CHAHINE CAPITAL
Performance Engineering

26/1/2019

STRATEGY OVERVIEW

Could equity markets revisit their lows?

Summary

In our 21 December edition we argued that an S&P 500 at 2,426 points was already a low that priced in an awful lot of bad news. When the index dipped to 2,351 points on 24 December we took it as a buying opportunity, just as we had previously suggested. The market has since rallied 13% to 2,665 points, and according to our calculations fair value under a probable scenario of a conventional economic slowdown is 2,641 points. In the case of a moderate recession it would be 2,391 points, suggesting that the market is unlikely to revisit its 24 December low.

The parameters underpinning our valuation are earnings per share growth stabilising at 2.1% in 2019, compared with a consensus estimate of 5.2%, and a rebound to 8% in 2020 compared to a consensus view of 11.1%. As we expected, the US 30-year rate has stabilised at 3%. Our 8-year CAGR is 3.4%, which may look low but takes account of a probably decline in profit margins from their current historical highs. Given the persistently risky trading environment – the VIX is still high – we are leaving our recommendation for investors to underweight their benchmarks unchanged. That said, investors should not hesitate to re-enter the market if irrational declines present fresh opportunities. By happy coincidence, we picked both the market's high on 28 September and its (for the time being) low in December. But we are by no means immune to an exogenous shock that undermines all our valuations.

Wall Street's rebound followed more conciliatory commentary from the Fed, with Chairman Powell explaining that "we are listening sensitively to the message that markets are sending about downside risks". In a sense the markets are dictating the way ahead on monetary policy: the 2-year Treasury yield has eased from a recent high at 3% to as low as 2.38%. The current 2.63% points to one hike in 2019 and another next year. The contraction of the Fed's balance sheet is also being approached more cautiously. In the meantime, China and the USA really have to reach a compromise because Chinese growth is slowing and American corporate profits are starting to suffer, starting with Apple. Donald Trump needs a firm stock market for his re-election campaign.

World GDP growth is still slowing, and forecasts are down for all regions. The overall consensus view is 3.1% in 2019, compared with 3.4% in 2018. Lower oil prices may help to stabilise these numbers. The car industry is showing tangible signs of weaker activity, with sales down sharply in China and Europe since last summer. Economic indicators such as US consumer confidence and US and eurozone PMIs have faltered, and on top of all that the great Brexit unknown could create a shock. US corporate results highlight downward revisions to profits estimates, notably in the energy and IT sectors. American EPS growth is expected to be zero in Q1 and in low single digits in Q2 and Q3.

World equity markets are up 6.1% so far this year, almost making up for the 6.9% drop recorded last year. Small and mid caps have rebounded 8.6% after their severe correction in 2018.

Eurozone earnings estimates are still being revised down for 2018, and could end up close to zero growth. Forecasts for 2019 are also subject to downward revisions. Long rates are still incredibly low but the economy is simply not reacting to them. Similarly, eurozone equities are cheap but investors remain unimpressed.

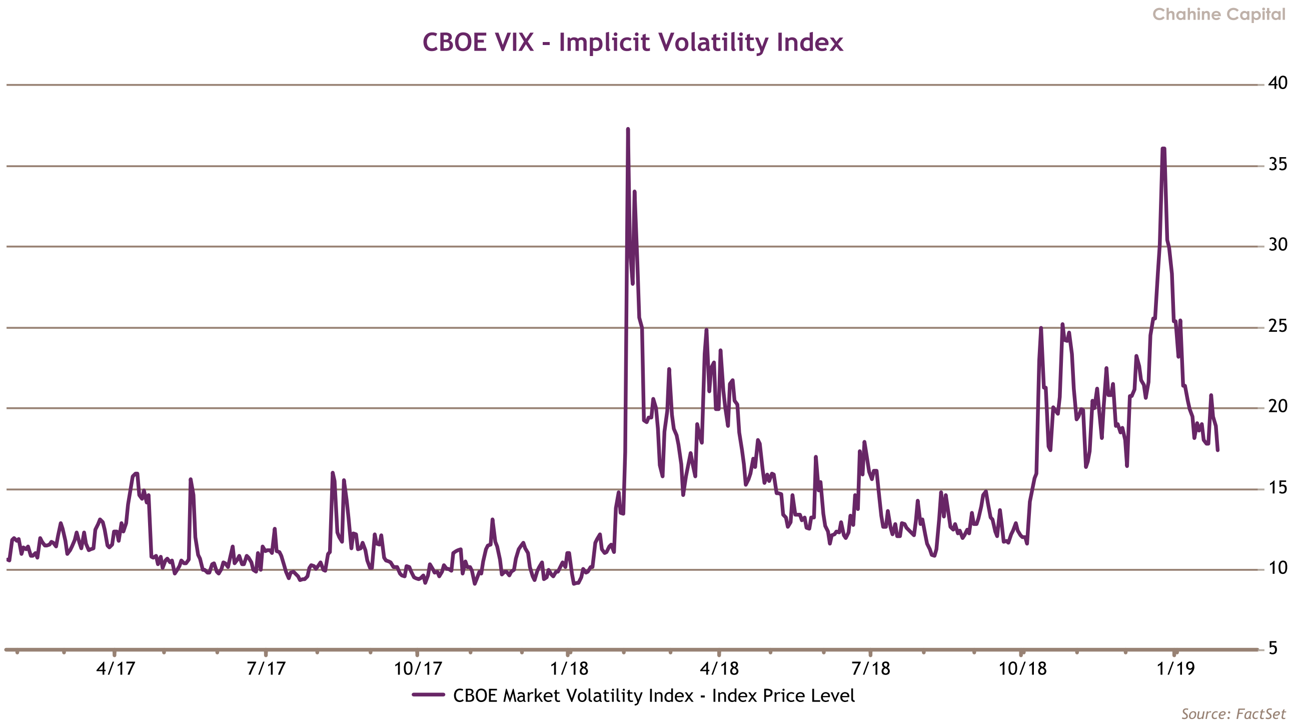
Jacques Chahine

The S&P 500 now 13% above its low

In our 21 December issue, when investors were extremely nervous and the VIX was trading at 30%, we attempted to pick the bottom of the market. The problem as we saw it was whether the economy was heading for recession or for a straightforward slowdown, as these scenarios pointed to very different market valuations. The S&P 500 closed that day at 2,417 points. Our valuation was 2,426 in the worst-case scenario, although with the understanding that the market could exaggerate to the downside if recession actually materialised. Given that no scenario is ever certain, we urged investors to *start re-entering the market if they are UNDERWEIGHT, and stay as they are if they are neutral or overweight*.

