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*A Disciplined Approach  
to Region and Sector Allocation*

## Global Balancing Act July 2018

**Summary:** *We have increased our allocation to North America to a marketweight. OECD leading indicators for the region have not been decelerating as they have been for most other regions. We are underweight Continental Europe with Consumer Discretionary falling into the “value trap” category this month, having cheap valuations but not looking attractive on our growth or risk categories. We are underweight Financials as it remains in the “value-trap” category. Japan’s overweight position continues to be driven by both Industrials and Consumer Discretionary. In Information Technology we have gone to an underweight from a marketweight.*

- **We have increased our weight in North America to a marketweight**  
OECD leading indicators for the region have not been decelerating compared to most other regions. Information Technology, Financials, and Telecom are all overweighted. We have increased our weighting in Telecom Services to an overweight this month. Telecom Services is looking attractive on our growth category and has reasonable valuations. Its 2018 forecast price-to-earnings is 11x. We continue to have a major overweight in Information Technology, looking attractive on our growth measures as well as year-over-year price momentum. Financials continue to be overweighted based on attractive valuation and high operating margins of 19%.
- **Many Japanese sectors remain overweight although we have trimmed our weighting in Information Technology**  
On one of our risk measures, beta, Information Technology looks less attractive, and year-over-year price momentum of the sector has decelerated. Japan’s overweight position continues to be driven by both Industrials and Consumer Discretionary. Both have attractive valuations with forecasted 2018 price-to-earnings of 12x and 11x respectively.
- **Many Continental Europe sectors are underweighted**  
The OECD leading indicators are decelerating for the region. Consumer Discretionary has fallen into the “value trap” category this month, with cheap valuations but not looking attractive on our growth or risk categories. We are underweight Financials as it remains in the “value-trap” category. While the valuation is still inexpensive, 12-month volatility has increased to 6% and prices have declined by 4% over the past year.
- **We remain underweight many U.K. sectors but have increased weight in Consumer Discretionary**  
Consumer Discretionary has become an overweight with attractive growth and risk indicators. Its ROE is 20% and the beta relative to MSCI World returns is low at 0.7. Materials stays overweighted with attractive value and momentum indicators. Financials is now longer in the “value trap” category.
- **We continue overweight Materials and Financials in Australia/New Zealand**  
We remain overweight Materials and Financials, both of which scored well on growth metrics. The operating margins are 24% both for Materials and Financials. Materials have strong year-over-year price momentum while Financials have a low beta relative to MSCI World returns and low 12-month volatility.
- **In HK/Singapore, we are overweight Real Estate and Financials**  
Publicly traded Real Estate continues to be inexpensive and one of our top ranking sectors. Financials have strong operating margins of 28% and strong year-over-year price momentum of 16%.

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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
ROE – Return on Equity	10
OECD Leading Indicator Acceleration	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: July 2018

	Overall Rank	Previous Rank	Valuation Rank	Growth Rank	Risk Rank	Momentum Rank
JA Energy	1	2	1	51	50	2
HKSG Real Estate	2	1	4	24	42	29
JA Cons Discretionary	3	3	6	43	12	18
JA Utilities	4	5	2	58	5	38
NA Info Technology	5	9	52	1	37	6
UK Materials	6	13	13	31	59	4
ANZ Real Estate	7	10	8	29	16	33
NA Financials	8	4	17	10	29	24
ANZ Materials	9	8	32	14	52	8
UK Cons Discretionary	10	19	24	17	13	22
HKSG Info Technology	11	18	12	15	33	45
JA Financials	12	6	3	45	36	53
EUxUK Real Estate	13	12	10	35	21	27
EUxUK Energy	14	20	15	62	27	7
JA Industrials	15	7	9	49	34	19
HKSG Industrials	16	15	5	47	40	50
JA Telecom Svcs	17	38	7	34	22	51
ANZ Info Technology	18	17	61	5	6	5
UK Energy	19	36	18	57	57	3
UK Health Care	20	34	38	2	14	46
ANZ Financials	21	16	22	18	19	35
HKSG Financials	22	14	40	12	46	17
NA Telecom Svcs	23	21	21	13	35	47
NA Cons Discretionary	24	31	56	4	41	11
NA Utilities	25	26	41	8	7	43
NA Materials	26	28	42	16	20	21
NA Industrials	27	25	50	3	28	31
ANZ Energy	28	39	33	56	54	1
UK Financials	29	49	11	39	48	44
NA Health Care	30	27	44	11	23	32
HKSG Utilities	31	29	46	20	3	36
UK Utilities	32	44	20	28	15	59
JA Real Estate	33	32	19	38	32	40

