

Emerging Markets

 Country Selection Update | October 2023

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 - September 30, 2023	Top Value Strategy	EM Equally Weighted	MSCI EM Index
Number of Months	417	417	417
Average Monthly Return (%)	1.65	1.23	0.88
Compound Annual Return (%)	18.17	13.39	8.32
Number of Winning Months	259	251	247
Highest Monthly Return (%)	32.8	25.7	19.0
Probability of Monthly Gain (%)	62.1	60.2	59.2
Average Gain in Winning Months (%)	5.64	4.85	4.88
Expectation of Monthly Gain (%)	3.50	2.92	2.89
Number of Losing Months	158	166	170
Lowest Monthly Return (%)	-29.5	-27.5	-28.9
Probability of Monthly Loss (%)	37.9	39.8	40.8
Average Loss in Losing Months (%)	4.89	4.24	4.94
Expectation of Monthly Loss (%)	1.85	1.69	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 (%)	7.04	5.95	6.42
Monthly Risk-Adjusted Return (Kepler Ratio)	0.89	0.73	0.44
Monthly Volatility-Adjusted Return (Sharpe Ratio)	0.23	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	5.3	5.8	1.8

KEPPLER ASSET MANAGEMENT INC. | NEW YORK

Updated through: September 30, 2023

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Recent Developments & Outlook

The MSCI Emerging Markets Index (ND) continued to lose ground last month. In September, it lost 1.8 % in local currencies, 2.6 % in US dollars and 0.2 % in euros, extending the losses suffered in August. The MSCI EM Index (January 1988 = 100) now stands at \$ 1,609 and € 1,675, respectively. Year-to-date, the EM benchmark rose 4.0 % in local currencies, 1.8 % in US dollars and 2.6 % in euros. The euro lost 2.5 % vs. the US dollar in September and now stands at 1.0588, down 0.8 % from its year-end 2022 level of 1.0673.

Sixteen markets declined and eight advanced last month. Turkey (+6.3 %), Egypt (+5.8 %) and United Arab Emirates (+4.5 %) performed best, while Greece (-8.1 %), Peru (-7.5 %) and Poland (-5.9 %) came in last. Year-to-date, the pattern is repeated: sixteen markets are up and eight markets are down. The biggest winners in the first nine months are Turkey (+57.3 %), Egypt (+44.2 %) and Greece (+33.2 %). Colombia (-19.2 %), Thailand (-9.4 %) and Kuwait (-6.3 %) performed worst. Due to the poor performance of its currency in the first half of the year, Turkey's large gains in local currency turn into only 8.2 % year-to-date if performance is measured in euros. Performance is in local currencies unless mentioned otherwise.

In September, 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 2.3 % in local currencies, 4.6 % in US dollars and 2.2 % in euros. It now stands at \$ 33,063 and € 34,424. Year-to-date, it is up 5.9 % in local currencies, 5.3 % in US dollars and 6.1 % in euros. There was 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 the end of September 2023 based on selected valuation and return measures:

	Valuation Ratios			Rates of Return (%)		
	PBV	PCF	PE	DY	CFRoE	RoE
EM Top Value Model Portfolio	1.34	6.5	10.6	4.86	20.7	12.7
MSCI Emerging Markets Index	1.59	9.4	14.1	3.08	16.8	11.2
MSCI World Index (DM)	2.89	13.1	19.5	2.06	22.1	14.8
MSCI EM Growth Index	2.93	13.1	21.0	1.67	22.4	13.9

According to our analyses, the asset class *Emerging Markets Equities* is currently undervalued by 33 % compared to the MSCI World Index of the developed markets. Moreover, the **Emerging Markets Top Value Portfolio** is now undervalued by 27 % compared to the MSCI Emerging Markets (Standard) Index, by 52 % compared to the MSCI World Index of the developed markets (DM) and by 55 % compared to the MSCI EM Growth Index. Since this extreme undervaluation is not justified by the underlying fundamentals, we expect the **Top Value Portfolio** to continue its recent mean reversion and outperformance over the MSCI EM Index over the next three to five years.