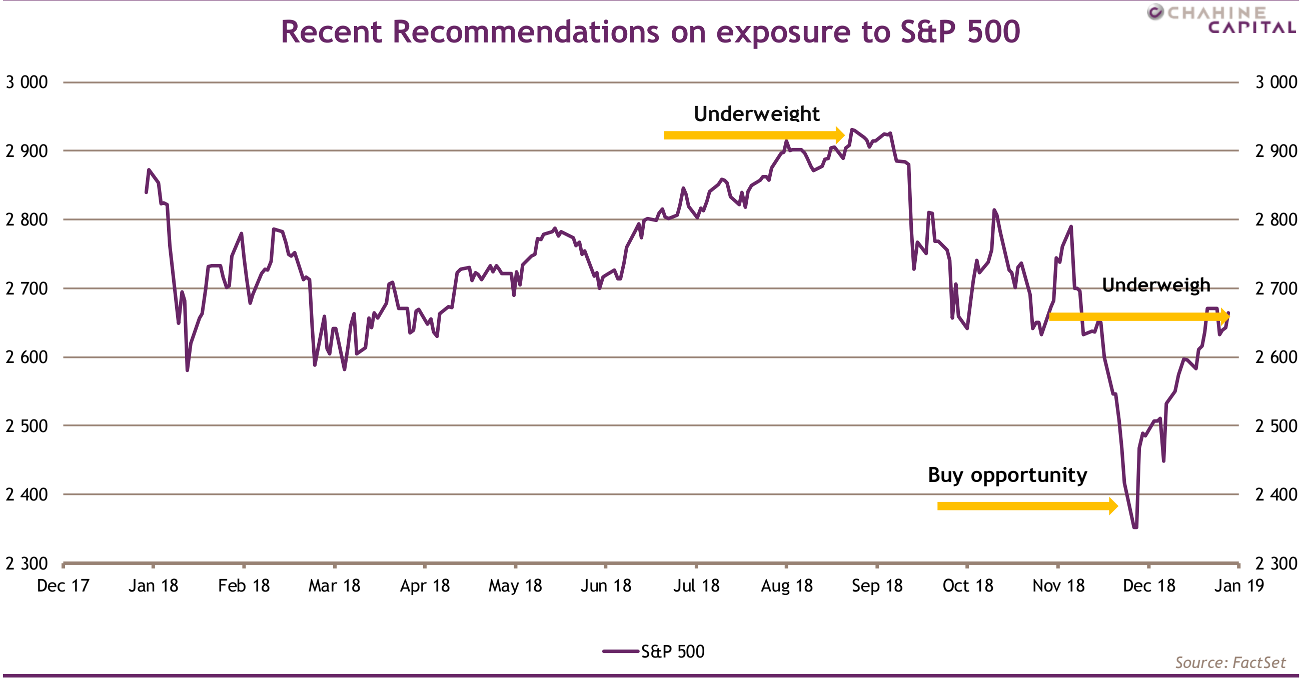
A golden buying opportunity presented itself on Monday 24 December, when our French version went out at around 3pm and Wall Street woke up with a severe hangover. Volatility climbed to 36% and the S&P 500 closed at 2,351 points. This opportunity proved fleeting, with the index rebounding to 2,468 points when the markets opened after Christmas, but even then prices looked attractive as they were close to our moderate recession valuation. Things have moved on some way since; the market closed at 2,665 points on 25 January, some 13% above its lows.

A firmer market and lower volatility



It is hard to pick lows in markets driven by fear and irrationality. Our quantitative model did well to hit on 21 December, when the market was pricing in the worst-case scenario of moderate recession and a concomitant 8.4% drop in profits in 2019. An S&P 500 below our theoretical trough of 2,426 points was irrational and a genuine buying opportunity. The fact that our valuation coincided with the market's actual low was fortuitous, although readers may recall that we also signalled the market's top in our 29 September letter, when we urged investors to switch from neutral to underweight vis-à-vis their benchmarks.

Could there be a double bottom?



A new worst-case low at 2,391 points

We all know that picking tactical lows and trading off them is a hazardous game. None of the research carried out in this area by our quantitative engineers has ever come up with cast-iron results. What we can do, and with all due humility, is attempt to capture the major trends; this explains the very rare nature of changes to our recommendations. But even here we are not immune to erroneous assessments of the fundamentals or (above all) the occurrence of exogenous events that derail the entire valuation process. With all those health warnings in mind, we now look at whether the 24 December low at 2,351 points is likely to still be the low in six months' time and what the chances are of a continuing rally.

In our modelling this month we downgraded the hypothesis of a moderate recession and stuck largely to an economic slowdown that now appears evident. Every new day brings fresh evidence of it, from Europe to Japan, China and even the USA. The deceleration is still modest overall: the consensus world growth forecast for 2019 has dipped 0.2 point to 3.1% after 3.4% in 2018, and under the slowdown scenario we would expect S&P 500 EPS growth to stabilise at 2.1% in 2019 and rebound 9% in 2020. Our estimate for 2019 was 4.5% last month and, as the chart below shows, consensus adjustments to the downside have accelerated. Oil companies seem largely to blame. Ongoing quarterly results announcements are helping to firm up these projections.

The 30-year rate we use for our model has come down from a crisis high of 3.5% to a stable 3%, as we predicted. Taking these parameters into account, *our instantaneous S&P 500 valuation is 2,641 points*, compared with a close on 25 February at 2,665 points. We believe that the market is fair value, in other words. Our 8-year CAGR is 3.4%, reflecting lower GDP growth and inflation as well as the fact that the market gives far more weight to negative 2019 results than rebounds further out.

We have modelled the moderate recession scenario, which features an 8.6% decline in EPS in 2019 and an 8% rebound in 2020. In this case the *theoretical equilibrium is 2,393 points* with a 30-year down at 2.75%.

This low would be higher than the 2,351 points posted on 24 December, but the very fear of recession would be likely to drive an overshoot of say, 10%, which would mean a theoretical 2,154 points.

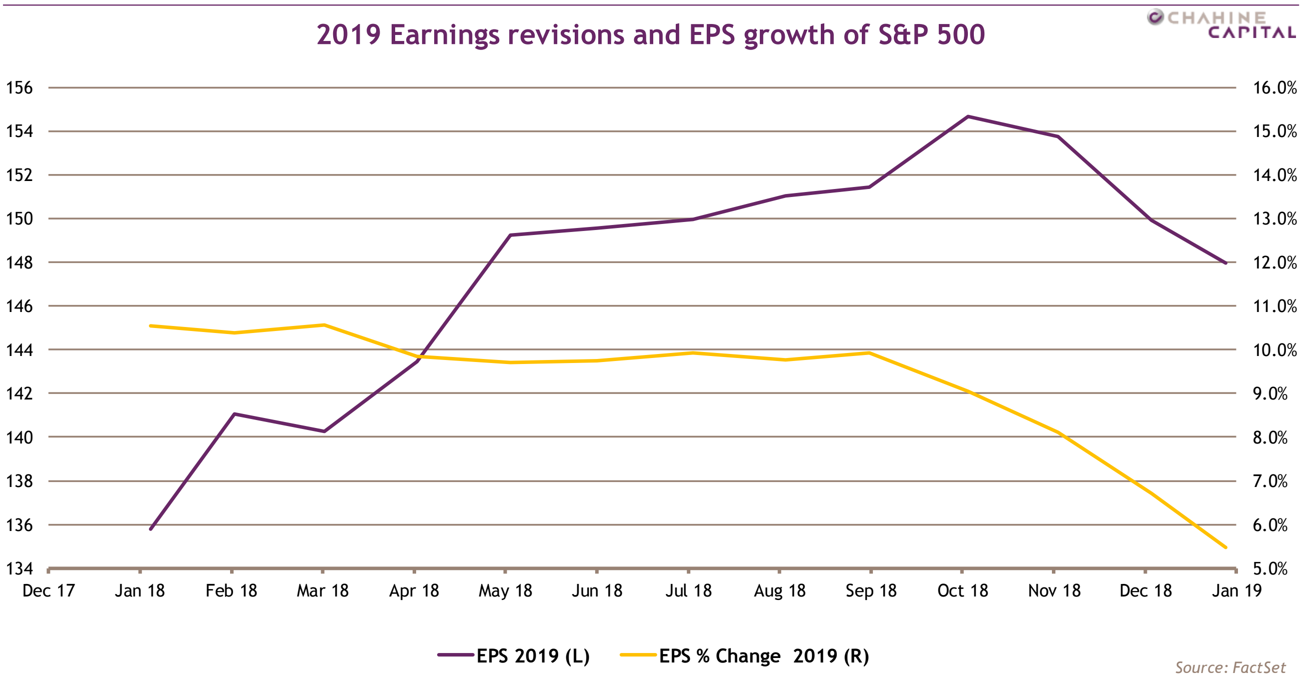
We are still underweight

The markets may have calmed down somewhat but volatility is still a relatively high 17% and the markets remain dangerous. At current prices, the Sharpe ratio between risk and reward is unattractive, especially given that we are close to the market's theoretical equilibrium. We therefore recommend that investors maintain underweight positions relative to their benchmarks, excepting those that were able to pick up a few bargains late last year.

We will update our valuations every month in the light of the data available, particularly quarterly corporate earnings and developments in the trade war between China and the USA. The valuations we produce can help *to take new positions during the course of each month when irrational situations arise.*

The index objectives we present are instantaneous. In our valuation table we give year-end objectives, which currently average gains of over 3.5%, to which an average dividend yield of 2.2% should be added.

