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*A Disciplined Approach  
to Region and Sector Allocation*

## Global Balancing Act February 2018

**Summary:** *Most North American sectors continue to be underweighted due to high valuations. On the other hand, many Japanese sectors continue to have attractive valuations relative to sectors in other regions. We have reduced our exposure to Continental Europe from an overweight to neutral this month. While most sectors are underweighted, Financials and Consumer Discretionary are still overweighted. In the U.K., OECD leading indicators have been decelerating. We are underweight every sector except Materials. In Hong Kong/Singapore, we continue to like Financials and Real Estate.*

➤ **We continue to underweight North America**

On a relative basis, valuations are expensive across most sectors, including Consumer Discretionary, Materials, Consumer Staples, Energy, and Healthcare. Information Technology is overweighted as attractive growth and momentum scores offset expensive valuations. Financials are attractive on our risk measures – a beta risk of 0.6 relative to world returns, low 12-month volatility, and strong year-over-year momentum.

➤ **A majority of Japanese sectors continue to be overweighted or marketweighted**

Consumer Discretionary has cheap valuations and very low beta and 12-month volatility. Financials has attractive valuations with forecasted 2018 price-to-earnings ratios of 11x and a very low beta of 0.2. Industrials are also overweighted with low beta risk and strong year-over-year price momentum. However, we continue to underweight Consumer Staples and Healthcare due to expensive valuations.

➤ **Continental Europe is a market weight overall; however a few sectors are overweighted**

Consumer Discretionary is still overweighted, although we have reduced our exposure this month. The sector has reasonable valuations while its growth and risk score are average. Financials is still overweighted based on cheap valuations with forecasted 2018 price-to-earnings of 12x and reasonably strong momentum. Most other sectors are marketweight or underweight. Healthcare is further underweighted this month due to expensive valuations (price to earnings of 25x) and a high beta of 1.7 relative to world returns.

➤ **We continue to underweight or marketweight most U.K. sectors**

We are underweight in every sector except Materials. While valuations are not expensive, most sectors exhibit weak growth due to deceleration in the OECD leading indicators, and high risk due to high betas relative to global returns. This includes Industrials, Consumer Discretionary, Healthcare, Telecom, and Utilities. We are underweight Financials based on poor growth with low margins and ROE.

➤ **In Australia/New Zealand, we are overweight Materials and Financials**

We have increased our overweight in Materials as appreciating commodity prices improve growth prospects, and operating margins are at 25%. We are overweight Financials based on good growth prospects and reasonable valuations despite an average risk score and weak price momentum.

➤ **In HK/Singapore, we are overweight Financials and Real Estate**

Financials is overweight on attractive growth indicators, including an operating margin of 26% and a year-over-year price momentum of 34%. Publically traded Real Estate has attractive valuations and above average operating margins. Among smaller sectors, Industrials looks good on valuation and risk measures.

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## Overview

### *Investment Factors*

The four sets of investment factors we measure and their respective weights are shown in Figure 1.

**Figure 1. Quantitative Factors**

	<b>Weight in Model (%)</b>
<b>Valuation</b>	
Price-to-Book Ratio	10
Price-to-Earnings Ratio (Trailing)	10
Price-to-Earnings Ratio (Forecast)	10
Forecasted P/E Relative to Global Sector	10
<b>Growth</b>	
Operating Margin	10
OECD Leading Indicator Acceleration	10
ROE—Return on Equity	10
<b>Risk</b>	
18-Month Beta	5
12 Month Volatility	5
<b>Sentiment/Momentum</b>	
Year-over-Year Price Momentum	20

Source: Heckman Global Advisors.

## Investment Factor Summary:

### VALUATION

Price-to-Book Ratio: The price-to-book ratio is calculated by dividing the current market capitalization for the region/sector by the total net worth of the companies in the region/sector. *Source: MSCI.*

Trailing Price-to-Earnings Ratio: The trailing price-to-earnings ratio is calculated by dividing the current market capitalization of the region/sector by the most recent earnings in the region/sector. *Source MSCI.*

Forecasted Price-to-Earnings Ratio: The forecasted price-to-earnings ratio is calculated by dividing the current market capitalization of the region/sector by the aggregate of their forecasted earnings in the region/sector. *Source MSCI and FactSet Research Systems*