Michael Keppler
October 2, 2023

P.S. 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)	1.34	6.5	10.6	4.86	20.7	12.7
Brazil	1.50	4.3	6.7	8.62	34.8	22.5
Chile	1.25	4.4	6.4	10.01	28.2	19.5
China	1.30	11.3	13.4	2.57	11.5	9.7
Korea	1.00	7.1	16.3	2.07	14.0	6.1
Malaysia	1.33	10.1	17.8	4.01	13.1	7.5
Mexico	1.89	7.4	13.3	3.80	25.7	14.3
Poland	1.02	4.8	8.4	4.20	21.3	12.1
Taiwan	2.22	9.9	16.2	3.60	22.5	13.7
SELL CANDIDATES	2.06	8.7	14.3	2.67	23.6	14.4
India	3.63	18.4	25.6	1.27	19.7	14.2
Indonesia	2.28	8.7	16.3	4.62	26.2	14.0
Kuwait	1.81	6.3	16.0	2.97	28.7	11.3
Philippines	1.74	9.2	14.6	2.39	18.9	11.9
Thailand	1.76	9.2	21.8	2.67	19.2	8.1
Turkey	2.02	7.1	7.0	2.10	28.5	28.9
NEUTRALLY RATED MARKETS	1.36	6.5	8.1	5.20	20.9	16.9
Colombia	0.79	4.5	4.8	10.45	17.5	16.6
Czech Republic	1.77	5.0	7.8	12.93	35.4	22.6
Egypt	2.46	7.5	8.2	1.58	32.7	30.2
Greece	0.99	6.7	7.7	3.55	14.7	12.9
Hungary	0.90	3.1	4.4	3.43	29.0	20.4
Peru	1.68	14.6	11.3	4.49	11.6	14.9
Qatar	1.57	9.6	12.1	4.58	16.3	13.0
Saudi Arabia	2.17	12.3	18.0	3.26	17.6	12.1
South Africa	1.46	7.6	11.6	4.18	19.2	12.6
United Arab Emirates	1.63	7.8	9.2	3.54	20.8	17.8
MSCI EM Index (CW)	1.59	9.4	14.1	3.08	16.8	11.2
KAM EM Index (EW)	1.42	6.5	9.6	4.88	22.1	14.8
EM Asia Index	1.58	10.6	16.2	2.51	14.9	9.8
EM EMEA Index	1.63	8.1	11.5	3.69	20.2	14.2
EM Latin America Index	1.56	5.0	7.8	7.23	31.2	20.0