An acceleration in downward revisions to corporate earnings stemming from the oil sector



We summarise our valuations below and describe the recommendations that follow from them. As we keep pointing out, we are not offering a trading tool but a means of assisting long-term investment decisions. It follows that we do not advise exposure or non-exposure to equities as such but rather marginal adjustments of long-term allocations. As Warren Buffet put it so well, equities (or at least US equities) are the best long-term investment there is. A wealth manager with a benchmark 40% equity allocation might vary its own portfolio's allocation between 30% and 50%, for example, depending on the opportunities available.

S&P 500 fair value according to the Chahine Capital model

Date	Scenario	Index Value	Instant Fair Value	Opinion
24/08/18	Overvaluation	2 875	2 748	Benchmark exposure
28/09/18	Overvaluation	2 914	**2 633**	Underweight from Benchmark
26/10/18	Overvaluation	2 659	2 557	Underweight from Benchmark
23/11/18	Slowdown	**2 633**	2 478	Underweight from Benchmark
21/12/18	Slowdown	2 417	2 547	Underweight from Benchmark
21/12/18	Mild recession	2 417	2 426	**Take position if underweight**
24/12/18	Market Bottom	**2 351**	2 426	Buy opportunity
25/01/19	Slowdown	2 665	2 641	Underweight from Benchmark

Sweet reason returns to the Fed

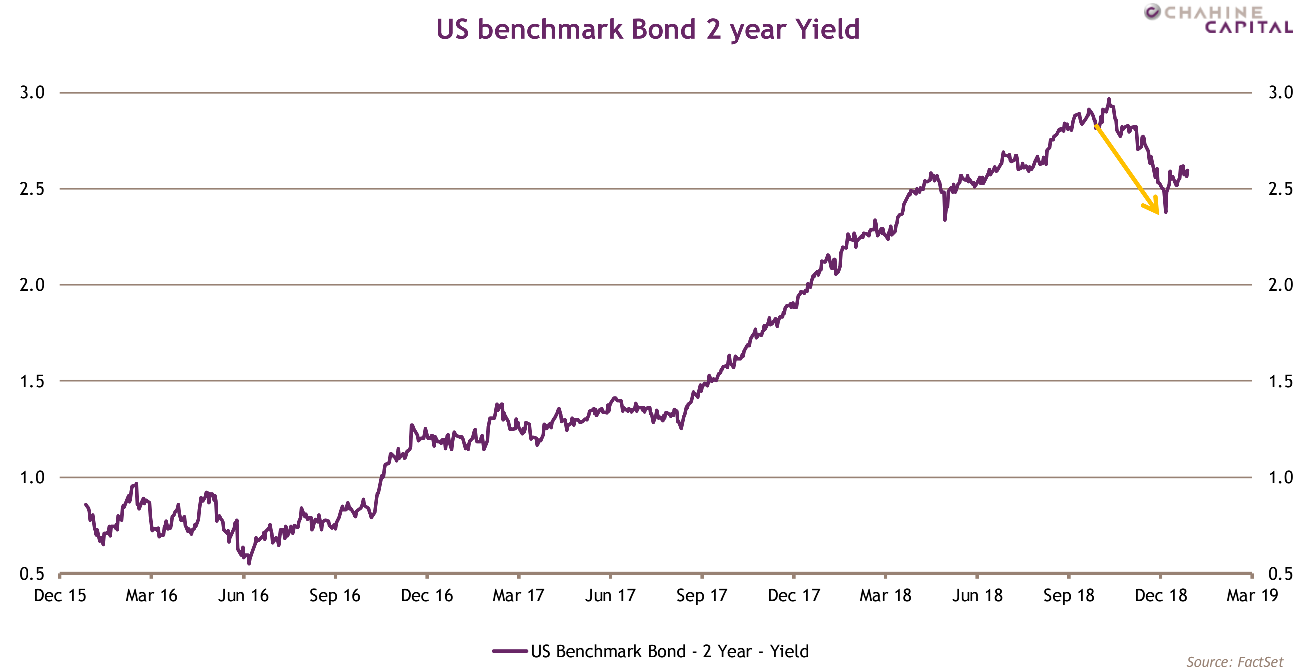
The market's strong rally of its December lows stemmed from a combination of a more doveish Fed and encouraging news on the resolution of the trade war between the USA and China. On 10 January, in a speech to the Economic Club of New York, Fed Chairman Jerome Powell indicated that the Fed was taking a more reasonable line on two points: the speed of tightening in 2019 and the reduction of the Fed's own balance sheet.

Mr Powell said that he was "listening sensitively to the message that markets are sending about downside risks".

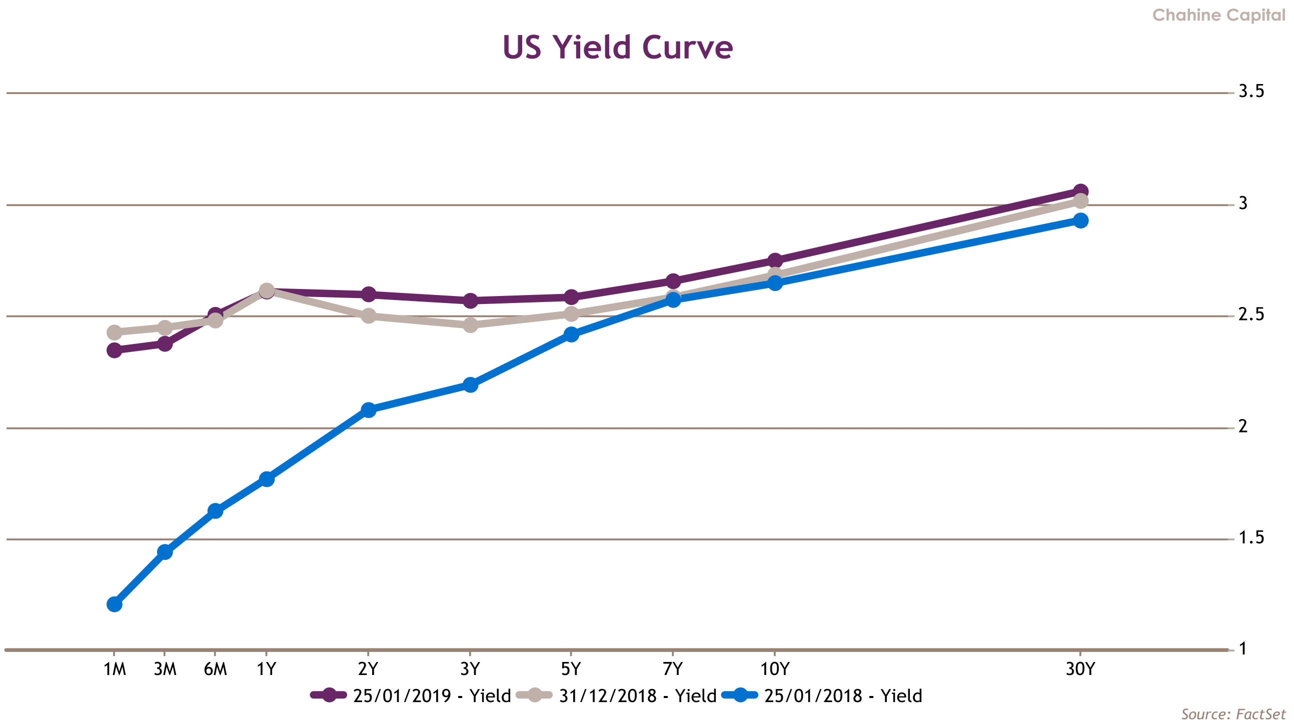
The market had been in such disarray that it had largely priced in the change in the Fed's attitude. The 2-year Treasury yield, which captures forthcoming Fed rate hikes, had backed up from 8 November onwards to almost 3%. That implied at least two or three hikes in 2019, which is what the Fed had previously suggested. The slide in equity prices dropped this rate to a low of 2.38% on 3 January, which implied no change at all in Fed rates in 2019 and 2020, (the midpoint of the Fed's key interest rate was 2.38%). The 2-year is now at 2.63%, or 25bp higher than the fed funds rate. This implies a hike towards the end of 2019, for example, and a further hike in 2020.