Regions – NA: North America; JA: Japan; Europe: Continental Europe; EUxUK: UK: 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: July 2018

	Overall Rank	Previous Rank	Valuation Rank	Growth Rank	Risk Rank	Momentum Rank
ANZ Health Care	34	30	63	9	18	10
HKSG Telecom Svcs	35	33	31	27	10	58
EUxUK Utilities	36	40	16	63	26	28
UK Industrials	37	54	48	22	25	25
JA Info Technology	38	37	26	48	45	23
JA Cons Staples	39	45	53	44	2	15
NA Cons Staples	40	43	47	6	31	54
ANZ Cons Staples	41	48	55	37	17	9
NA Energy	42	47	49	36	51	13
UK Real Estate	43	57	23	61	38	26
JA Health Care	44	46	57	42	1	16
ANZ Telecom Svcs	45	24	37	7	56	62
UK Cons Staples	46	55	36	23	39	56
EUxUK Materials	47	42	34	55	44	20
ANZ Cons Discretionary	48	41	59	26	58	12
EUxUK Cons Discretionary*	49	22	27	52	53	34
NA Real Estate	50	51	62	19	4	37
HKSG Cons Discretionary	51	35	45	30	60	30
UK Info Technology	52	60	25	25	63	61
ANZ Utilities	53	53	54	33	8	42
JA Materials*	54	11	27	50	49	49
UK Telecom Svcs	55	63	14	40	62	63
EUxUK Industrials	56	52	39	46	43	39
EUxUK Health Care	57	50	43	32	30	52
ANZ Industrials	58	56	60	21	9	41
EUxUK Info Technology	59	59	58	59	24	14
HKSG Cons Staples*	60	23	27	53	55	60
EUxUK Cons Staples	61	58	51	41	11	48
EUxUK Telecom Svcs	62	61	35	54	47	57
EUxUK Financials*	63	62	27	60	61	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: July 2018

Benchmark Weights	North America	Japan	Continental Europe	U.K.	Australia/ New Zealand	Hong Kong /Singapore	Total by Sector
Energy	4.6%	0.1%	0.8%	1.1%	0.2%	0.0%	6.8%
Materials	2.0%	0.5%	1.4%	0.6%	0.5%	0.0%	4.9%
Industrials	6.1%	1.8%	2.4%	0.5%	0.1%	0.2%	11.2%
Consumer Discretionary	8.3%	1.7%	1.9%	0.6%	0.1%	0.2%	12.7%
Consumer Staples	4.2%	0.8%	2.0%	1.1%	0.2%	0.0%	8.3%
Health Care	8.4%	0.7%	2.2%	0.7%	0.2%	0.0%	12.1%
Financials	9.7%	1.0%	3.1%	1.3%	1.0%	0.7%	16.7%
Information Technology	16.1%	1.1%	1.2%	0.1%	0.0%	0.0%	18.5%
Telecom Services	1.3%	0.4%	0.5%	0.2%	0.0%	0.1%	2.6%
Utilities	1.8%	0.2%	0.6%	0.2%	0.1%	0.1%	3.0%
Real Estate	1.8%	0.4%	0.2%	0.1%	0.2%	0.4%	3.0%
<b>Total by Region</b>	<b>64.3%</b>	<b>8.6%</b>	<b>16.3%</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	2.1%	0.3%	2.2%	0.7%	0.0%	0.0%	5.3%
Materials	1.1%	1.4%	0.0%	1.7%	1.3%	0.0%	5.5%
Industrials	5.3%	5.1%	1.1%	0.0%	0.0%	0.6%	12.1%
Consumer Discretionary	7.0%	4.8%	1.3%	1.6%	0.0%	0.0%	14.7%
Consumer Staples	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%
Health Care	7.1%	0.0%	1.0%	0.4%	0.0%	0.0%	8.5%
Financials	13.5%	2.8%	1.4%	0.0%	2.2%	1.9%	21.9%
Information Technology	21.3%	0.0%	0.0%	0.0%	0.1%	0.1%	21.4%
Telecom Services	2.6%	1.2%	0.0%	0.0%	0.0%	0.0%	3.9%
Utilities	1.6%	0.4%	0.0%	0.0%	0.0%	0.4%	2.4%
Real Estate	0.0%	0.0%	0.7%	0.0%	0.5%	1.1%	2.3%
<b>Total by Region</b>	<b>63.6%</b>	<b>16.1%</b>	<b>7.8%</b>	<b>4.3%</b>	<b>4.1%</b>	<b>4.1%</b>	<b>100.0%</b>