Forecasted Price-to-Earnings Relative to Sector: The forecasted price-to-earnings ratio for the region/ sector is compared to the forecasted price-to-earnings for the sector as a whole. *Source: MSCI and FactSet Research Systems*

### PROFITABILITY/GROWTH

Operating Margin: The operating margin is defined as the total operating profit for the region/sector divided by the total sales for the region/sector. *Source: FactSet Research Systems*

Return on Equity: Return on equity is defined as the ratio of the total net income of a region/sector divided by the total equity or book value of the region/sector. *Source MSCI.*

OECD Leading Indicator Acceleration: OECD leading indicator acceleration is defined as the monthly change of the year-over-year change of the OECD leading indicator for each region. The regional OECD leading indicator is aggregated across each country within a region. *Source: OECD.*

### RISK

Beta: Beta is calculated as the 18-month beta of region/sector relative to the MSCI World returns. Regions/sectors with a lower beta score higher than regions/sectors with a higher beta. *Source MSCI.*

Twelve Month Volatility: Twelve month volatility is defined as the standard deviation of total returns of each region/sector over the last twelve months. Regions/sectors with lower volatility score higher than regions/sectors with higher volatility. *Source MSCI.*

### SENTIMENT/MOMENTUM

Year-over-Year Price Momentum: Year-over-Year price momentum measures the change in the price index in local currency for each region/sector over the last twelve months. *Source MSCI.*

### VALUE-TRAP MARKETS

Value traps are defined as those regions/sectors with attractive valuation but markedly poor growth, risk, and momentum indicators. Specifically, value traps are regions/sectors which are in the best quartile on valuation measures but the worst quartile in non-valuation measures. For these regions/sectors, the valuation score is neutralized by setting it equal to the overall average valuation score when computing the overall scores. This enhancement modestly improves the risk-return.

## Region/Sector Top-Half Rankings: February 2018

	Overall Rank	Previous Rank	Valuation Rank	Growth Rank	Risk Rank	Momentum Rank
HKSG Real Estate	1	1	4	18	13	8
JA Energy	2	2	1	58	34	5
EUxUK Real Estate	3	4	11	13	22	29
JA Materials	4	6	7	55	2	18
JA Cons Discretionary	5	10	8	52	1	19
HKSG Cons Staples	6	8	17	37	15	11
HKSG Industrials	7	3	5	40	27	31
JA Financials	8	9	2	47	7	44
EUxUK Financials	9	7	9	39	33	23
NA Financials	10	14	28	25	18	14
ANZ Real Estate	11	17	6	17	21	54
ANZ Materials	12	19	27	5	26	30
JA Industrials	13	11	18	56	3	12
EUxUK Cons Discretionary	14	13	13	29	36	33
NA Info Technology	15	12	51	3	39	2
HKSG Financials	16	15	41	7	47	6
HKSG Info Technology	17	5	31	6	29	32
ANZ Financials	18	21	20	9	31	49
ANZ Info Technology	19	20	60	1	5	7
UK Materials	20	18	14	57	49	27
JA Info Technology	21	23	38	51	20	3
EUxUK Utilities	22	25	19	53	58	17
NA Industrials	23	27	54	12	9	15
ANZ Telecom Svcs	24	24	24	2	62	62
ANZ Cons Discretionary	25	33	59	10	40	4
EUxUK Materials	26	26	35	32	11	25
NA Telecom Svcs	27	40	22	11	59	58
HKSG Utilities	28	22	43	15	4	38
NA Health Care	29	31	46	26	45	13
HKSG Cons Discretionary	30	29	57	28	25	1
EUxUK Energy	31	47	15	54	35	45
HKSG Telecom Svcs	32	30	30	16	23	60
EUxUK Industrials	33	28	42	27	30	22

Regions – NA: North America; JA: Japan; Europe: Continental Europe; EUxUK: United Kingdom; ANZ: Australia and New Zealand; HKSG: Hong Kong and Singapore.

Sectors – Energy: Energy; Materials: Materials; Industrials: Industrials; Cons Discret: Consumer Discretionary; Cons Staples: Consumer Staples; Health Care: Health Care; Financials: Financials; Info Tech: Information Technology; Telecom Svcs: Telecommunication Services; Utilities: Utilities.

\*Value traps: markets with attractive valuation indicators but generally poor growth, risk, and momentum/sentiment indicators. These markets are assigned the global average valuation score, which causes a decline in their value ranks, overall ranks, and recommended allocations.