One could say that it is not the Fed that has decided policy but the market, which has effectively directed the authorities towards the policy that would further a degree of calm. Note that the Fed has also taken its balance sheet reduction programme off automatic pilot, meaning that while it will continue to shrink its assets it will be at a pace that has not been fixed in advance.

The market has dictated Fed policy



Fed rates expected to stabilise at around 2.5% over five years



Flat out to the 5-year point and step beyond it, the US yield curve looks rather odd. That could imply a short-term economic slowdown (not recession) followed by a normal recovery. Such a scenario would be pretty positive for equities.

China and the USA need a compromise

A satisfactory resolution of the Chinese trade war will not be an easy matter, and certainly not if America insists on all its demands concerning structural reform of intellectual property law, forced technology transfer, the need for investors to team up with a Chinese partner, cyber attacks, tariffs and non-tariff barriers such as quotas or licences. American firms are not alone in facing these obstacles, of course, but all of China's trading partners, attracted by short-term gains.

The trade war is already a year old, and while it has affected many Chinese firms it is now hitting major American groups as well. Apple was the first to report a dent in its profits as a consequence of the dispute, and others will follow. While Chinese companies are suffering in terms of sales, the Americans are feeling the impact in terms of profits, which is hurting their share prices. With an eye to re-election, Mr Trump pays close attention to the markets and will have noted that share prices have rallied every time there is news or at least rumour of a compromise. Back in July we argued that the trade war would end as soon as Wall Street started to suffer; we are convinced that this is as true as ever and the correction we have just weathered is exactly what we mean.

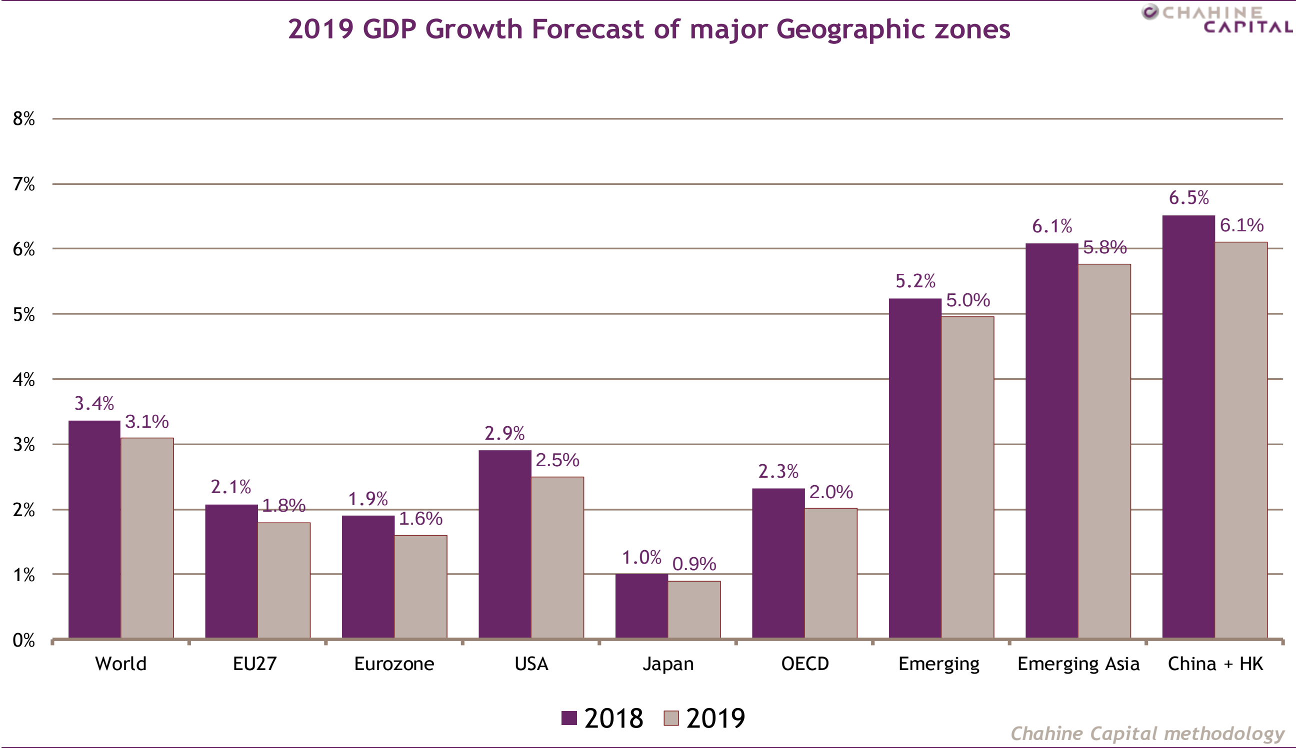
The fallout of the dispute on the Chinese side has been apparent for longer, but there the Communist government is relatively uninterested in equity markets and has the luxury of operating without harassment from lobbyists. The Chinese stock market is 30% off its highs, but investors have not panicked. Slower economic growth is more worrying for the authorities, which have eased monetary policy in a bid to keep activity rising in line with the Party's objectives. Analysts fretting over a severe slowdown need to look a little more closely at the figures. The Party has decreed that GDP will increase 6.2% in 2019, compared with 6.6% in 2018, and by 6% in 2020. Consensus economists are exactly in line with these numbers. It is entirely normal for a maturing economy to post less than frenetic growth rates, and the share of investment in Chinese GDP is set to decline from its extraordinarily high level as infrastructure comes on stream. Consumption started to figure more in GDP a few years ago and its share will increase further as time goes on. Official statistics indicate that consumption accounted for three-quarters of the 6.6% increase in GDP last year and represents 53% of GDP.

Dialogue between high-level Chinese and American officials continues. The 'ceasefire' between the two countries is due to end on 1 March, and they have a shared interest in coming up with a short-term fix to allow time to find solutions to the structural issues over a suitably realistic (i.e. long) timeframe. We agree with the Americans in that China cannot continue to set its own rules in international trade, and Mr Trump would do well to seek European help in keeping the pressure on. In the meantime, the markets are bound to remain volatile as news of the damage to companies filters through.

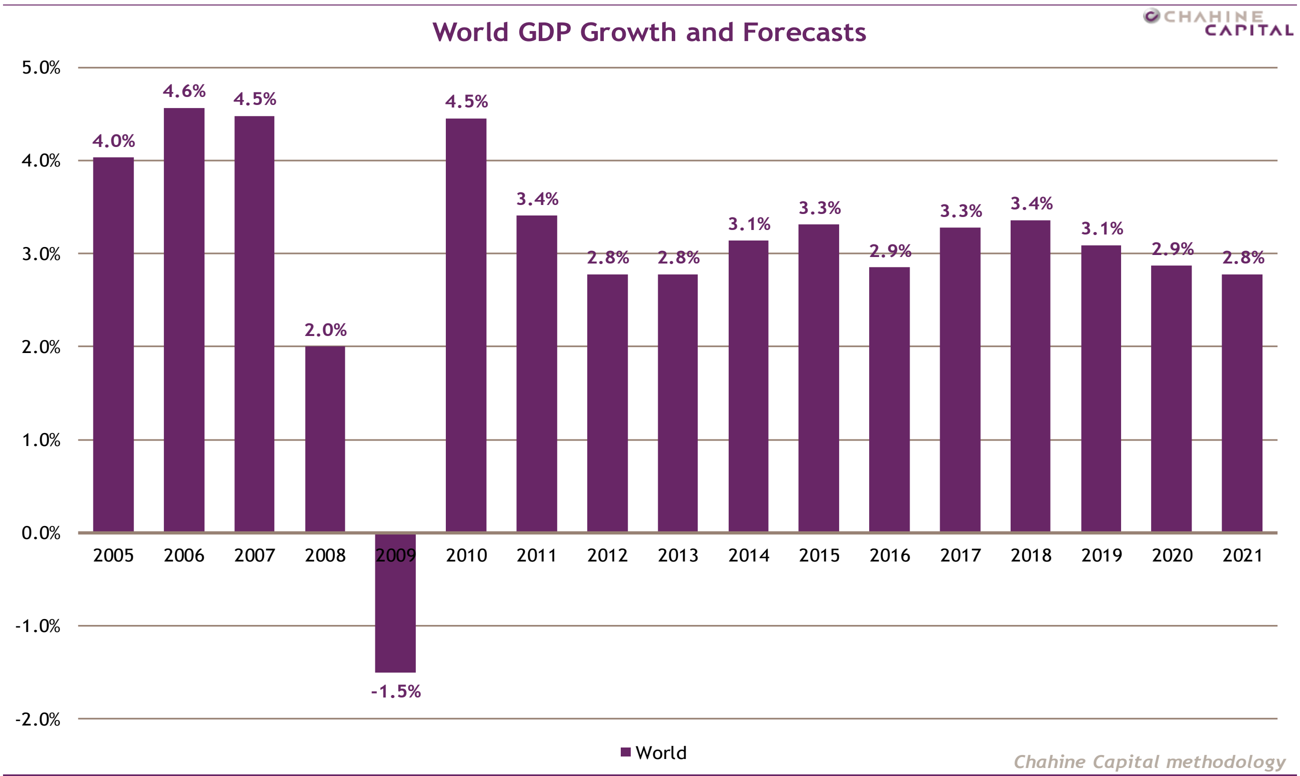
Lower oil prices could boost growth in 2019