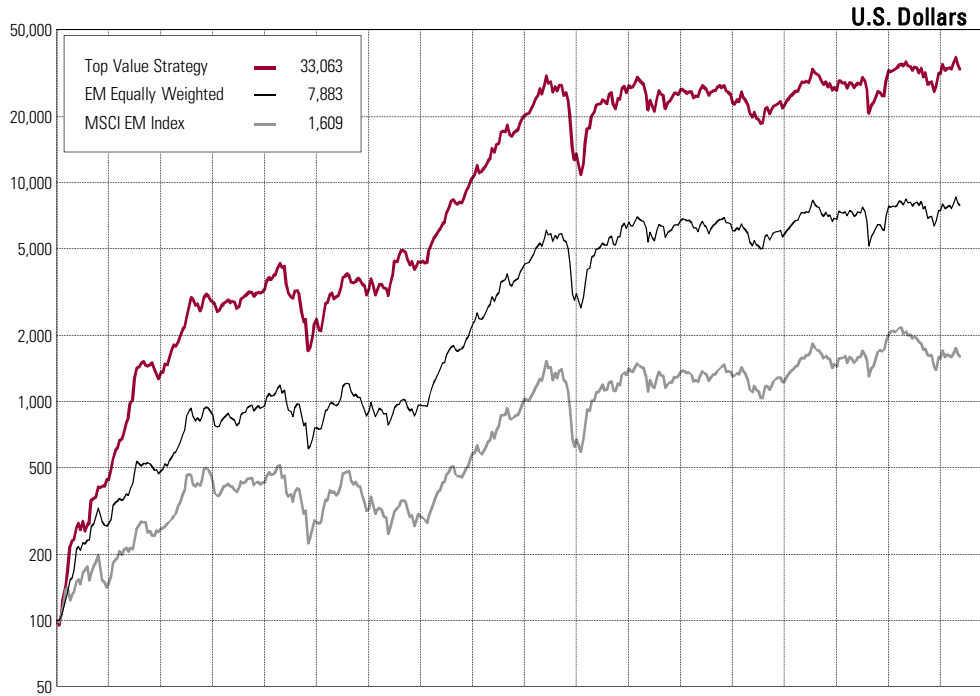


Top Value Strategy Performance History* versus the MSCI EM Index

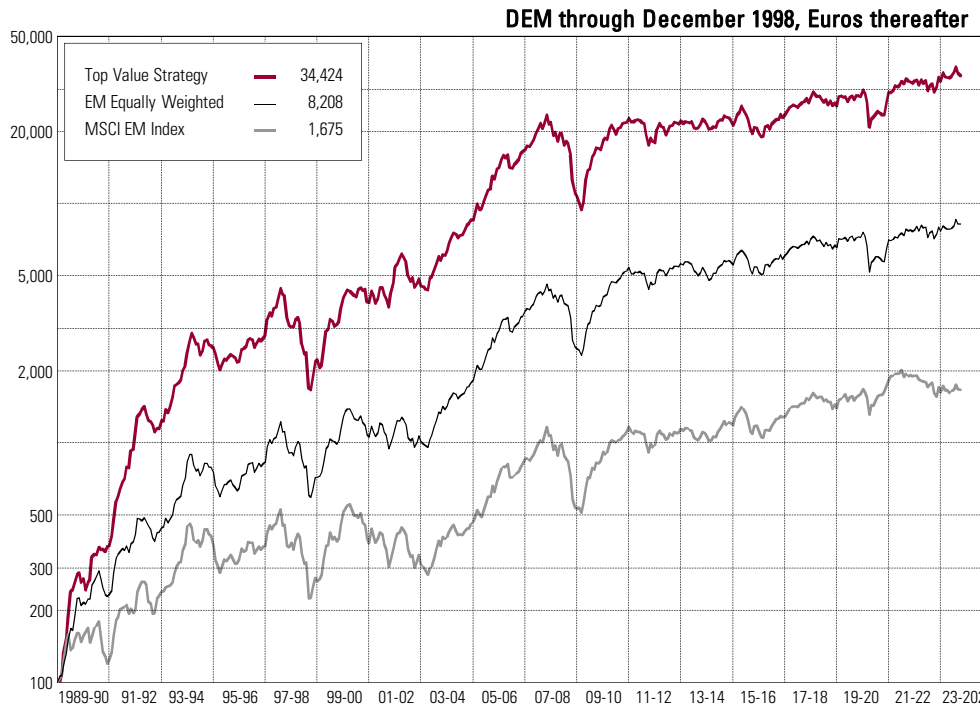
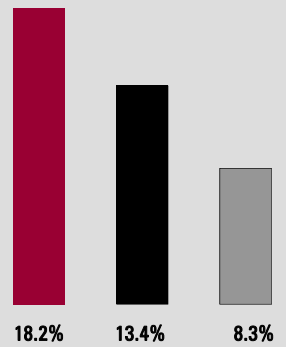
Total & Compound Annual Returns with Net Dividends Reinvested

Total Returns
December 1988 = 100

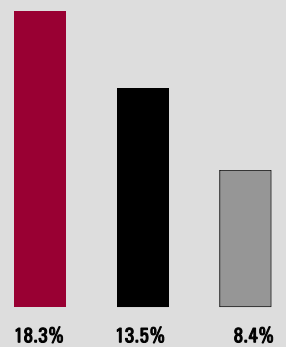
Compound Annual Returns
December 1988 - September 2023