## Region/Sector Bottom-Half Rankings: February 2018

	Overall Rank	Previous Rank	Valuation Rank	Growth Rank	Risk Rank	Momentum Rank
NA Utilities	34	35	34	22	19	52
ANZ Energy	35	36	37	41	37	20
NA Cons Discretionary	36	34	58	14	46	9
JA Real Estate	37	41	26	43	28	42
EUxUK Health Care	38	37	40	8	51	43
NA Materials	39	38	47	31	6	28
ANZ Health Care	40	42	63	4	57	10
UK Financials	41	39	21	61	17	37
UK Real Estate	42	45	23	50	48	48
NA Cons Staples	43	43	48	21	12	41
JA Telecom Svcs*	44	16	12	20	53	59
UK Info Technology	45	50	45	45	50	21
UK Industrials	46	44	36	42	44	39
UK Cons Discretionary*	47	32	16	36	55	53
ANZ Cons Staples	48	54	44	38	43	35
ANZ Utilities	49	49	52	23	14	47
EUxUK Cons Staples	50	48	49	24	42	40
UK Cons Staples	51	46	33	44	32	51
ANZ Industrials	52	60	62	19	10	36
EUxUK Info Technology	53	52	56	34	54	16
JA Cons Staples	54	53	50	46	41	24
UK Energy	55	58	29	63	52	34
UK Health Care	56	55	32	30	63	61
JA Health Care	57	57	55	49	16	26
JA Utilities*	58	56	3	60	24	57
EUxUK Telecom Svcs	59	51	39	35	60	56
UK Telecom Svcs	60	62	25	62	61	46
UK Utilities*	61	59	10	48	56	63
NA Real Estate	62	61	61	33	8	50
NA Energy	63	63	53	59	38	55
HKSG Energy	-	-	-	-	-	-
HKSG Health Care	-	-	-	-	-	-
HKSG Materials	-	-	-	-	-	-

Regions – NA: North America; JA: Japan; Europe: Continental Europe; EUxUK: United Kingdom; ANZ: Australia and New Zealand; HKSG: Hong Kong and Singapore.

Sectors – Energy: Energy; Materials: Materials; Industrials: Industrials; Cons Discret: Consumer Discretionary; Cons Staples: Consumer Staples; Health Care: Health Care; Financials: Financials; Info Tech: Information Technology; Telecom Svcs: Telecommunication Services; Utilities: Utilities

\*Value traps

## Global Allocation Recommendations: February 2018

Benchmark Weights	North America	Japan	Continental Europe	U.K.	Australia/ New Zealand	Hong Kong /Singapore	Total by Sector
Energy	4.2%	0.1%	0.7%	1.0%	0.1%	0.0%	6.2%
Materials	2.2%	0.6%	1.4%	0.6%	0.5%	0.0%	5.2%
Industrials	6.2%	1.9%	2.7%	0.5%	0.1%	0.2%	11.7%
Consumer Discretionary	8.0%	1.8%	2.0%	0.5%	0.1%	0.2%	12.6%
Consumer Staples	4.7%	0.7%	2.0%	1.1%	0.2%	0.0%	8.7%
Health Care	8.1%	0.6%	2.3%	0.6%	0.2%	0.0%	11.7%
Financials	10.3%	1.1%	3.7%	1.5%	1.0%	0.7%	18.2%
Information Technology	14.8%	1.2%	1.1%	0.1%	0.0%	0.0%	17.1%
Telecom Services	1.2%	0.4%	0.6%	0.3%	0.0%	0.1%	2.7%
Utilities	1.7%	0.1%	0.6%	0.2%	0.1%	0.1%	2.8%
Real Estate	1.7%	0.4%	0.2%	0.1%	0.2%	0.4%	3.0%
<b>Total by Region</b>	<b>63.0%</b>	<b>8.9%</b>	<b>17.2%</b>	<b>6.5%</b>	<b>2.6%</b>	<b>1.8%</b>	<b>100.0%</b>