Difference	North America	Japan	Continental Europe	U.K.	Australia/ New Zealand	Hong Kong /Singapore	Total by Sector
Energy	-2.5%	0.2%	1.4%	-0.4%	-0.2%	0.0%	-1.4%
Materials	-0.9%	0.9%	-1.4%	1.1%	0.8%	0.0%	0.5%
Industrials	-0.8%	3.3%	-1.3%	-0.5%	-0.1%	0.4%	0.9%
Consumer Discretionary	-1.3%	3.1%	-0.6%	1.0%	-0.1%	-0.2%	2.0%
Consumer Staples	-2.3%	-0.8%	-2.0%	-1.1%	-0.2%	0.0%	-6.3%
Health Care	-1.3%	-0.7%	-1.2%	-0.3%	-0.2%	0.0%	-3.6%
Financials	3.8%	1.8%	-1.6%	-1.3%	1.3%	1.2%	5.2%
Information Technology	5.2%	-1.1%	-1.2%	-0.1%	0.0%	0.0%	2.9%
Telecom Services	1.3%	0.8%	-0.5%	-0.2%	0.0%	-0.1%	1.3%
Utilities	-0.3%	0.3%	-0.6%	-0.2%	-0.1%	0.2%	-0.7%
Real Estate	-1.8%	-0.4%	0.4%	-0.1%	0.3%	0.7%	-0.7%
<b>Total by Region</b>	<b>-0.6%</b>	<b>7.5%</b>	<b>-8.6%</b>	<b>-2.1%</b>	<b>1.6%</b>	<b>2.3%</b>	<b>0.0%</b>

## EAFE® Allocation Recommendations: July 2018

Benchmark Weights	Japan	Continental Europe	U.K.	Australia/ New Zealand	Hong Kong /Singapore	Total by Sector
Energy	0.3%	2.2%	3.2%	0.4%	0.0%	6.1%
Materials	1.4%	3.8%	1.7%	1.3%	0.0%	8.2%
Industrials	5.1%	6.8%	1.5%	0.4%	0.6%	14.4%
Consumer Discretionary	4.8%	5.3%	1.6%	0.2%	0.5%	12.4%
Consumer Staples	2.1%	5.5%	3.0%	0.6%	0.1%	11.4%
Health Care	1.9%	6.1%	1.9%	0.7%	0.0%	10.5%
Financials	2.8%	8.6%	3.7%	2.7%	1.9%	19.8%
Information Technology	3.0%	3.4%	0.2%	0.1%	0.1%	6.7%
Telecom Services	1.2%	1.5%	0.6%	0.1%	0.2%	3.6%
Utilities	0.4%	1.8%	0.6%	0.2%	0.4%	3.3%
Real Estate	1.0%	0.7%	0.2%	0.5%	1.1%	3.6%
<b>Total by Region</b>	<b>24.1%</b>	<b>45.6%</b>	<b>18.1%</b>	<b>7.2%</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	0.8%	4.2%	2.8%	0.0%	0.0%	7.8%
Materials	3.4%	1.8%	4.7%	3.8%	0.0%	13.7%
Industrials	9.7%	3.2%	0.0%	0.0%	1.7%	14.6%
Consumer Discretionary	9.2%	4.7%	3.8%	0.0%	0.0%	17.7%
Consumer Staples	1.0%	2.6%	1.4%	0.0%	0.0%	5.1%
Health Care	0.0%	2.9%	1.7%	0.0%	0.0%	4.6%
Financials	5.4%	3.3%	1.8%	4.1%	5.5%	20.0%
Information Technology	1.6%	1.6%	0.0%	0.2%	0.1%	3.6%
Telecom Services	3.1%	0.0%	0.0%	0.0%	0.0%	3.1%
Utilities	1.3%	0.7%	0.0%	0.0%	0.7%	2.7%
Real Estate	0.3%	2.0%	0.0%	1.5%	3.2%	7.0%
<b>Total by Region</b>	<b>35.9%</b>	<b>27.0%</b>	<b>16.2%</b>	<b>9.5%</b>	<b>11.3%</b>	<b>100.0%</b>