According to our method, based on country-by-country figures, world GDP is expected to increase by 3.1% this year (in local currency rather than purchasing power parity terms). This compares with 3.4% in 2018, and the deceleration covers all regions including the USA. Unfortunately, continuing revisions to forecasts suggest that our figure will have to be lowered as well. That could change if the Chinese trade dispute is resolved or if oil prices stay low. Most developed economies apart from the USA are net importers of oil. For Europe alone, the maintenance of oil prices at their current levels could save $50 billion and add 0.3% to GDP. Monetary policies are accommodating everywhere are, as we have seen, the Federal Reserve is reverting to a more measured approach.

A general decline in economic growth this year



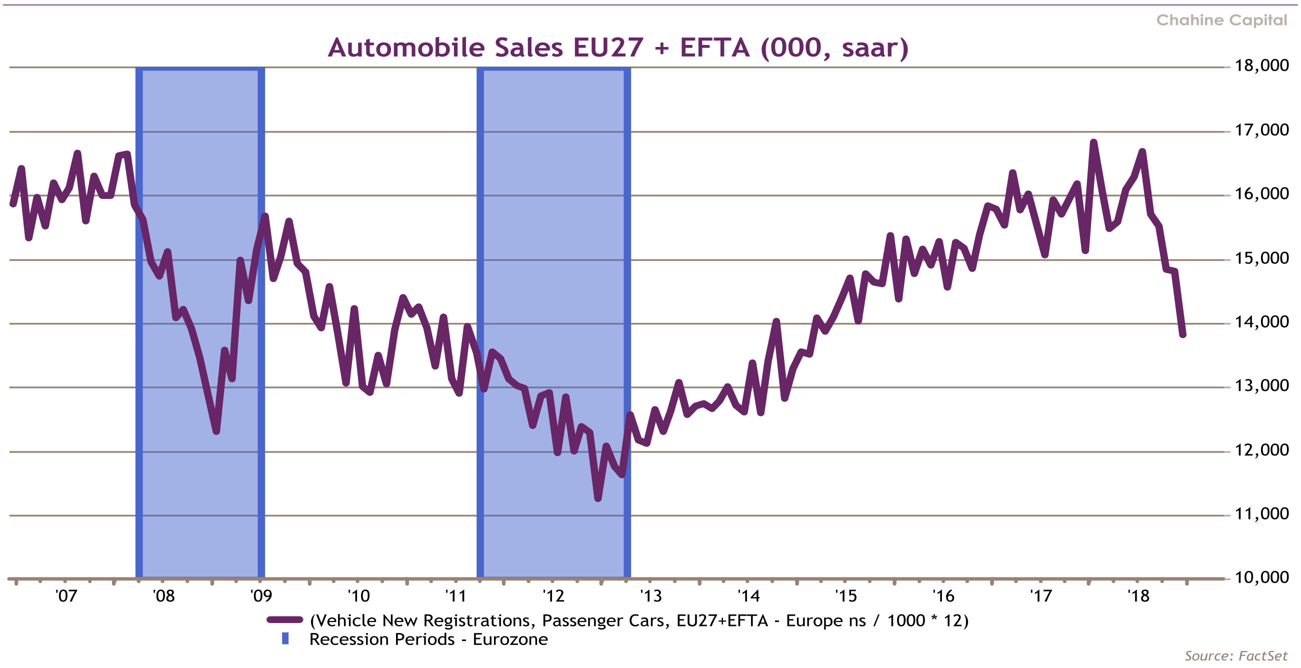
A long-term trend related to maturing emerging economies



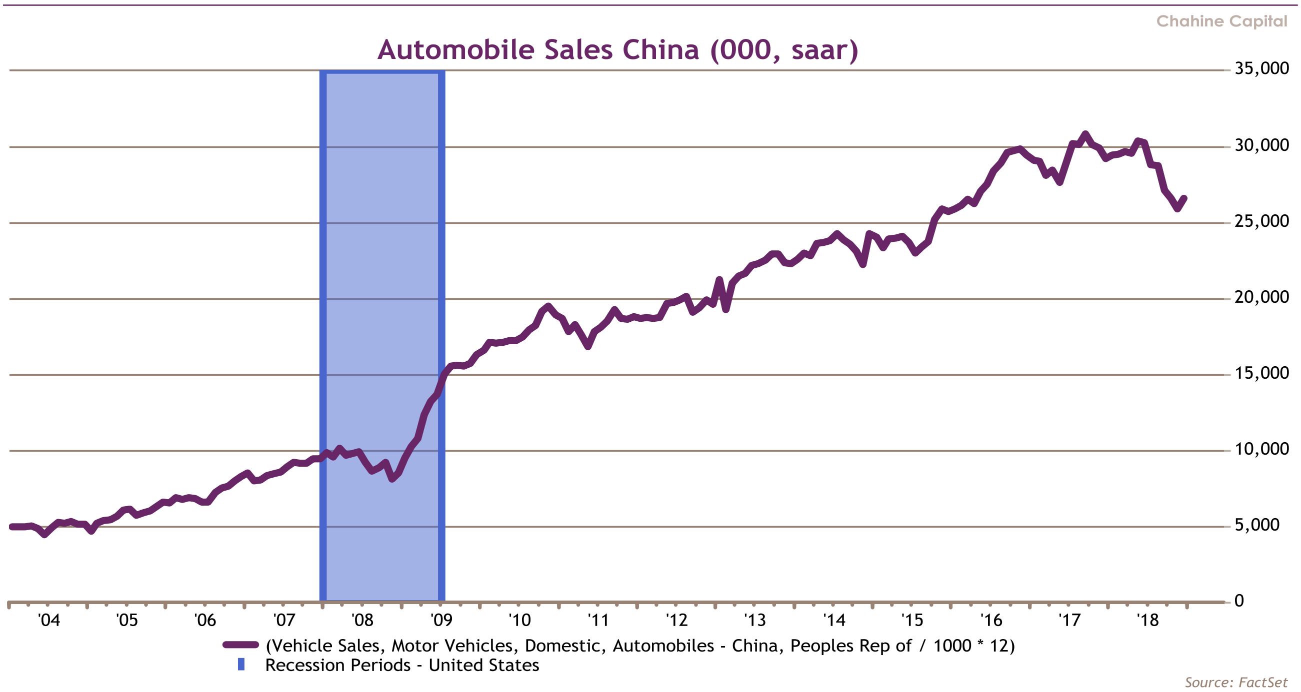
A steep downturn in car sales since the summer

Car sales have faltered badly over the past few months, both in the world's biggest market – China – and in Europe. In China, carmakers would be delighted with stabilisation in 2019. In Europe, this very large and extremely important sector is being transformed by the arrival of electric vehicles, which could create big losers as well as winners. Remarkably, the US market is holding up well.

