



Avoiding the Noise:  
 How Asian Small Caps  
 Navigate a Trade War

Lydia So, CFA  
 Harrison Daniels, CAIA

Matthews Asia | September 27, 2019

The views and information discussed herein are as of the date of publication, are subject to change and may not reflect current views. The views expressed represent an assessment of market conditions at a specific point in time, are opinions only and should not be relied upon as investment advice regarding a particular investment or markets in general. Such information does not constitute a recommendation to buy or sell specific securities or investment vehicles.

Investment involves risk. Past performance is no guarantee of future results. The value of an investment in the Fund can go down as well as up. The information contained herein has been derived from sources believed to be reliable and accurate at the time of compilation, but no representation or warranty (express or implied) is made as to the accuracy or completeness of any of this information. Matthews Asia and its affiliates do not accept any liability for losses either direct or consequential caused by the use of this information.

Investing in international and emerging markets may involve additional risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. Fixed income investments are subject to additional risks, including, but not limited to, interest rate, credit and inflation risks. In addition, single-country and sector strategies may be subject to a higher degree of market risk than diversified strategies because of concentration in a specific industry, sector or geographic location. Investing in small companies is more risky and more volatile than investing in large companies.

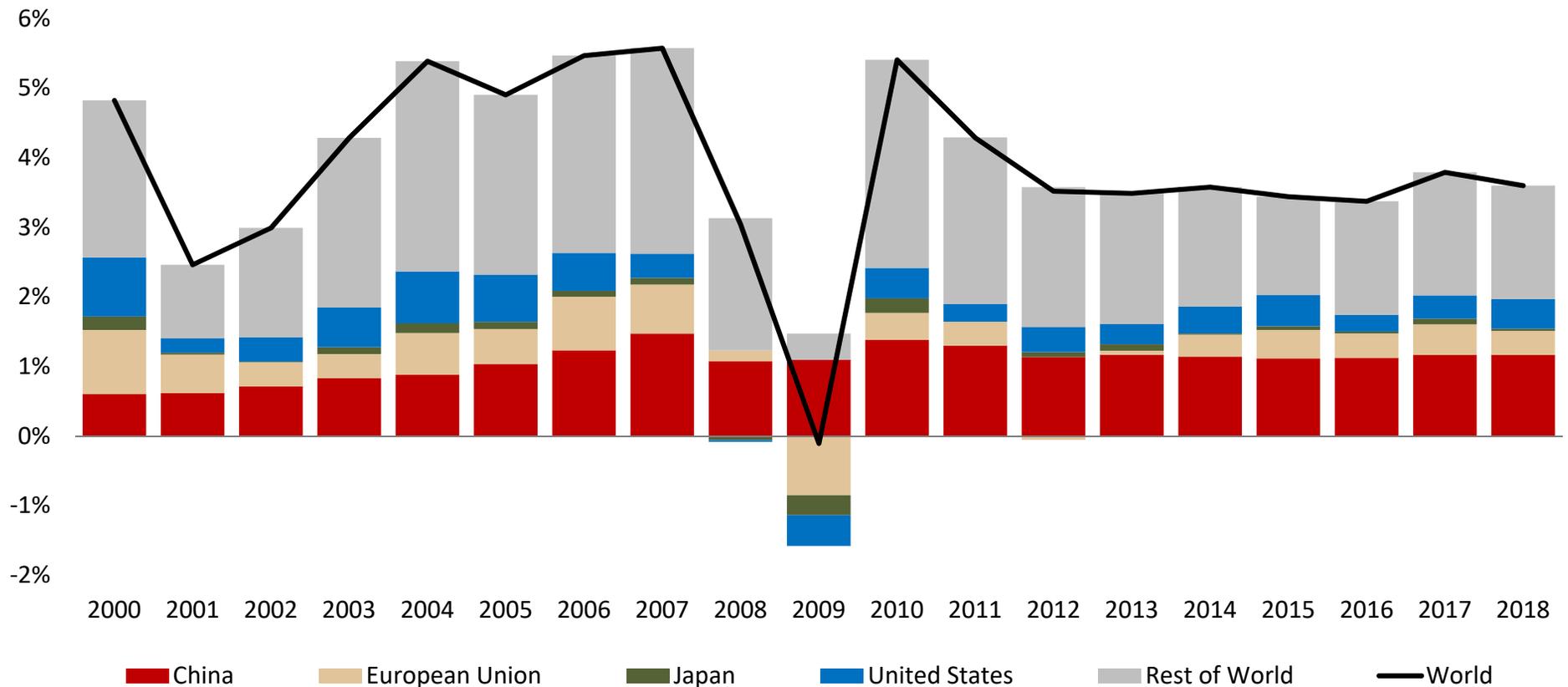
Matthews Asia is the brand for Matthews International Capital Management, LLC and its direct and indirect subsidiaries.



# China Drives Global Growth

China accounts for about one-third of global economic growth, more than the *combined* share from the U.S., Europe & Japan