Difference	Japan	Continental Europe	U.K.	Australia/ New Zealand	Hong Kong /Singapore	Total by Sector
Energy	0.5%	2.0%	-0.4%	-0.4%	0.0%	1.7%
Materials	2.0%	-2.0%	3.1%	2.4%	0.0%	5.5%
Industrials	4.6%	-3.5%	-1.5%	-0.4%	1.1%	0.3%
Consumer Discretionary	4.3%	-0.6%	2.2%	-0.2%	-0.5%	5.3%
Consumer Staples	-1.1%	-2.9%	-1.6%	-0.6%	-0.1%	-6.3%
Health Care	-1.9%	-3.2%	-0.2%	-0.7%	0.0%	-6.0%
Financials	2.6%	-5.3%	-1.9%	1.4%	3.6%	0.2%
Information Technology	-1.4%	-1.8%	-0.2%	0.1%	0.1%	-3.1%
Telecom Services	1.9%	-1.5%	-0.6%	-0.1%	-0.2%	-0.5%
Utilities	0.8%	-1.1%	-0.6%	-0.2%	0.4%	-0.6%
Real Estate	-0.6%	1.3%	-0.2%	1.0%	2.1%	3.5%
<b>Total by Region</b>	<b>11.7%</b>	<b>-18.6%</b>	<b>-1.8%</b>	<b>2.3%</b>	<b>6.4%</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 June '18 (Gross %)</b>	<b>Dec '95 through June '18 (Net %)</b>
Valuation	P/B	6.6	6.2
	P/E Trailing	8.0	7.4
	P/E Forecast	8.2	7.6
	P/E Forecast Relative to Global Sector	8.2	7.6
Growth	Operating Margin	7.7	7.4
	Change to OECD Leading Indicator	7.4	5.4
	ROE	9.1	8.8
Risk	18-Month Beta	8.3	7.7
	12 Month Volatility	8.5	7.9
Momentum	Price Momentum	9.1	8.1
	<b>Overall Model</b>	<b>8.9</b>	<b>8.2</b>
	<b>Benchmark</b>	<b>7.2</b>	<b>7.2</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 2. Data Summary: July 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>24,931</b>										
Energy	1,839	2.0	34	16	2	7	6	0.0	0.9	5	20
Materials	800	2.3	21	15	1	14	11	0.0	1.0	3	11
Industrials	2,423	4.6	22	16	1	13	21	0.0	1.0	3	7
Consumer Discretionary	3,314	5.6	26	20	4	11	22	0.0	1.2	3	22
Consumer Staples	1,691	4.8	20	17	-1	9	24	0.0	1.0	4	-4
Health Care	3,332	3.9	24	15	-1	11	16	0.0	1.0	3	7
Financials	3,857	1.5	15	11	0	19	10	0.0	1.1	3	9
Information Technology	6,427	6.1	24	18	0	21	25	0.0	1.0	4	31
Telecom Services	522	1.9	17	11	0	17	11	0.0	0.7	4	1
Utilities	727	1.8	19	16	1	21	9	0.0	0.2	3	3
Real Estate	708	3.0	38	37	23	16	8	0.0	0.2	na	na
<b>JAPAN</b>	<b>3,302</b>										
Energy	41	0.9	8	8	-6	7	11	-0.1	0.9	6	40
Materials	198	1.1	11	10	-3	8	10	-0.1	1.2	4	1
Industrials	728	1.5	14	12	-3	7	11	-0.1	1.1	3	13
Consumer Discretionary	689	1.4	12	11	-5	7	12	-0.1	0.8	3	13
Consumer Staples	302	2.7	23	21	3	8	12	-0.1	0.2	2	19
Health Care	268	2.6	26	23	8	10	10	-0.1	0.2	2	18
Financials	406	0.6	9	9	-2	13	7	-0.1	1.0	4	-3
Information Technology	431	1.9	20	14	-3	9	10	-0.1	1.2	4	10
Telecom Services	175	1.6	15	9	-2	15	11	-0.1	0.6	4	-2
Utilities	64	0.9	10	9	-6	6	9	-0.1	-0.1	3	4
Real Estate	141	1.5	17	16	-7	13	9	-0.1	1.1	na	na
<b>CONTINENTAL EUROPE</b>	<b>6,508</b>										
Energy	318	1.5	20	12	-3	11	7	-0.2	0.8	4	30
Materials	541	2.1	17	14	1	10	13	-0.2	1.3	4	12
Industrials	963	2.8	18	15	0	9	16	-0.2	1.3	3	4