Recommended Weights	North America	Japan	Continental Europe	U.K.	Australia/ New Zealand	Hong Kong /Singapore	Total by Sector
Energy	1.9%	0.3%	0.0%	0.0%	0.0%	0.0%	2.2%
Materials	1.0%	1.6%	1.1%	1.7%	1.3%	0.0%	6.7%
Industrials	5.0%	5.4%	1.6%	0.0%	0.0%	0.7%	12.6%
Consumer Discretionary	4.7%	4.9%	3.7%	0.0%	0.0%	0.0%	13.3%
Consumer Staples	2.2%	0.0%	0.9%	0.0%	0.0%	0.1%	3.2%
Health Care	6.0%	0.0%	1.0%	0.0%	0.0%	0.0%	7.0%
Financials	14.1%	3.1%	6.7%	0.0%	2.8%	1.9%	28.7%
Information Technology	18.4%	2.0%	0.0%	0.0%	0.1%	0.0%	20.5%
Telecom Services	0.0%	1.2%	0.0%	0.0%	0.1%	0.0%	1.3%
Utilities	0.5%	0.0%	1.7%	0.0%	0.0%	0.0%	2.2%
Real Estate	0.0%	0.0%	0.6%	0.0%	0.6%	1.2%	2.4%
<b>Total by Region</b>	<b>53.7%</b>	<b>18.4%</b>	<b>17.3%</b>	<b>1.7%</b>	<b>4.9%</b>	<b>3.9%</b>	<b>100.0%</b>

Difference	North America	Japan	Continental Europe	U.K.	Australia/ New Zealand	Hong Kong /Singapore	Total by Sector
Energy	-2.3%	0.2%	-0.7%	-1.0%	-0.1%	0.0%	-4.0%
Materials	-1.2%	1.0%	-0.3%	1.1%	0.8%	0.0%	1.4%
Industrials	-1.2%	3.4%	-1.1%	-0.5%	-0.1%	0.4%	0.9%
Consumer Discretionary	-3.3%	3.1%	1.7%	-0.5%	-0.1%	-0.2%	0.7%
Consumer Staples	-2.6%	-0.7%	-1.1%	-1.1%	-0.2%	0.1%	-5.6%
Health Care	-2.1%	-0.6%	-1.2%	-0.6%	-0.2%	0.0%	-4.7%
Financials	3.8%	2.0%	3.1%	-1.5%	1.8%	1.2%	10.4%
Information Technology	3.6%	0.9%	-1.1%	-0.1%	0.0%	0.0%	3.4%
Telecom Services	-1.2%	0.7%	-0.6%	-0.3%	0.1%	-0.1%	-1.4%
Utilities	-1.2%	-0.1%	1.1%	-0.2%	-0.1%	-0.1%	-0.6%
Real Estate	-1.7%	-0.4%	0.4%	-0.1%	0.4%	0.7%	-0.6%
<b>Total by Region</b>	<b>-9.2%</b>	<b>9.5%</b>	<b>0.1%</b>	<b>-4.8%</b>	<b>2.3%</b>	<b>2.0%</b>	<b>0.0%</b>

## EAFE® Allocation Recommendations: February 2018

Benchmark Weights	Japan	Continental Europe	U.K.	Australia/ New Zealand	Hong Kong /Singapore	Total by Sector
Energy	0.3%	1.9%	2.8%	0.4%	0.0%	5.3%
Materials	1.6%	3.8%	1.7%	1.3%	0.0%	8.3%
Industrials	5.3%	7.2%	1.4%	0.4%	0.7%	14.8%
Consumer Discretionary	4.8%	5.4%	1.4%	0.2%	0.6%	12.4%
Consumer Staples	1.8%	5.4%	3.1%	0.5%	0.1%	10.9%
Health Care	1.7%	6.1%	1.6%	0.6%	0.0%	9.9%
Financials	3.0%	9.9%	4.0%	2.8%	1.9%	21.5%
Information Technology	3.1%	3.0%	0.2%	0.1%	0.0%	6.4%
Telecom Services	1.1%	1.6%	0.7%	0.1%	0.2%	3.8%
Utilities	0.4%	1.7%	0.5%	0.2%	0.3%	3.1%
Real Estate	1.0%	0.6%	0.2%	0.6%	1.1%	3.5%
<b>Total by Region</b>	<b>24.1%</b>	<b>46.6%</b>	<b>17.5%</b>	<b>7.0%</b>	<b>4.9%</b>	<b>100.0%</b>