## CONTRIBUTION TO GLOBAL GROWTH (PERCENTAGE POINTS)

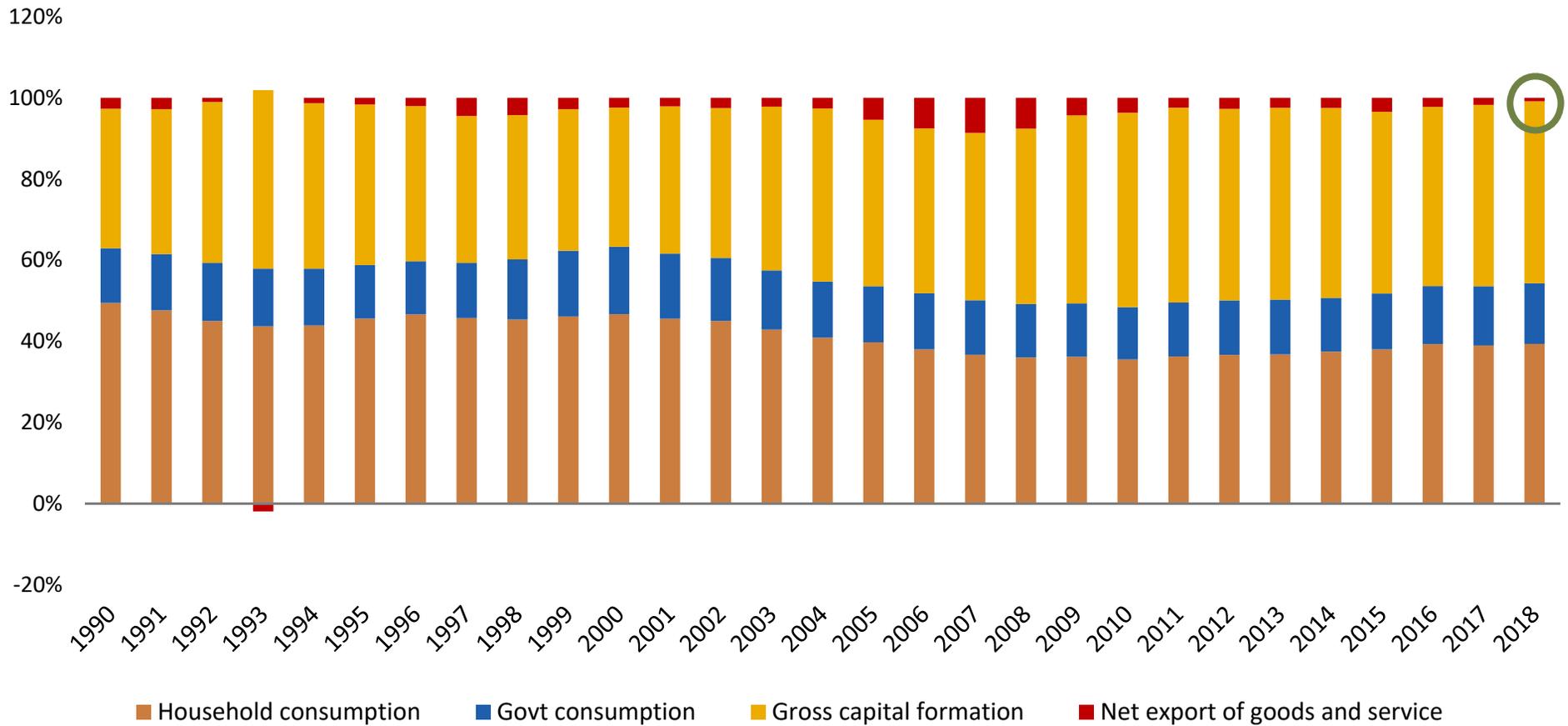


Source: International Monetary Fund

# Not An Export-Led Economy

Net exports accounted for less than 1% of China's GDP last year

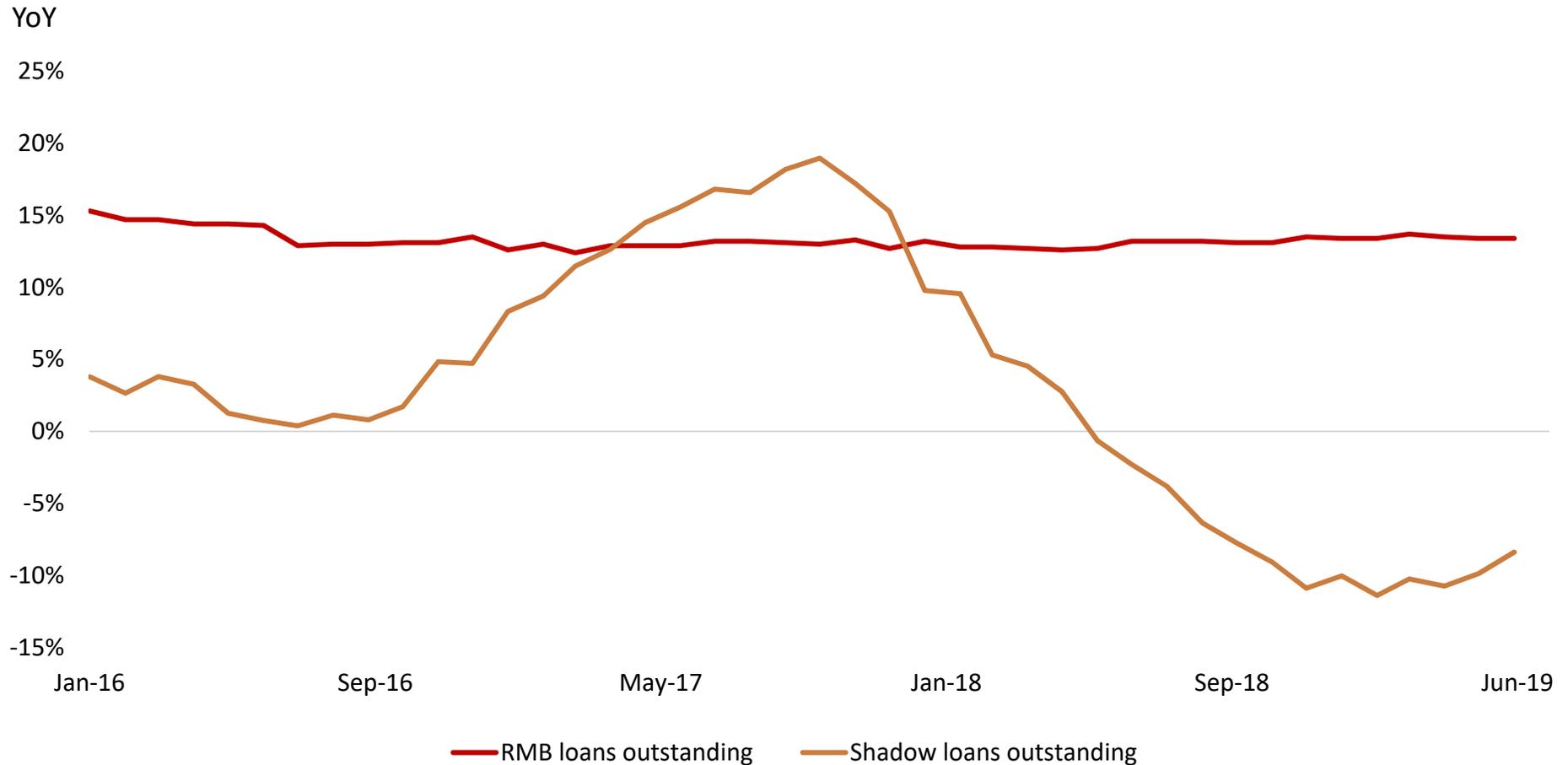
## GDP BY EXPENDITURE APPROACH



Source: CEIC