Consumer Discretionary	749	1.9	13	11	-5	9	15	-0.2	1.3	4	6
Consumer Staples	785	3.4	23	19	1	12	14	-0.2	0.8	2	1
Health Care	870	3.1	22	15	0	19	14	-0.2	1.1	3	-3
Financials	1,225	0.9	12	10	-1	12	8	-0.2	1.5	6	-4
Information Technology	488	4.0	43	21	3	11	9	-0.2	1.1	3	20
Telecom Services	215	1.8	19	13	2	14	10	-0.2	1.1	4	-5
Utilities	255	1.4	15	14	-1	5	10	-0.2	0.6	4	9
Real Estate	100	1.2	15	15	-8	41	8	-0.2	0.8	na	na
<b>AVERAGE</b>		<b>1.8</b>	<b>19</b>	<b>14</b>	<b>0</b>	<b>14</b>	<b>16</b>	<b>-0.1</b>	<b>0.9</b>	<b>4</b>	<b>9</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 3. Data Summary: July 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>2,544</b>										
Energy	451	1.5	23	12	-3	6	7	-0.1	1.1	5	38
Materials	236	1.9	14	12	-2	12	13	-0.1	1.3	6	36
Industrials	215	3.6	19	16	2	9	19	-0.1	1.0	3	9
Consumer Discretionary	227	2.9	15	14	-2	12	20	-0.1	0.7	3	10
Consumer Staples	431	2.8	18	15	-2	12	16	-0.1	1.0	4	-5
Health Care	267	4.5	17	14	-1	22	26	-0.1	0.2	4	1
Financials	526	1.1	17	11	0	13	6	-0.1	1.2	4	2
Information Technology	22	2.4	40	12	-5	31	6	-0.1	2.0	9	-10
Telecom Services	89	0.9	12	13	2	12	7	-0.1	1.5	7	-15
Utilities	80	2.2	13	13	-2	9	16	-0.1	0.5	4	-7
Real Estate	-	0.8	20	19	-4	-2	4	-0.1	0.6	na	na
<b>AUSTRALIA/NEW ZEALAND</b>	<b>955</b>										
Energy	60	1.6	26	14	-1	12	6	-0.1	1.1	5	41
Materials	188	2.2	15	14	0	24	15	-0.1	1.1	5	30
Industrials	55	3.6	24	27	12	18	15	-0.1	0.7	3	4
Consumer Discretionary	30	4.0	32	21	5	20	13	-0.1	1.1	6	21
Consumer Staples	89	4.2	27	21	3	5	15	-0.1	0.8	3	25
Health Care	98	8.7	35	30	15	17	25	-0.1	0.6	4	23
Financials	387	1.7	13	13	2	24	13	-0.1	0.8	3	6
Information Technology	10	7.3	36	22	5	24	20	-0.1	0.6	3	33
Telecom Services	14	2.8	11	15	4	19	27	-0.1	1.2	5	-14
Utilities	24	2.1	24	21	6	21	9	-0.1	0.7	2	4
Real Estate	75	1.1	8	16	-7	15	14	-0.1	0.8	na	na
<b>HONG KONG/SINGAPORE</b>	<b>700</b>										
Energy	-	na	na	na	na	na	na	na	na	na	na
Materials	-	na	na	na	na	na	na	na	na	na	na
Industrials	87	1.0	11	11	-4	10	10	-0.1	1.3	3	-1
Consumer Discretionary	76	3.6	23	16	0	12	15	-0.1	1.3	6	8
Consumer Staples	16	1.6	14	11	-7	3	11	-0.1	1.0	5	-8
Health Care	-	na	na	na	na	na	na	na	na	na	na
Financials	275	2.4	17	13	2	28	14	-0.1	1.0	4	16
Information Technology	7	2.9	14	12	-6	14	22	-0.1	0.2	6	2
Telecom Services	26	1.7	14	14	3	16	13	-0.1	0.7	3	-6
Utilities	52	2.0	18	19	4	24	11	-0.1	0.4	2	6
Real Estate	161	0.7	8	13	-10	34	8	-0.1	1.2	0	na
<b>AVERAGE</b>		<b>1.8</b>	<b>19</b>	<b>14</b>	<b>0</b>	<b>14</b>	<b>16</b>	<b>-0.1</b>	<b>0.9</b>	<b>4</b>	<b>9</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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