Recommended Weights	Japan	Continental Europe	U.K.	Australia/ New Zealand	Hong Kong /Singapore	Total by Sector
Energy	0.7%	0.0%	1.3%	0.0%	0.0%	2.0%
Materials	4.3%	2.1%	2.9%	3.4%	0.0%	12.7%
Industrials	8.9%	4.6%	0.0%	0.0%	1.8%	15.3%
Consumer Discretionary	8.8%	9.1%	0.0%	0.0%	0.0%	17.8%
Consumer Staples	0.0%	2.5%	1.4%	0.0%	0.3%	4.1%
Health Care	0.0%	2.8%	0.0%	0.0%	0.0%	2.8%
Financials	5.5%	13.4%	1.8%	3.7%	4.9%	29.3%
Information Technology	2.7%	1.3%	0.0%	0.2%	0.1%	4.3%
Telecom Services	2.9%	0.0%	0.0%	0.0%	0.0%	2.9%
Utilities	0.0%	2.4%	0.0%	0.0%	0.0%	2.4%
Real Estate	0.0%	1.7%	0.0%	1.6%	3.1%	6.4%
<b>Total by Region</b>	<b>33.8%</b>	<b>39.9%</b>	<b>7.3%</b>	<b>8.9%</b>	<b>10.1%</b>	<b>100.0%</b>

Difference	Japan	Continental Europe	U.K.	Australia/ New Zealand	Hong Kong /Singapore	Total by Sector
Energy	0.4%	-1.9%	-1.5%	-0.4%	0.0%	-3.3%
Materials	2.7%	-1.6%	1.2%	2.1%	0.0%	4.4%
Industrials	3.6%	-2.6%	-1.4%	-0.4%	1.1%	0.4%
Consumer Discretionary	3.9%	3.6%	-1.4%	-0.2%	-0.6%	5.4%
Consumer Staples	-1.8%	-3.0%	-1.7%	-0.5%	0.2%	-6.8%
Health Care	-1.7%	-3.3%	-1.6%	-0.6%	0.0%	-7.1%
Financials	2.5%	3.5%	-2.2%	0.9%	3.0%	7.8%
Information Technology	-0.4%	-1.6%	-0.2%	0.1%	0.0%	-2.1%
Telecom Services	1.8%	-1.6%	-0.7%	-0.1%	-0.2%	-0.9%
Utilities	-0.4%	0.7%	-0.5%	-0.2%	-0.3%	-0.7%
Real Estate	-1.0%	1.1%	-0.2%	1.0%	1.9%	2.9%
<b>Total by Region</b>	<b>9.7%</b>	<b>-6.6%</b>	<b>-10.2%</b>	<b>1.9%</b>	<b>5.2%</b>	<b>0.0%</b>

## Summary of Investment Factor Performance:

The table below shows the performance of each investment factor run individually for region/sector allocation. During this period, year over year price momentum was the best performing factor while price to book was the weakest performing factor. All would have led to outperformance, with the exception of price to book ratio.

### Annualized Return by Factor

	<b>Factors</b>	<b>Dec '95 through January '18 (Gross %)</b>	<b>Dec '95 through January '18 (Net %)</b>
Valuation	P/B	7.0	6.7
	P/E Trailing	8.5	8.0
	P/E Forecast	8.7	8.1
	P/E Forecast Relative to Global Sector	8.6	8.0
Growth	Operating Margin	8.0	7.7
	Change to OECD Leading Indicator	7.8	5.8
	ROE	9.5	9.2
Risk	18-Month Beta	8.7	8.1
	12 Month Volatility	8.9	8.3
Momentum	Price Momentum	9.5	8.5
	<b>Overall Model</b>	<b>9.4</b>	<b>8.7</b>
	<b>Benchmark</b>	<b>7.6</b>	<b>7.6</b>

Source: MSCI, Heckman Global Advisors. See important disclosures on page 11.  
All returns are rounded to the nearest decimal place.