# Beijing Hasn't Abandoned It's Financial Sector De-Risking Campaign

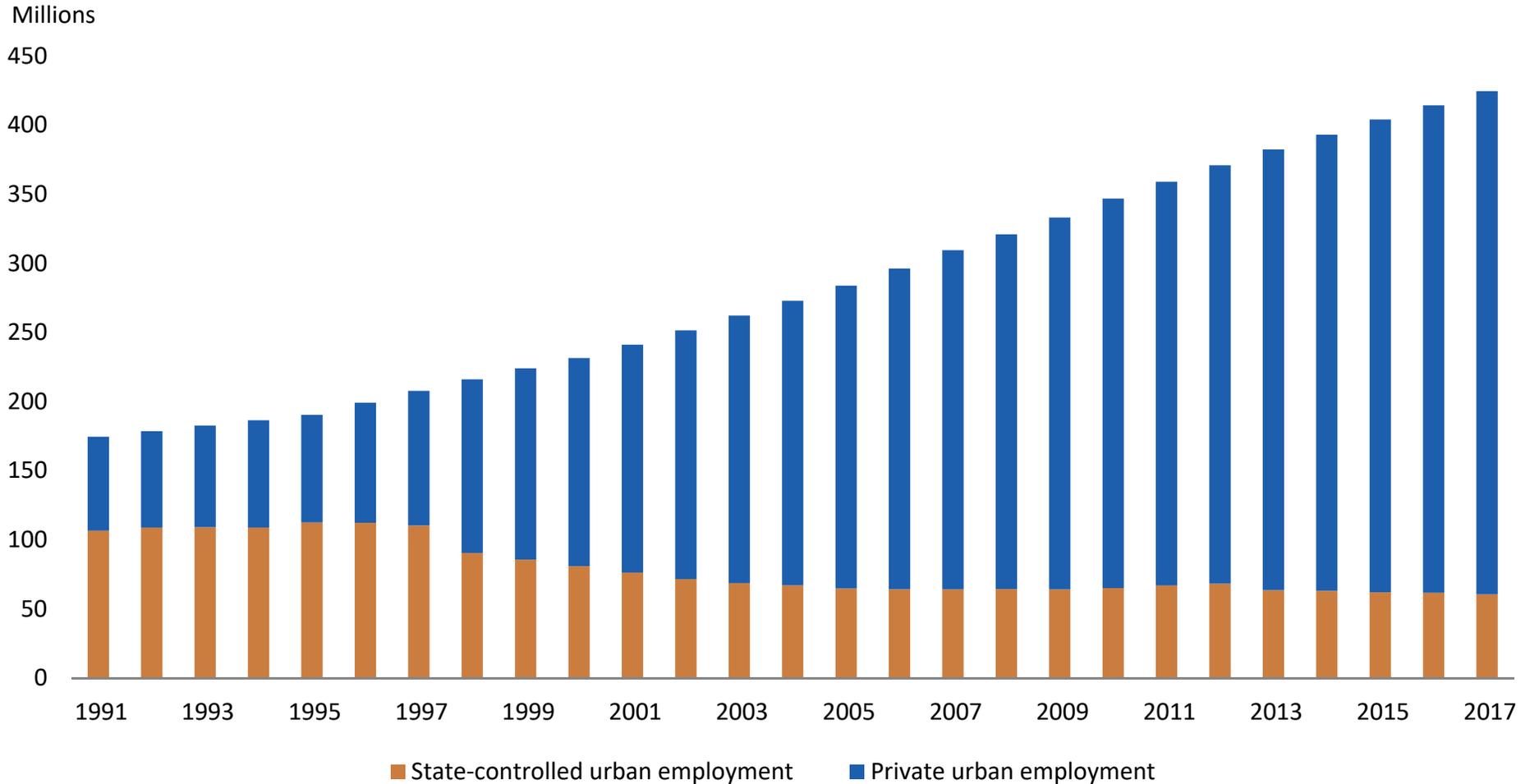
But the worst impact of the crackdown on off-balance sheet credit has passed



Source: CEIC, Matthews Asia

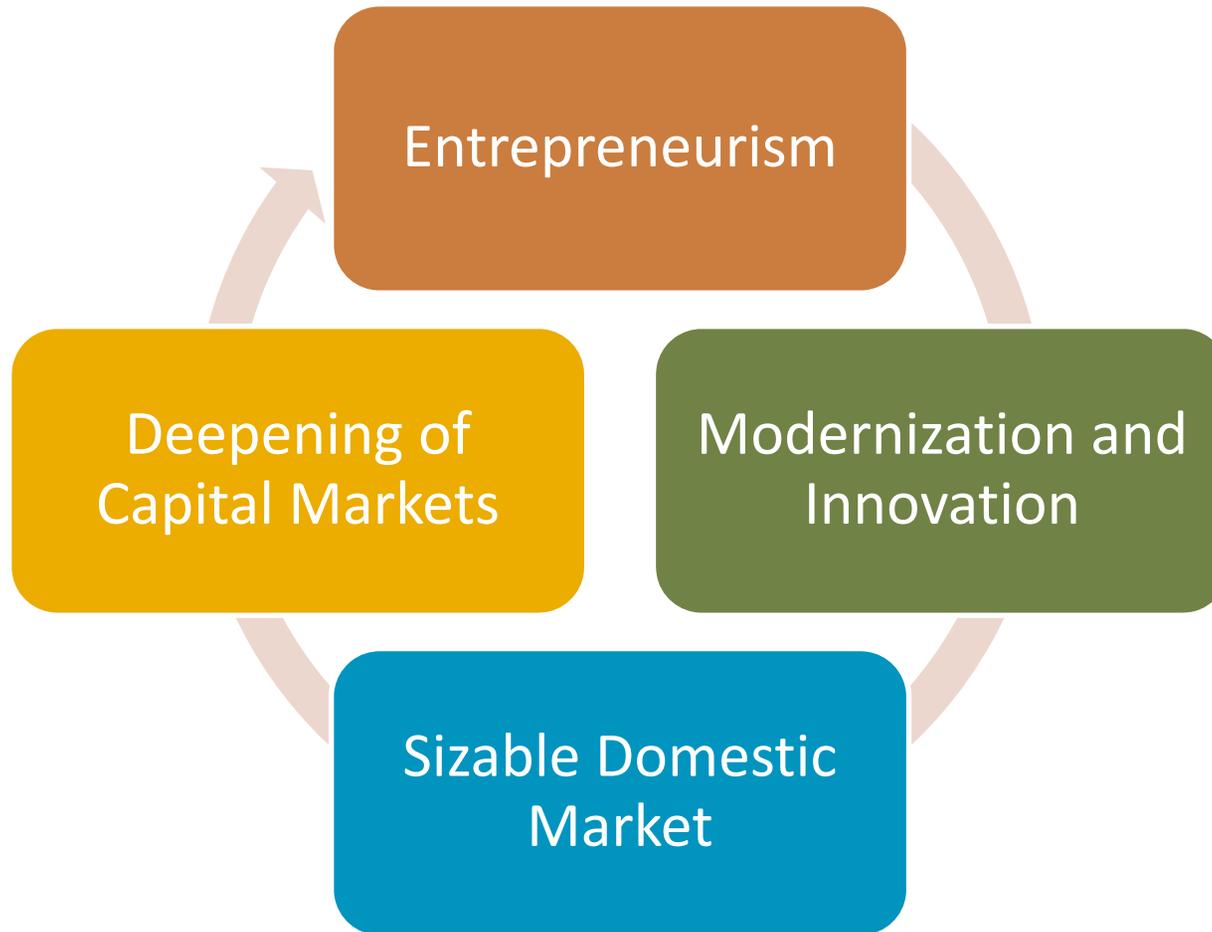
# Entrepreneurs Drive Employment in China