Down go car sales…



… even in China



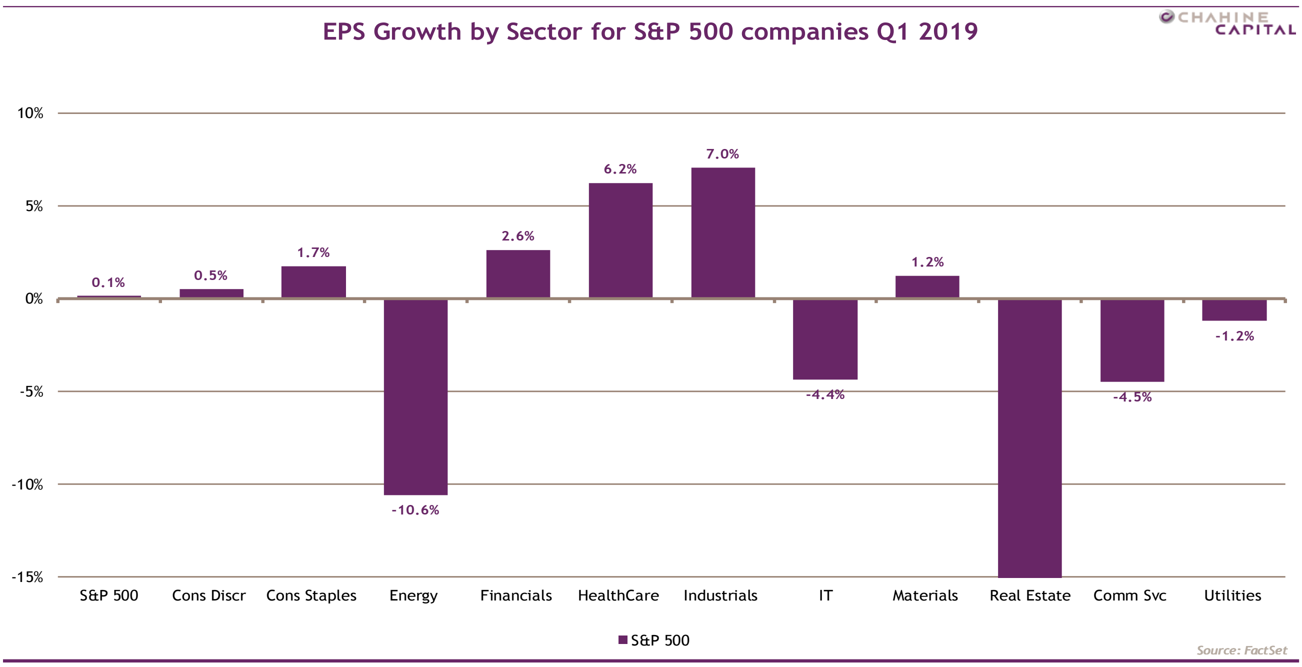
Mounting concern over recent economic indicators and Brexit

The severe correction to equity prices certainly shook the US consumer confidence index, which has tumbled from a high at 136 points to 128 points. A sharp decline in the American ISM indices confirms fears of a slowdown, although they are still above the 50 mark separating expanding from contracting activity. In the eurozone, the equivalent PMIs have dropped to 51, perilously close to that divide. The big risk hanging over Europe is Brexit, which is still a complete unknown. Is Theresa May running the clock down to force the UK parliament to approve her deal at the last moment? Could we see a delay to Brexit to allow for more talks? Could there be a second referendum or even a general election? Given this backdrop, the equity markets and sterling are remarkably placid, presumably in the hope that the UK will stay in the EU in some shape or form. Significant developments are likely in the coming days and weeks, resulting in additional market volatility.

Companies revise Q1 2019 following Q4 results

The US results season is under way, offering companies the opportunity to issue guidance on Q1 2019 and the rest of the year. At the time of writing, firms representing 28% of S&P 500 capitalisation had published their results, and that means that there are still major announcements in the works that could influence the market. Q4 2018 has itself been revised 5% off its highs and by 2% relative to guidance given in Q3, which is fairly rare. It is up 12% over 12 months, despite the impact of tax reform. The outlook for Q1 is for zero growth in profits, although that largely reflects much worse prospects for oil companies in the wake of lower oil prices. The real estate sector is also struggling, and for the first time in most investors' memories IT sector earnings growth is set to be negative following revisions to firms affected by the Chinese trade war, such as Apple, Micron, Intel, Western Digital. Telecoms and Facebook are hampering the communications sector. The only sectors in good shape are industrials, healthcare and consumer staples.

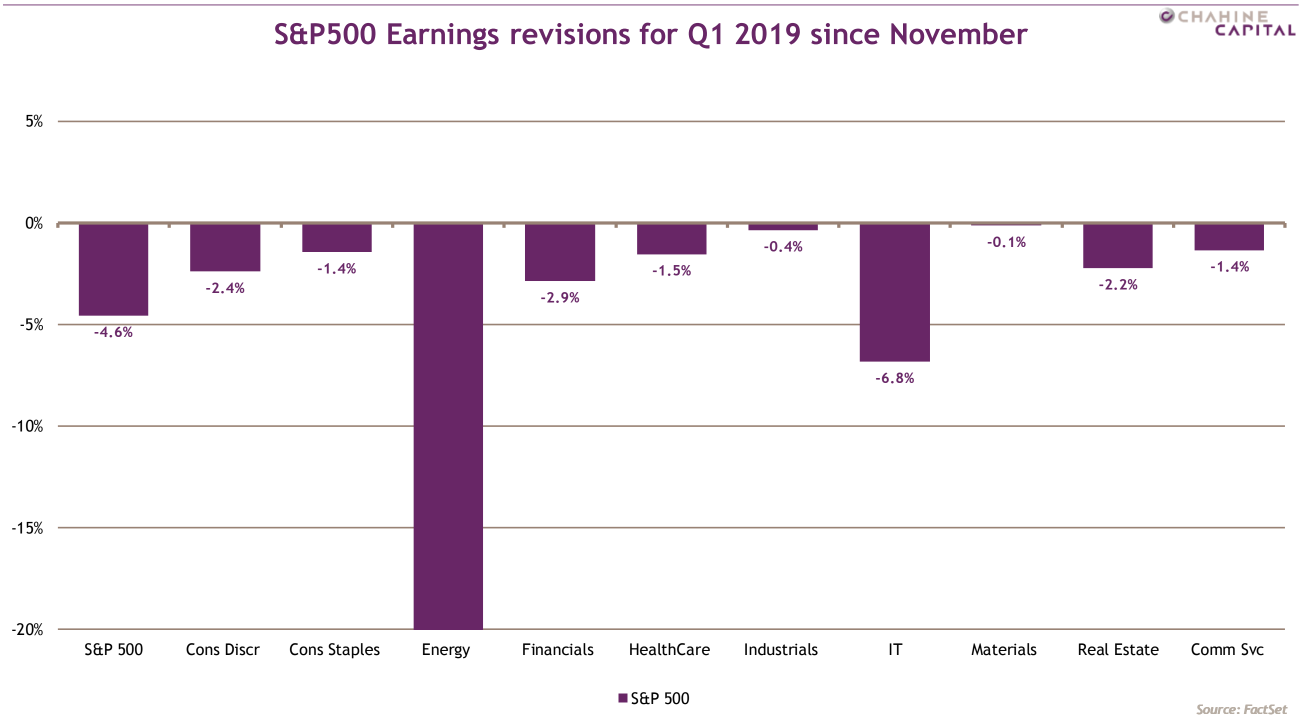
Zero EPS growth in Q1 2019



All sectors are posting negative revisions, and adjustments to the oil and IT sectors are far from over. The outlook for Q2 and Q3 is low single-digit growth, and Q4 will benefit from a low base effect carried over from Q4 2018.

The consensus estimate for 2019 as a whole is 5.2%, including an 8% drop in energy. The most buoyant sectors are expected to be industrials, discretionary consumers (Amazon) and healthcare.