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*

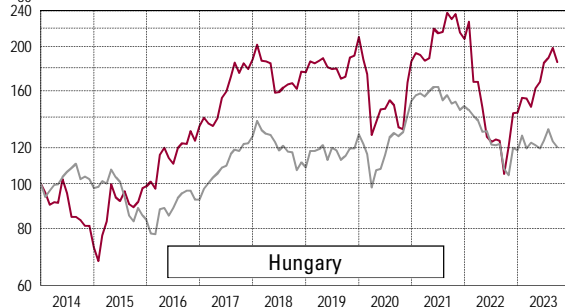
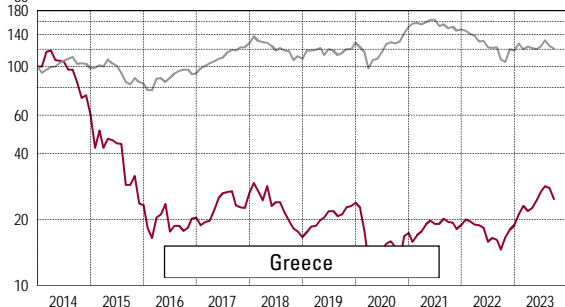
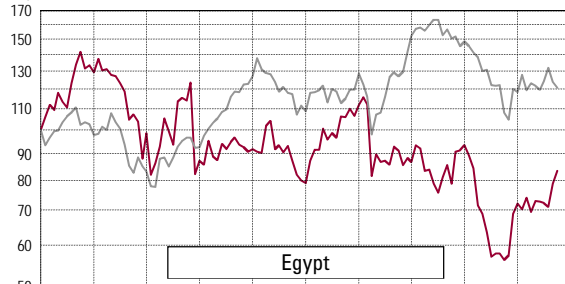
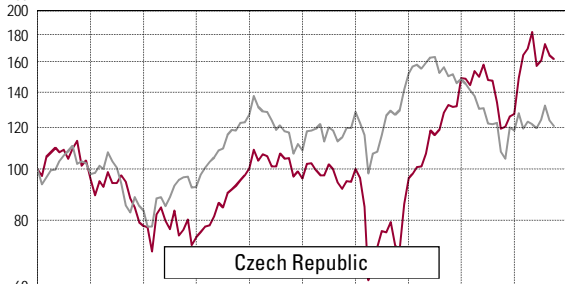
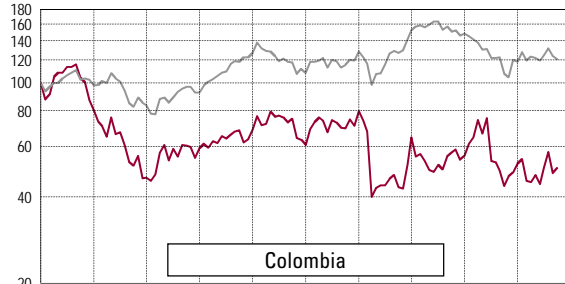
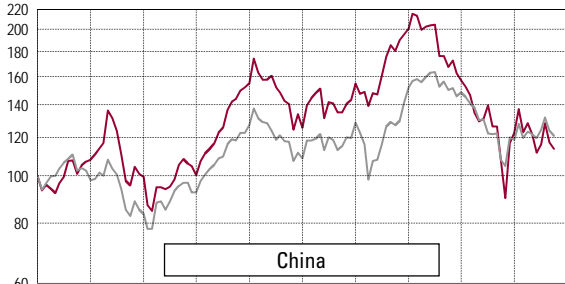
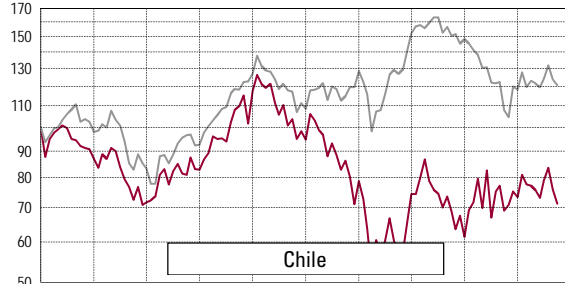
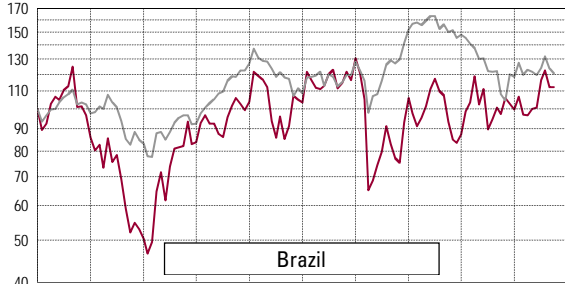
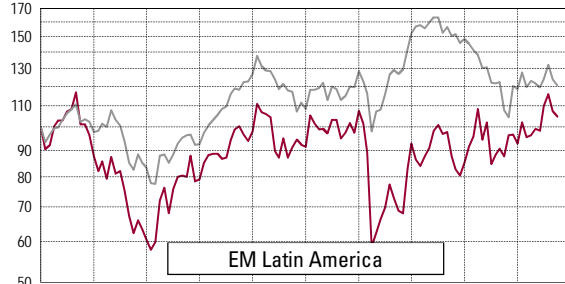
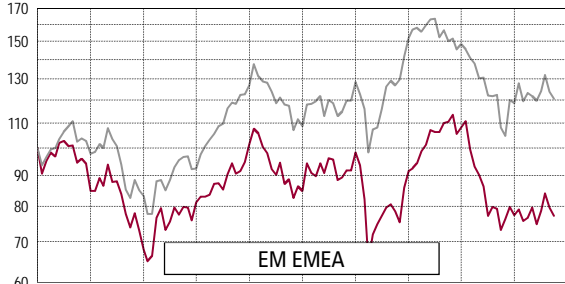
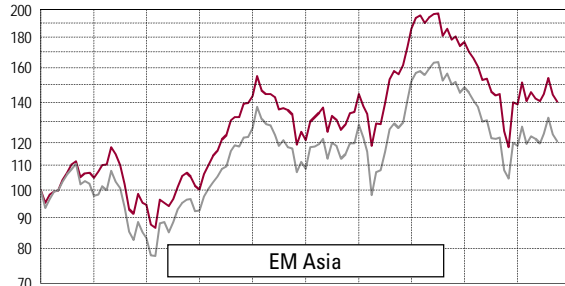
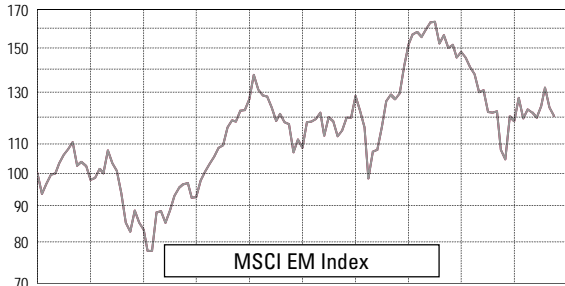
Total Returns based on Indices
with Net Dividends Reinvested

