-3.9	4.7	16.2	-2.4	2.8	14.3
Germany			-3.3	1.4	13.7	-4.8	3.3	15.6	-3.3	1.4	13.7
Hong Kong			-8.1	-2.6	-12.5	-8.6	-2.8	-12.9	-7.1	-4.5	-14.3
		Ireland	-2.2	7.2	28.5	-3.8	9.2	30.6	-2.2	7.2	28.5
		Israel	-0.5	8.3	6.8	-2.7	7.2	1.9	-1.1	5.3	0.2
Italy			-2.4	11.4	24.6	-3.9	13.4	26.7	-2.4	11.4	24.6
		Japan	0.0	9.0	25.3	-2.4	4.6	13.6	-0.9	2.8	11.7
		Netherlands	-7.2	-3.4	12.2	-8.6	-1.7	14.1	-7.2	-3.5	12.2
		New Zealand	-5.2	-4.8	0.1	-9.3	-5.4	-5.7	-7.9	-7.1	-7.3
Norway			2.9	7.8	5.5	-2.2	12.9	-2.3	-0.6	10.9	-3.9
		Portugal	-0.7	0.9	-1.8	-2.2	2.7	-0.1	-0.7	0.9	-1.8
		Singapore	-7.1	1.5	1.8	-8.5	1.8	1.2	-7.0	0.0	-0.5
Spain			-1.4	5.9	19.0	-3.0	7.8	21.0	-1.4	5.9	19.0
		Sweden	-3.0	-1.4	7.5	-6.9	-2.0	2.3	-5.4	-3.7	0.6
		Switzerland	-1.7	-0.9	5.9	-3.5	2.5	10.9	-2.0	0.7	9.1
United Kingdom			-2.5	0.9	2.2	-4.0	3.1	7.7	-2.5	1.3	5.9
		U.S.A.	-1.7	8.4	18.7	-1.7	8.4	18.7	-0.2	6.4	16.8

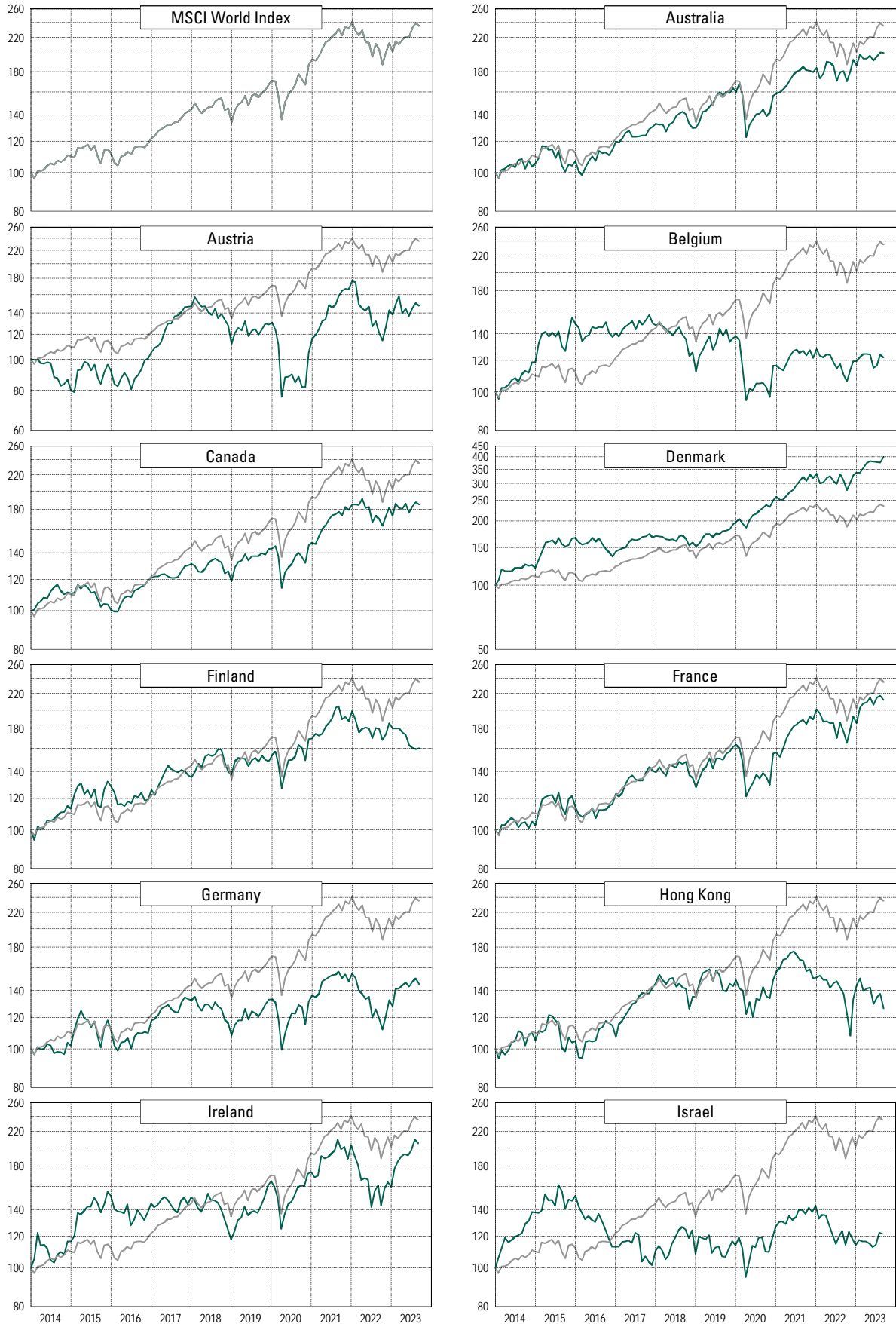
Developed Markets Regions, World and Country Selection Strategy

MSCI World Index (CW)	-1.8	6.9	16.4	-2.4	7.0	16.1	-0.8	5.1	14.2
KAM World Index (EW)	-2.1	3.9	10.0	-4.0	5.1	9.7	-2.5	3.2	7.9
MSCI EAFE Index	-1.8	3.4	11.9	-3.8	3.8	10.9	-2.3	2.0	9.0
MSCI Europe Index	-2.3	1.6	9.7	-4.0	3.7	12.4	-2.4	1.9	10.6
Top Value Strategy*	-2.4	4.8	10.0	-4.3	6.2	9.2	-2.8	4.3	7.4

* 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: August 31, 2023

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MSCI National Markets vs. MSCI World Index

Total Returns in Local Currencies with Net Dividends Reinvested