- \* 86% of urban employment now in small, privately-owned, entrepreneurial companies
- \* Economic freedom has led to greatly expanded personal freedom



Source: CEIC

# Structural Drivers for Asia Small Caps



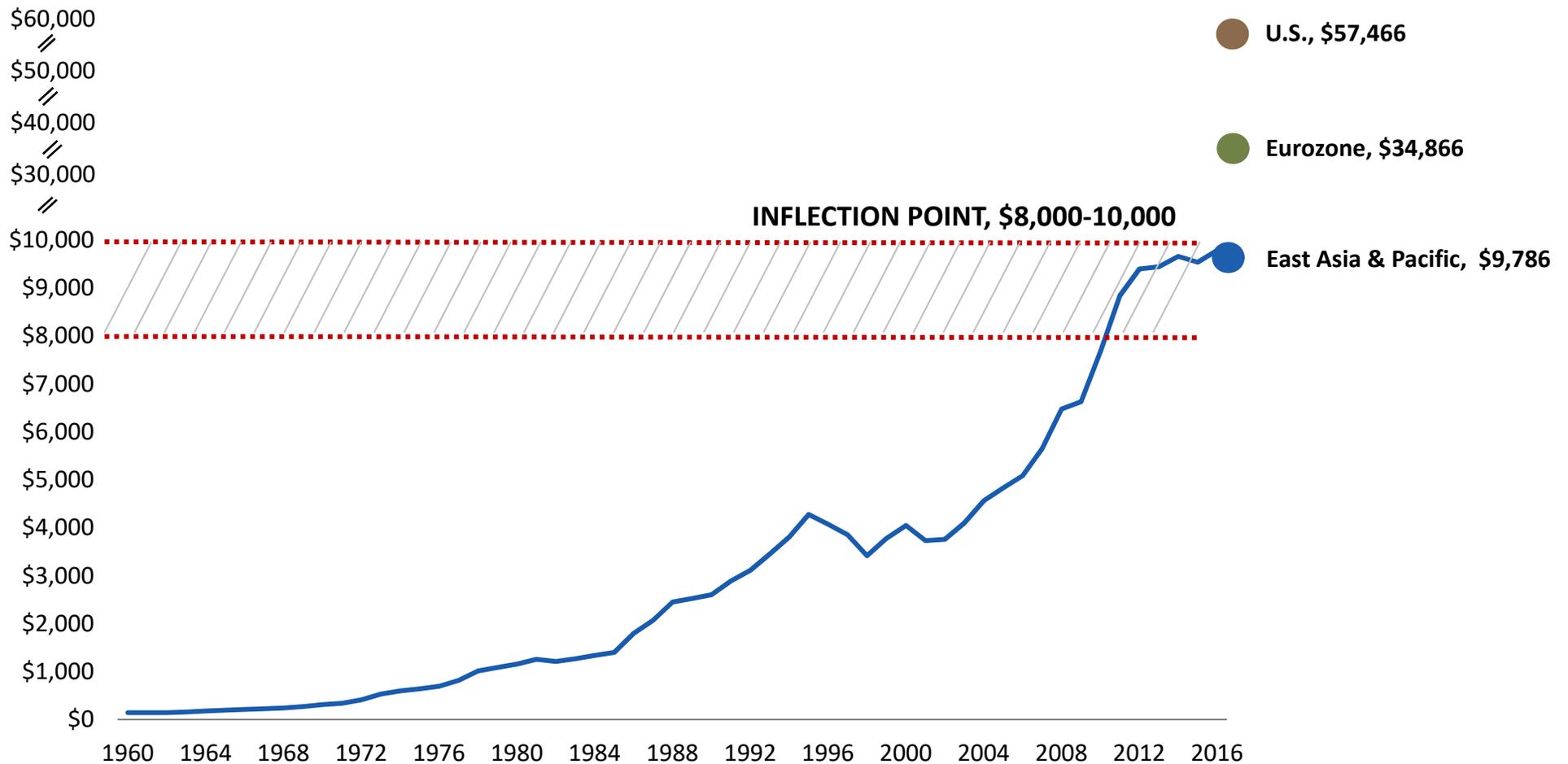
Source: Matthews Asia

# Why Focus on Innovative Companies?

We believe innovation will be one of the major economic growth drivers and value creators for Asia

As the income in the region rises above US\$ 8k-10k, we are beginning to see different set of opportunities being formed in more sophisticated, high value added industries such as travel, entertainment, consumer services and healthcare

## GDP PER CAPITA, US\$



Source: World Development Indicators. Data as of 08/02/2017

# Why Focus on Innovative Companies?

Large and growing addressable market for high value added products

## RISING MIDDLE CLASS IN ASIA AND SHARE PRICE PERFORMANCES

(Share price, indexed)

12,000

10,000

8,000

6,000

4,000

2,000

0

2005

2006

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

2021

....