**Disclosure:** The performance figures represent outputs from a global allocation model, not an actual portfolio. The “performance” reflects the hypothetical performance of the model from 1989-2016. The performance calculations do not represent the results of actual trading but were achieved by means of the retroactive application of the model designed with the benefit of hindsight. The model’s factor weightings are revised from time to time. The hypothetical results are then rerun to reflect the revised weightings. Therefore, the hypothetical calculations reflect the results that would have been realized if the model were to have been run according to current weightings. Hypothetical performance results have inherent limitations. There often are large differences between hypothetical performance and actual performance results. The actual performance results that could have been achieved by any investor in reliance on the model could be significantly different than the hypothetical performance shown, especially as the model does not indicate which securities to purchase or sell. The model results assume the investment factors as displayed on page 5. The performance of the model assumes the recommended country weightings times the MSCI index return for each country (gross dividends). Past hypothetical performance should be not being taken as an indication or guarantee of future performance and no representation or warranty, expressed or implied, is made regarding future performance.



**Figure 26. Data Summary: February 2018**

	VALUATION				GROWTH (Higher is preferred)			RISK (Lower is preferred)		MOMENTUM (Higher is preferred)	
	Market Capitalization (in Bn US\$)	P/B	Trailing P/E	2018 Forecast P/E	2018 Forecast P/E Minus Global Sector P/E	Operating Margin %	ROE Ret. On Equity %	OECD Leading Ind Acceleration %	Beta	12 Month Volatility %	Price Momentum Y-O-Y %
<b>NORTH AMERICA</b>	<b>26,038</b>										
Energy	1,796	2.0	44	20	3	5	4	0.0	0.6	4	4
Materials	922	2.8	26	17	2	13	11	0.0	0.7	1	19
Industrials	2,644	5.1	26	19	2	14	19	0.0	0.9	2	26
Consumer Discretionary	3,392	5.8	28	21	4	12	21	0.0	1.5	3	29
Consumer Staples	2,001	5.3	24	19	0	9	22	0.0	0.8	2	13
Health Care	3,426	4.2	28	16	0	11	15	0.0	1.5	3	27
Financials	4,357	1.7	18	13	1	19	9	0.0	0.6	3	26
Information Technology	6,267	5.9	27	19	0	21	22	0.0	1.1	3	43
Telecom Services	530	2.7	17	12	-1	16	16	0.0	1.3	4	2
Utilities	702	1.9	18	16	1	20	10	0.0	0.3	3	7
Real Estate	703	2.9	41	36	18	16	7	0.0	na	na	na
<b>JAPAN</b>	<b>3,632</b>										
Energy	41	1.0	11	9	-8	6	8	-0.1	0.1	6	35
Materials	249	1.4	15	12	-3	7	10	-0.1	0.1	3	24
Industrials	826	1.7	18	14	-3	7	10	-0.1	0.5	2	27
Consumer Discretionary	762	1.5	15	13	-5	7	10	-0.1	0.5	2	23
Consumer Staples	280	2.6	24	21	3	7	11	-0.1	1.0	3	21
Health Care	263	2.5	27	25	9	9	9	-0.1	1.0	1	19
Financials	480	0.7	12	11	-2	12	6	-0.1	0.2	3	11
Information Technology	491	2.2	23	17	-1	8	10	-0.1	0.6	3	40
Telecom Services	180	1.7	11	12	0	16	16	-0.1	0.9	4	1
Utilities	59	0.7	11	12	-3	6	6	-0.1	0.5	3	3
Real Estate	152	1.6	20	17	-6	12	8	-0.1	na	na	na
<b>CONTINENTAL EUROPE</b>	<b>7,325</b>										
Energy	296	1.4	23	13	-4	6	6	0.0	1.0	3	10
Materials	591	2.3	20	16	1	9	12	0.0	0.9	2	20
Industrials	1,126	3.2	22	17	0	9	14	0.0	1.1	3	21
Consumer Discretionary	857	2.2	16	12	-5	9	13	0.0	1.0	3	18
Consumer Staples	854	3.5	26	20	1	12	14	0.0	1.4	3	13
Health Care	961	3.4	25	16	-1	19	14	0.0	1.7	3	11
Financials	1,556	1.1	15	12	-1	11	7	0.0	0.5	4	21
Information Technology	465	3.7	37	22	3	10	10	0.0	2.0	3	24
Telecom Services	254	2.1	29	14	1	13	7	0.0	1.2	4	4
Utilities	264	1.4	23	13	-1	7	6	0.0	1.0	5	24
Real Estate	99	1.3	16	14	-8	37	8	0.0	na	na	na
<b>AVERAGE</b>		<b>1.9</b>	<b>22</b>	<b>15</b>	<b>0</b>	<b>14</b>	<b>14</b>	<b>-0.1</b>	<b>0.8</b>	<b>3</b>	<b>17</b>