All sectors revised down

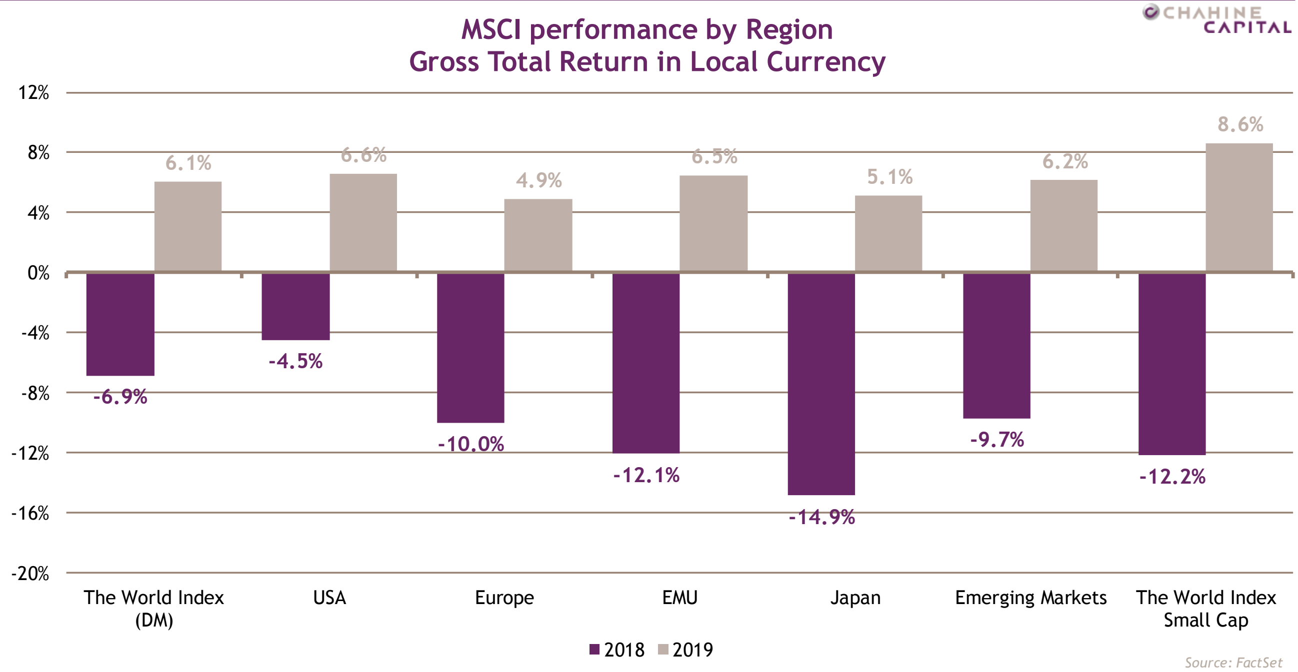


This year's rally has almost made up for last year's losses

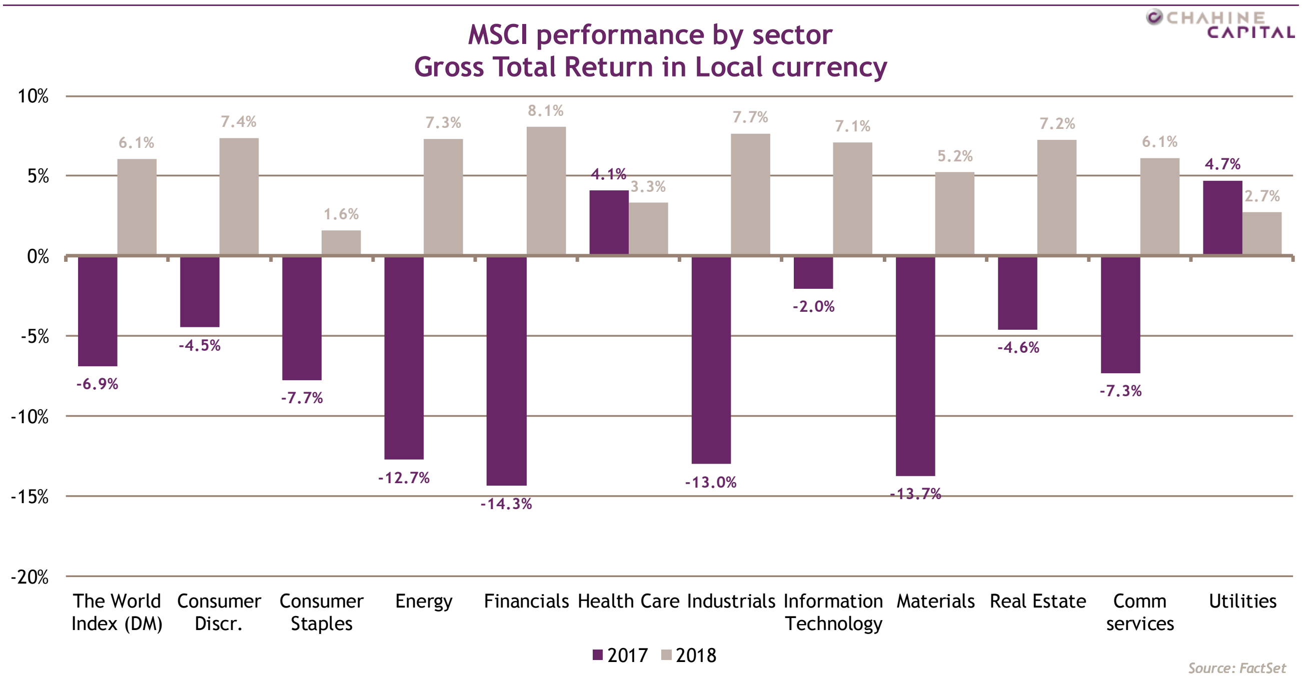
Developed country equities retreated 6.9% in 2018, including gross dividends. So far this year the index is up 6.1%, wiping out most of that loss. The rebound has been strongest on Wall Street, however, which fared better than other developed markets last year. Having eased 4.5% in 2018, it is up 6.6% since the start of 2019. The other markets may have rallied just as much but from a worse starting position: eurozone equities lost 12.1%, for example. Note that small and mid caps, which took a beating last year, have rallied particularly strongly. Emerging markets have fared better in local currency terms but those currencies have weakened. Investors still appear uninterested in the Japanese market.

In terms of sector, healthcare and utilities posted positive performance in 2018. In contrast, several sectors suffered double-digit corrections, including energy, financials, industrial and basic materials. With the exception of basic materials, all these sectors are rallying strongly. Robust profits in the industrial sector merit more investor attention, in our view.

Last year's losses more or less overcome



A number of double-digit losses in 2018



Market valuations

As we explained at the start of this letter, our valuation table below gives theoretical objectives for share prices at the end of 2019 relative to the instantaneous valuation already mentioned. Our base scenario gives us an S&P 500 of 2,744 points at year-end, compared with a close on 25 January at 2,642 points, i.e. upside potential worth 3.8% plus dividends. In normal times that would be bullish, but given the risks we do not think that this is enough to get involved and will remain underweight. A great deal can happen in this volatile environment and entry points will present themselves in the event of excessive corrections relative to the valuations we present here. The moderate recession scenario gives us an objective of 2,475 points with a 30-year rate that would almost certainly decline to 2.75% or even lower. Given that we are at the top of the profit and margin cycles, a CAGR at 3.3% looks plausible given an inevitable correction in a future that is still difficult to predict.