2030

(Million people)

3,500

3,000

2,500

2,000

1,500

1,000

500

0



— Biopharmaceutical company (LHS)

— Cosmetics company (LHS)

— Home appliances company (LHS)

● Asic Pacific middle class population and spending (RHS)

Note: (1) Share prices are indexed (March, 2005 = 100)

(2) 2020 middle class population data point is projection; There is no guarantee any estimates or projections will be realized.

(3) Bubble size reflects the middle class consumption. Units: 2011 PPP billion \$ for 2015 and 2020 spending data; 2005 PPP billion \$ for 2009 data

Source: Homi Kharas, 2017, The Unprecedented Expansion of the Global Middle Class: An Update;

Homi Kharas and Geoffrey Gertz, 2010, The New Global Middle Class: A Cross-Over from West to East; Factset



# Semiconductor is the New Oil in China's New Economy

China still imports 80% of its semiconductor needs (\$260B semiconductor imports per year)



Sources:

China Looks to Become a Major Force in Semiconductors as of January 23, 2017 (<https://www.sourcetoday.com/blog/china-looks-become-major-force-semiconductors>),

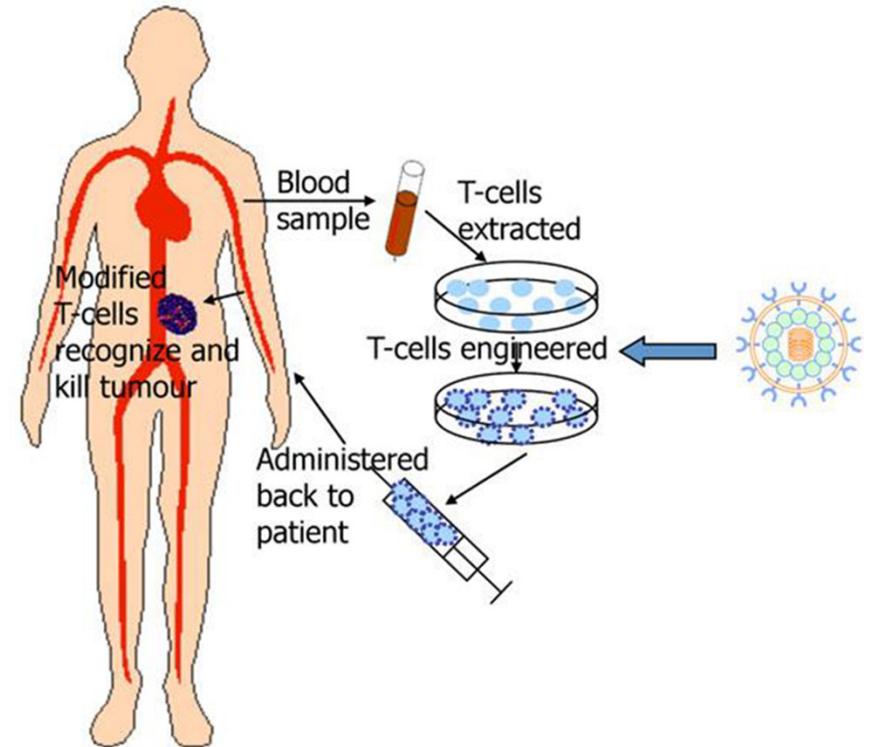
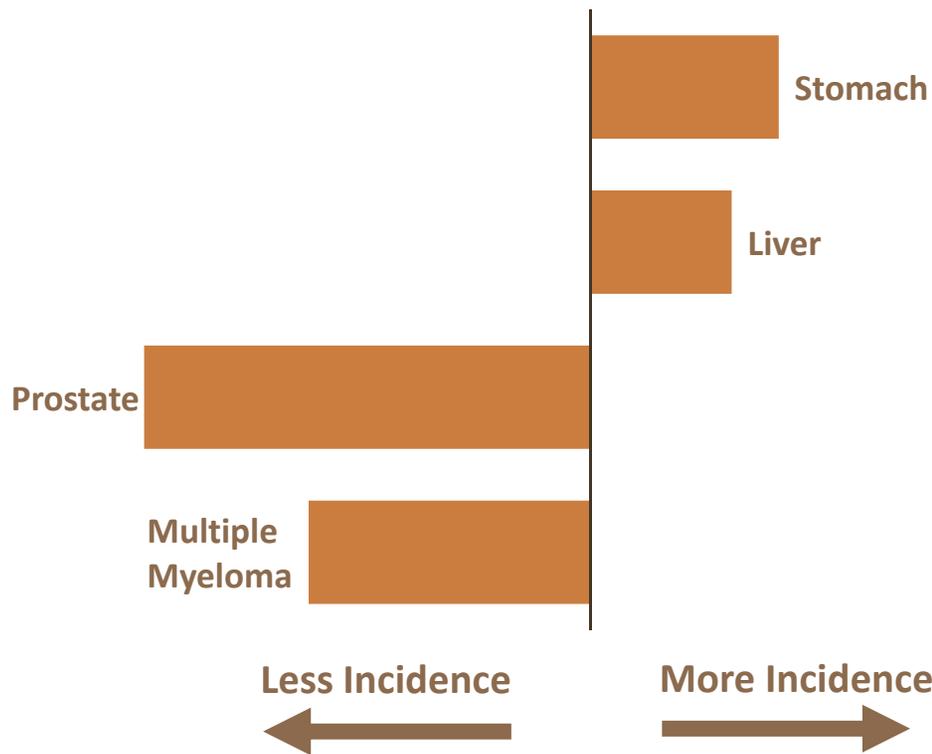
China will spend big to fix semiconductor dependence as they imported \$260 billion in chips versus \$162 billion in oil as of September 5, 2018 (\* figure is as of 2017) (<https://www.nextbigfuture.com/2018/09/china-will-spend-big-to-fix-semiconductor-dependence-as-they-imported-260-billion-in-chips-versus-162-billion-in-oil.html>)

Image credit President Xi types his first Weibo post via military newspaper account as of December 28, 2015( <http://english.sina.com/china/2015/1227/876835.html>)