Note: For the average calculation, Earnings Growth Forecasts are capped at a maximum of 30% and a minimum of -30%

Source: Heckman Global Advisors, MSCI, Bloomberg, FactSet Research Systems, OECD

**Figure 27. Data Summary: February 2018 (Cont'd)**

	VALUATION				GROWTH (Higher is preferred)			RISK (Lower is preferred)		MOMENTUM (Higher is preferred)	
	Market Capitalization (in Bn US\$)	P/B	Trailing P/E	2018 Forecast P/E	2018 Forecast P/E Minus Global Sector P/E	Operating Margin %	ROE Ret. On Equity %	OECD Leading Ind Acceleration %	Beta	12 Month Volatility %	Price Momentum Y-O-Y %
<b>UNITED KINGDOM</b>	<b>2,715</b>										
Energy	438	1.5	40	14	-3	5	4	-0.3	0.9	4	17
Materials	265	2.1	16	12	-3	12	13	-0.3	0.5	6	19
Industrials	214	4.4	18	16	-1	9	25	-0.3	1.5	3	14
Consumer Discretionary	221	2.9	13	14	-4	12	22	-0.3	1.6	3	7
Consumer Staples	481	3.1	18	16	-2	11	17	-0.3	1.1	3	7
Health Care	246	4.6	28	13	-3	19	17	-0.3	1.6	5	-3
Financials	622	1.2	29	12	-1	12	4	-0.3	0.8	3	15
Information Technology	30	3.2	57	17	-2	30	6	-0.3	1.0	3	21
Telecom Services	116	1.1	16	15	3	9	7	-0.3	1.3	4	10
Utilities	82	2.2	13	12	-3	10	17	-0.3	1.3	4	-14
Real Estate	-	0.8	20	18	-4	33	4	-0.3	na	na	na
<b>AUSTRALIA/NEW ZEALAND</b>	<b>1,011</b>										
Energy	59	1.6	33	17	-1	13	5	0.0	0.7	4	22
Materials	197	2.3	17	14	-1	25	13	0.0	0.0	4	18
Industrials	62	3.7	33	29	11	18	11	0.0	0.9	2	15
Consumer Discretionary	29	3.7	28	23	6	20	13	0.0	0.9	3	36
Consumer Staples	82	2.7	22	19	0	5	12	0.0	0.8	4	15
Health Care	89	8.0	34	29	13	17	23	0.0	1.5	4	29
Financials	438	1.8	14	13	0	24	12	0.0	0.5	4	9
Information Technology	9	7.3	33	24	5	24	22	0.0	0.2	3	32
Telecom Services	19	3.2	12	13	0	19	27	0.0	1.2	5	-10
Utilities	27	1.9	27	20	6	21	7	0.0	0.9	2	10
Real Estate	93	1.2	9	15	-7	16	14	0.0	na	na	na
<b>HONG KONG/SINGAPORE</b>	<b>769</b>										
Energy	-	na	na	na	na	na	na	na	na	na	na
Materials	-	na	na	na	na	na	na	na	na	na	na
Industrials	103	1.2	13	13	-4	10	9	0.0	1.0	3	18
Consumer Discretionary	88	4.2	29	21	4	10	14	0.0	0.3	4	50
Consumer Staples	17	2.1	17	14	-5	6	13	0.0	0.1	3	28
Health Care	-	na	na	na	na	na	na	na	na	na	na
Financials	295	2.6	20	15	3	26	13	0.0	1.0	3	34
Information Technology	4	4.2	18	15	-4	14	24	0.0	-1.3	7	18
Telecom Services	31	2.0	15	14	2	16	14	0.0	1.0	2	-2
Utilities	54	2.0	21	18	3	25	10	0.0	0.5	2	14
Real Estate	178	0.8	10	14	-8	34	8	0.0	na	0	na
<b>AVERAGE</b>		<b>1.9</b>	<b>22</b>	<b>15</b>	<b>0</b>	<b>14</b>	<b>14</b>	<b>-0.1</b>	<b>0.8</b>	<b>3</b>	<b>17</b>

Note: For the average calculation, Earnings Growth Forecasts are capped at a maximum of 30% or a minimum of -30%

Source: Heckman Global Advisors, MSCI, Bloomberg, FactSet Research Systems, OECD

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