BUY	NEUTRAL	SELL	% Change								
			in Local Currencies			in U.S. Dollars			in Euros		
			during Sep 23	last 3 mths.	Year to date	during Sep 23	last 3 mths.	Year to date	during Sep 23	last 3 mths.	Year to date
			1.3	0.0	6.7	0.2	-3.6	12.6	2.7	-0.7	13.5
			-1.8	0.5	2.0	-5.9	-9.8	-2.8	-3.5	-7.0	-2.0
			-2.8	-2.0	-6.2	-2.8	-1.9	-7.3	-0.3	1.0	-6.5
			3.2	-3.0	-19.2	4.5	0.1	-3.2	7.1	3.2	-2.4
			1.8	6.7	29.5	-1.7	1.0	27.4	0.8	4.0	28.4
			5.8	15.3	44.2	5.8	15.3	15.5	8.4	18.8	16.4
			-8.1	-5.0	33.2	-10.4	-7.8	32.1	-8.1	-5.0	33.2
			-3.1	7.8	26.1	-7.1	0.5	29.0	-4.7	3.6	30.0
			2.0	4.0	8.4	1.7	2.7	8.0	4.2	5.8	8.8
			-1.9	-0.4	4.5	-3.3	-3.4	5.3	-0.9	-0.4	6.1
			-3.1	-4.4	14.0	-5.1	-6.6	6.9	-2.7	-3.8	7.7
			-1.5	-2.2	-6.3	-1.8	-2.7	-7.2	0.7	0.2	-6.5
			-0.6	5.1	-1.6	-1.7	4.5	-7.7	0.7	7.7	-7.0
			-3.4	-5.2	6.0	-6.4	-6.5	18.8	-4.0	-3.6	19.8
			-7.5	-4.0	10.7	-7.5	-4.0	10.7	-5.2	-1.0	11.6
			2.8	-1.4	-1.3	2.9	-3.8	-2.8	5.4	-0.9	-2.0
			-5.9	-6.2	7.1	-11.2	-12.7	7.7	-8.9	-10.0	8.5
			-0.7	0.1	-3.1	-0.7	0.1	-3.0	1.8	3.1	-2.2
			-4.3	-4.4	1.5	-4.3	-4.4	1.7	-1.9	-1.5	2.5
			-3.9	-4.9	-0.2	-3.5	-4.6	-9.9	-1.0	-1.7	-9.1
			-2.5	-4.0	16.7	-3.8	-7.4	11.1	-1.4	-4.6	12.0
			-5.5	-1.9	-9.4	-9.1	-4.5	-13.8	-6.8	-1.6	-13.1
			6.3	39.6	57.3	3.4	32.7	7.4	6.0	36.7	8.2
			4.5	6.1	3.8	4.5	6.1	3.8	7.1	9.3	4.6
			-1.8	-1.4	4.0	-2.6	-2.9	1.8	-0.2	0.0	2.6
			-1.0	1.6	8.1	-2.9	-1.4	5.8	-0.4	1.6	6.6
			-1.8	-1.5	3.8	-2.6	-2.9	1.0	-0.1	0.1	1.8
			-2.4	-0.8	4.8	-3.0	-1.8	-0.2	-0.5	1.2	0.6
			-0.5	-1.7	5.7	-2.3	-4.7	12.9	0.2	-1.8	13.8
			-2.3	-2.0	5.9	-4.6	-5.5	5.3	-2.2	-2.6	6.1

* 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, 2013 = 100 (unless shown otherwise)
 Updated Through: September 30, 2023

MSCI National Markets vs. MSCI Emerging Markets Index

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