# China Will be the World's Next Biotech Powerhouse by Necessity

4.3 million new cancer patients every year

## CANCER INCIDENCE RATES IN CHINA DIFFER FROM THOSE IN THE WEST



Sources:  
CA: A Cancer Journal for Clinicians Report, Cancer Statistics in China, 2015(<http://pressroom.cancer.org/China2015>),  
Leukemia & Lymphoma Society, [https://www.researchgate.net/figure/Estimated-cancer-incidence-2008-China-and-the-USA-male-all-ages\\_fig1\\_236925639](https://www.researchgate.net/figure/Estimated-cancer-incidence-2008-China-and-the-USA-male-all-ages_fig1_236925639), clinical data as of 2008

# Shift in Saving and Investing Behaviors in India

Banks and Brokers are Beneficiaries



<http://www.traveller.com.au/chinese-tourists-what-they-want-from-a-holiday-gxjo1s>

# Industrialization and Urbanization in Vietnam



---

# Summary

1. Small companies in Asia and China continue to benefit from structural growth drivers
2. Global macroeconomic factors have overshadowed the long-term attraction of Asia and China small caps
3. Bottom-up approach in identifying quality growth compounders with these attributes:
  - Innovative and competitive
  - Prudent with Capital Allocation
  - Competent management team

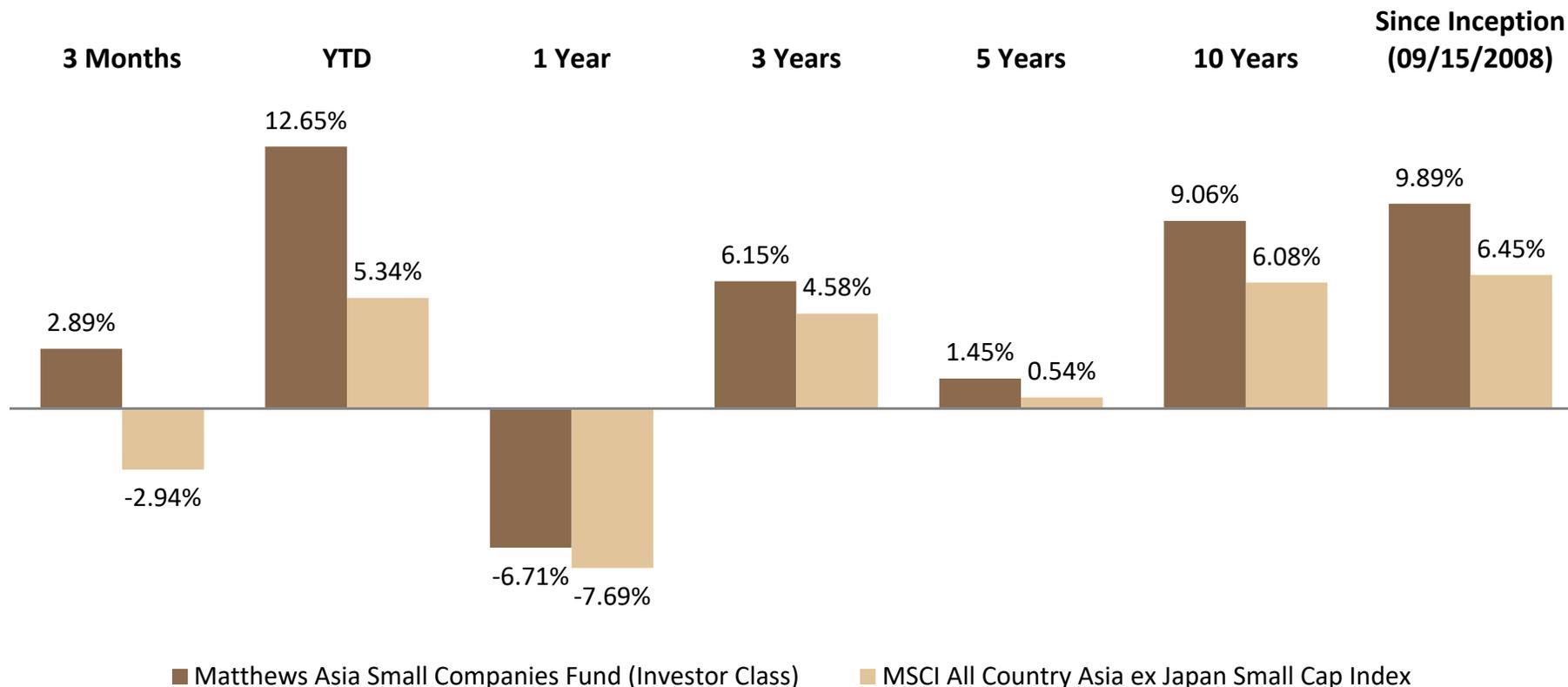
---

# *Appendix*

# Investment Returns | Matthews Asia Small Companies Fund

As of June 30, 2019

## AVERAGE ANNUAL TOTAL RETURNS



**Assumes reinvestment of all dividends and/or distributions before taxes. All performance quoted represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate with market conditions so that when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the return figures quoted. Returns would have been lower if certain of the Fund's fees and expenses had not been waived. For the Fund's most recent month-end performance visit [matthewsasiasia.com](http://matthewsasiasia.com). It is not possible to invest directly in an index.**

Index since inception value calculated from 09/15/2008  
Sources: BNY Mellon Investment Servicing, Bloomberg, Matthews Asia



# Portfolio Characteristics | Matthews Asia Small Companies Fund

As of June 30, 2019

## COUNTRY ALLOCATION (%)

	Fund	Benchmark	Difference
China/Hong Kong	27.6	21.4	6.2
India	14.7	17.6	-2.9
Taiwan	13.2	21.6	-8.4
South Korea	9.2	18.3	-9.1
Thailand	7.3	5.8	1.5
Indonesia	5.9	2.8	3.1
Vietnam	5.9	0.0	5.9
Malaysia	2.6	3.7	-1.1
Singapore	1.5	7.1	-5.6
Australia	1.2	0.0	1.2
Philippines	1.1	1.2	-0.1
Japan	1.1	0.0	1.1
Pakistan	0.0	0.6	-0.6
Cash and Other Assets, Less Liabilities	8.7	0.0	8.7

## SECTOR ALLOCATION (%)

	Fund	Benchmark	Difference
Information Technology	17.9	16.7	1.2
Health Care	13.4	8.1	5.3
Industrials	12.6	13.1	-0.5
Consumer Discretionary	11.8	14.6	-2.8
Financials	10.0	10.2	-0.2
Consumer Staples	9.9	5.4	4.5
Materials	5.9	9.2	-3.3
Real Estate	5.1	13.5	-8.4
Communication Services	4.7	4.6	0.1
Utilities	0.0	2.7	-2.7
Energy	0.0	2.0	-2.0
Cash and Other Assets, Less Liabilities	8.7	0.0	8.7

**Benchmark: MSCI All Country Asia ex Japan Small Cap Index**

The information contained in this presentation does not, in any way, constitute investment advice. Portfolio characteristics for the Fund may vary from time to time from what is shown.