Fair value but high risk

S&P 500 - Valuation end 2019					
CAGR Compounded Annual Growth Rate from 2018	**30 Years Gvt bonds**				
	2.50%	2.75%	**3.00%**	3.25%	3.50%
Mild recession: -8.6% in 2019, and 8% in 2020 - CAGR =1.4%	**2 611**	2 475	**2 351**	2 237	2 133
Implied Scenario CAGR 3.3% over 8 years	2 941	2 785	**2 642**	2 512	2 392
Base scenario: 2.1% in 2019 and 9% in 2020 - CAGR = 3.4%	3 048	**2 889**	**2 744**	**2 611**	2 488
Current Index S&P 500			**2 642**		

In the euro zone, the weighted average 30-year rate is down slightly to 1.50%. This is scarcely believable. The ECB's printing presses are running at full pelt but to no effect in an economy lacking dynamism in a context of mounting populism, and that appears unable to compete against the USA and China. An imminent Brexit is not helping, and that risk will not go away unless the UK runs out of options and decides to stay in the EU after all. Without a really genuine single market, the eurozone is lagging badly in all that concerns the new economy and has no obvious champion in this area. Even the powerful German car industry could succumb to four-wheeled computers. Absurdly low interest rates suggest that there are very few profitable investment opportunities around. Real estate is the only alternative to equities as a home for surplus cash. That said, the market is really cheap at 12.6x 2019 and with an expected dividend yield of 4.2%.

Despite relatively healthy economic growth in 2018, eurozone earnings estimates are being revised lower constantly and currently stand on a meagre 3.3% gain. For 2019, consensus analysts have pencilled in an 8.3% gain, but here too revisions are negative. We are assuming 3%. Despite Brexit, the UK market is looking much better with 11.4% profits growth in 2018. Our objective for the MSCI EMU index is 123 points at year-end, compared with a close on 25 January at 113 points. Investors should seek value beyond the banking, oil sector and pharmaceutical heavyweights, a strategy that has paid off for our Digital funds.

A market underpinned by very low interest rates

MSCI EMU - Valuation end 2019					
CAGR Compounded Annual Growth Rate from 2018	**30 Years Gvt bonds**				
	1.00%	1.25%	**1.50%**	1.75%	2.00%
Depression scenario: -15% in 2019, and +4% in 2020 - CAGR =-7.6%	**109**	102	96	91	86
Implied Scenario: CAGR -6.0% over 8 years	128	120	**113**	107	102
Base scenario: 3% in 2019, and 5% in 2020 - CAGR = -4.6%	139	131	**123**	**116**	**110**
Current Index MSCI EMU			**113**		

Conclusions

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Jacques Chahine

Main ratios for markets and sectors as of 25/1/2019 (in local currency)

	Weight vs MSCI World	Perf 2019	Perf 2018	Weighted P/E 2020	Weighted P/E 2019	% Wted EPS Chge 2020	% Wted EPS Chge 2019	% Wted EPS Chge 2018	Div Yield 2019	Revision vs M-2% Fiscal 20	Revision vs M-2% Fiscal 19
ETF MSCI The World Index	**100.0%**	**6.3%**	**-10.3%**	**13.2 x**	**14.5 x**	**9.6%**	**6.0%**	**13.8%**	**2.76%**	**-2.0%**	**-2.4%**
ETF MSCI USA	60.2%	6.6%	-6.6%	14.3 x	15.9 x	11.3%	5.3%	21.5%	2.14%	-3.0%	-3.5%
ETF MSCI Japan	8.4%	5.4%	-15.8%	10.8 x	11.3 x	4.6%	2.5%	7.3%	2.75%	-1.9%	-1.3%
ETF MSCI EMU	14.2%	6.3%	-14.5%	11.3 x	12.3 x	9.1%	8.3%	3.3%	3.95%	-2.9%	-3.3%
ETF MSCI Europe	25.9%	5.7%	-13.0%	11.6 x	12.6 x	8.3%	8.9%	8.1%	4.21%	-1.7%	-2.1%
ETF MSCI Europe ex Energy	23.8%	5.9%	-13.7%	11.8 x	12.8 x	8.0%	9.1%	5.1%	4.06%	-1.5%	-1.2%
ETF MSCI Austria	0.1%	9.1%	-26.7%	8.9 x	9.3 x	5.1%	-8.4%	9.3%	4.35%	-10.3%	-11.2%
ETF MSCI Belgium	0.6%	8.7%	-24.9%	13.1 x	14.5 x	10.2%	10.0%	3.4%	3.52%	-1.0%	-1.6%
ETF MSCI Denmark	0.7%	2.9%	-12.4%	15.5 x	17.3 x	11.3%	3.2%	2.6%	2.78%	-2.0%	-2.1%
ETF MSCI Finland	0.5%	10.5%	-1.5%	14.4 x	15.7 x	9.1%	14.2%	0.9%	4.62%	-1.3%	-1.5%
ETF MSCI France	5.1%	4.0%	-9.7%	11.8 x	12.9 x	9.7%	7.2%	8.7%	3.77%	-3.0%	-3.6%
ETF MSCI Germany	3.8%	7.5%	-20.2%	10.7 x	11.7 x	9.3%	9.7%	-5.4%	3.68%	-3.3%	-3.7%
ETF MSCI Great-Britain	6.0%	1.1%	-12.7%	10.9 x	11.7 x	7.9%	3.9%	11.4%	5.21%	-1.8%	-3.5%
ETF MSCI Ireland	0.2%	5.9%	-23.5%	12.9 x	13.8 x	7.3%	0.6%		2.15%	-8.3%	-6.6%
ETF MSCI Italy	1.1%	7.4%	-15.1%	8.8 x	9.5 x	8.3%	13.3%	14.3%	5.22%	-3.0%	-2.7%
ETF MSCI Netherlands	1.3%	6.4%	-10.9%	12.7 x	13.8 x	8.8%	6.2%	6.7%	3.63%	-1.9%	-2.7%
ETF MSCI Norway	0.5%	4.1%	-6.0%	11.5 x	12.9 x	11.7%	7.2%	20.9%	4.76%	-3.8%	-7.2%
ETF MSCI Spain	1.4%	7.6%	-15.0%	10.6 x	11.4 x	7.8%	6.9%	1.4%	4.80%	-2.1%	-2.0%
ETF MSCI Sweden	1.1%	7.0%	-8.1%	13.6 x	13.2 x	-2.7%	24.2%	3.3%	4.46%	-3.1%	6.3%
ETF MSCI Switzerland	3.2%	6.0%	-10.1%	14.2 x	15.4 x	7.9%	11.9%	27.2%	3.50%	-1.5%	-0.9%
ETF MSCI Europe Consumer Discretio	2.9%	8.3%	-17.5%	10.3 x	11.0 x	6.8%	8.0%	0.0%	3.68%	-2.7%	-2.1%
ETF MSCI Europe Consumer Staples	3.6%	3.0%	-11.3%	15.0 x	16.4 x	8.7%	10.6%	6.2%	3.46%	0.9%	1.2%
ETF MSCI Europe Energy	2.0%	3.9%	-5.0%	9.8 x	10.8 x	10.3%	6.6%	49.0%	5.94%	-3.4%	-9.8%
ETF MSCI Europe Financials	4.8%	8.2%	-21.8%	8.8 x	9.4 x	6.5%	10.6%	11.6%	5.60%	-2.1%	-0.4%
ETF MSCI Europe Health Care	3.0%	2.4%	-2.5%	13.8 x	15.2 x	9.6%	4.6%	5.0%	3.37%	-2.3%	-3.1%
ETF MSCI Europe Industrials	3.4%	7.1%	-15.0%	13.3 x	14.6 x	10.1%	11.5%	3.3%	3.22%	-1.6%	-1.2%
ETF MSCI Europe Information Techno	1.3%	10.6%	-8.2%	15.8 x	18.5 x	16.9%	16.7%	12.5%	1.72%	-1.0%	-2.6%
ETF MSCI Europe Materials	1.8%	7.1%	-16.4%	11.9 x	12.4 x	4.8%	5.0%	8.3%	4.15%	-4.0%	-5.2%
ETF MSCI Europe Real Estate	0.3%	9.4%	-17.5%	13.6 x	13.4 x	-1.2%	7.0%	-11.1%	5.01%	4.0%	5.8%
ETF MSCI Europe Communication Ser	1.4%	-0.3%	-10.7%	12.1 x	13.2 x	8.8%	10.8%	-5.9%	5.29%	-0.3%	-0.4%
ETF MSCI Europe Utilities	1.2%	5.4%	-1.3%	12.6 x	13.9 x	10.4%	5.6%	-3.4%	5.45%	0.4%	-0.3%

Benchmarks source iShares ETF - Data as of 25/01/2019

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