Sources: FactSet Research Systems, Inc., Matthews Asia

# Portfolio Characteristics | Matthews Asia Small Companies Fund

As of June 30, 2019

## MARKET CAP EXPOSURE (%)

	Fund	Benchmark	Difference
Mega Cap (over \$25B)	0.0	0.0	0.0
Large Cap (\$10B-\$25B)	0.0	0.0	0.0
Mid Cap (\$3B-\$10B)	12.7	6.9	5.8
Small Cap (under \$3B)	78.6	93.1	-14.5
Cash and Other Assets, Less Liabilities	8.7	0.0	8.7

## PORTFOLIO CHARACTERISTICS

	Fund
Assets	\$191.6 million
Weighted Average Market Cap	\$1.4 billion
P/E using FY1 Estimates*	17.5x
P/E using FY2 Estimates*	14.0x

**Benchmark: MSCI All Country Asia ex Japan Small Cap Index**

\*The P/E Ratio is the share price of a stock as of the report date, divided by the forecasted earnings per share for a 12-month period (FY1) and 24 month period (FY2). For the Fund, this is the weighted harmonic average estimated P/E ratio of all the underlying stocks in the Fund, excluding negative earners. There is no guarantee that the composition of the Fund will remain unchanged, or that forecasted earnings of a stock will be realized. Information provided is for illustrative purposes only.

The information contained in this presentation does not, in any way, constitute investment advice. Portfolio characteristics for the Fund may vary from time to time from what is shown.

Sources: FactSet Research Systems, Inc., Bloomberg, Matthews Asia



# Top Ten Holdings | Matthews Asia Small Companies Fund

As of June 30, 2019

Company	Sector	Country	%
Silergy Corp.	Information Technology	China/Hong Kong	3.5
Vitasoy International Holdings, Ltd.	Consumer Staples	China/Hong Kong	2.7
Chief Telecom, Inc.	Communication Services	Taiwan	2.1
Great Tree Pharmacy Co., Ltd.	Consumer Staples	Taiwan	2.1
Sunny Friend Environmental Technology Co., Ltd.	Industrials	Taiwan	2.0
PT Arwana Citramulia	Industrials	Indonesia	1.9
BBI Life Sciences Corp.	Health Care	China/Hong Kong	1.9
Taiwan Paiho, Ltd.	Consumer Discretionary	Taiwan	1.9
Douzone Bizon Co., Ltd.	Information Technology	South Korea	1.8
DCB Bank, Ltd.	Financials	India	1.8
<b>Total for Top 10</b>			<b>21.7%</b>

This information does not, in any way, constitute investment advice. Portfolio holdings may vary from time to time from what is shown. It should not be assumed that any investment in the securities listed was or will be profitable. The information does not constitute a recommendation to buy or sell any securities mentioned.

Sources: BNY Mellon Investment Servicing, Matthews Asia

For institutional use only. Do not give, show or quote to any other person. Not to be used with retail investors. Do not duplicate or reproduce.

© 2019 Matthews International Capital Management, LLC PT001k\_2Q19

---

# Disclosure

*You should carefully consider the investment objectives, risks, charges and expenses of the Matthews Asia Funds before making an investment decision. A prospectus or summary prospectus with this and other information about the Funds may be obtained by visiting [matthewsasia.com](http://matthewsasia.com). Please read the prospectus carefully before investing as it explains the risks associated with investing in international and emerging markets.*

The information contained in this presentation is for informational purposes only and does not, in any way, constitute investment advice or an offer to sell or a solicitation of an offer to buy any security or product mentioned herein. No representation is given that shares, products or services mentioned herein are suitable for any investor.

Investing in international and emerging markets may involve additional risks, such as social and political instability, market illiquidity, exchange rate fluctuations, a high level of volatility and limited regulation. Fixed income investments are subject to additional risks, including, but not limited to, interest rate, credit and inflation risks. In addition, single-country and sector funds may be subject to a higher degree of market risk than diversified funds because of concentration in a specific industry, sector or geographic location. Investing in small- and mid-size companies is more risky than investing in large companies as they may be more volatile and less liquid than large companies.

Matthews Asia is the brand for Matthews International Capital Management, LLC and its direct and indirect subsidiaries.

Matthews International Capital Management, LLC is the advisor to the Matthews Asia Funds.

The Lipper China Region Funds Category includes Funds that concentrate their investments in equity securities whose primary trading markets or operations are concentrated in the China region or in a single country within this region.

The Lipper Emerging Markets Funds Category includes Funds that seek long-term capital appreciation by investing at least 65% of total assets in emerging market equity securities, where "emerging market" is defined by a country's GNP per capita or other economic measures.

The Lipper India Region Funds Category includes Funds that concentrate their investments in equity securities with primary trading markets or operations concentrated in the India region.

The Lipper Japanese Funds Category includes Funds that concentrate their investments in equity securities of Japanese companies.

The Lipper Pacific Region Funds Category includes Funds that concentrate their investments in equity securities with primary trading markets or operations concentrated in the Western Pacific Basin region or a single country within this region.

The Lipper Pacific ex Japan Funds Category includes Funds that concentrate their investments in equity securities with primary trading markets or operations concentrated in the Pacific region (including Asian countries) and that specifically do not invest in Japan.

Matthews Asia Funds are distributed in the United States by Foreside Funds Distributors LLC

Matthews Asia Funds are distributed in Latin America by HMC Partners



---

# Index Definitions

The Bloomberg European 500 Index is a free float capitalization-weighted index of the 500 most highly capitalized European companies.

The iShares MSCI Emerging Markets ETF (EEM) is an exchange-traded fund incorporated in the USA. The ETF tracks the performance of the MSCI TR Emerging Markets Index. The ETF holds emerging market stocks that can predominantly be classified as large and mid-cap.

The iShares MSCI Europe Small-Cap ETF seeks to track the investment results of an index composed of small-capitalization developed market equities in Europe.

The iShares MSCI Frontier 100 ETF seeks to track the investment results of an index composed of frontier market equities.

The MSCI All Country Asia ex Japan Index is a free float-adjusted market capitalization-weighted index of the stock markets of China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

The MSCI All Country Asia ex Japan Small Cap Index is a free float-adjusted market capitalization-weighted index of small cap index of the stock markets of China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

The MSCI All Country Asia Pacific Index is a free float-adjusted market capitalization-weighted index of the stock markets of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan and Thailand.

The MSCI All Country World Index (ACWI) captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. With 2,489 constituents, the index covers approximately 85% of the global investable equity opportunity set.

The MSCI Australia Index is a free float-adjusted, market capitalization-weighted index of equity market performance in Australia.

The MSCI China Index is a free float-adjusted market capitalization-weighted index of Chinese equities that includes H shares listed on the Hong Kong exchange, B shares listed on the Shanghai and Shenzhen exchanges, Hong Kong-listed securities known as Red chips (issued by entities owned by national or local governments in China) and P Chips (issued by companies controlled by individuals in China and deriving substantial revenues in China), and foreign listings (e.g. ADRs).

The MSCI China Small Cap Index is a free float-adjusted market capitalization-weighted small cap index of the Chinese equity securities markets, including H shares listed on the Hong Kong exchange, B shares listed on the Shanghai and Shenzhen exchanges, Hong Kong-listed securities known as Red Chips (issued by entities owned by national or local governments in China) and P Chips (issued by companies controlled by individuals in China and deriving substantial revenues in China), and foreign listings (e.g., ADRs).

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI Emerging Markets (EM) Asia Index captures large and mid cap representation across 9 Emerging Markets countries. With 567 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Emerging Markets (EM) Index is a float-adjusted market capitalization index that consists of indices in 23 emerging economies: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and the United Arab Emirates.

The MSCI Emerging Markets Equity Index captures large and mid cap representation across 23 Emerging Markets (EM) countries. With 829 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Emerging Markets (EM) Latin America Index captures large and mid-cap representation across 5 Emerging Markets (EM) countries in Latin America. With 110 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Emerging Markets EMEA Index captures large and mid cap representation across 10 Emerging Markets (EM) countries in Europe, the Middle East and Africa (EMEA). With 163 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 15 developed market country indexes: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.



---

# Index Definitions

The MSCI Europe Small Cap Index captures small cap representation across the 15 Developed Markets (DM) countries in Europe. With 985 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in the European equity universe.

The MSCI Frontier Markets Index captures large and mid cap representation across 29 Frontier Markets (FM) countries. The index includes 110 constituents, covering about 85% of the free float-adjusted market capitalization in each country.

The MSCI India Index is a free float-adjusted market capitalization index that is designed to measure the performance of the large and mid -cap segments of the Indian market.

The MSCI India Small Cap Index is designed to measure the performance of the small cap segment of the Indian market. With 253 constituents, the index represents approximately 14% of the free float-adjusted market capitalization of the India equity universe.

The MSCI Japan Index is a free float-adjusted market capitalization-weighted index of Japanese equities listed in Japan. The MSCI Japan Value Index captures large and mid cap Japanese securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 173 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI Japan Index.

The MSCI Japan Growth Index is a free-float weighted equity index.

The MSCI Japan Small Cap Index is designed to measure the performance of the small cap segment of the Japanese market. With 926 constituents, the index represents approximately 14% of the free float-adjusted market capitalization of the Japan equity universe.

The MSCI Japan Value Index captures large and mid cap Japanese securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 176 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI Japan Index.

The Korea Composite Stock Price Index (KOSPI) is a capitalization-weighted index of all common stocks listed on the Korea Stock Exchange.

The MSCI United Kingdom Index is a free float-adjusted market capitalization index designed to measure the performance of the large and mid-cap segments of the UK market.

The MSCI USA Index is a free float adjusted market capitalization index that is designed to measure large and mid cap US equity market performance.

The MSCI USA Small Cap Index is designed to measure the performance of the small cap segment of the US equity market. With 1,782 constituents, the index represents approximately 14% of the free float-adjusted market capitalization in the US.

The Russell 2000 index is an index measuring the performance approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States. The weighted average market capitalization for companies in the Russell 2000 is about US\$1.3 billion and the index itself is frequently used as a benchmark for small-cap mutual funds.

The S&P 500 Index is a broad market-weighted index dominated by blue-chip stocks in the U.S.

The S&P Bombay Stock Exchange 100 (S&P BSE 100) Index is a free float-adjusted market capitalization-weighted index of 100 stocks listed on the Bombay Stock Exchange.

The SSE Composite Index also known as SSE Index is a stock market index of all stocks that are traded at the Shanghai Stock Exchange.

The Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 18 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The Tokyo Stock Price Index (TOPIX) is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange.

The TOPIX Small Index is a capitalization-weighted index designed to measure the performance of the stocks listed on the First Section of the Tokyo Stock Exchange, excluding the TOPIX 500 stocks and non-eligible stocks.

Indexes are unmanaged and it is not possible to invest directly in an index.

---

# Glossary

CAGR (Compound Annual Growth Rate) is the year-over-year growth rate of an investment over a specified period of time.

DCF (Discounted Cash Flow) is a valuation method used to estimate the attractiveness of an investment opportunity. DCF analysis uses future free cash flow projections and discounts them to arrive at a present value estimate, which is used to evaluate the potential for investment.

EBIT Margin (Earnings Before Interest and Taxation Margin) is a profitability measure equal to EBIT divided by net revenue. This value is useful when comparing multiple companies, especially within a given industry, and also helps evaluate how a company has grown over time.

EBITDA (Earnings Before Interest and Taxation, Depreciation and Amortization) is a measure of a company's earnings before considering the financing of that company (the share of equity capital and debt employed), and disregarding potential depreciation and amortization policies, which can be very different. EBITDA allows like-for-like comparisons between different companies' performance.

EPS (Earnings per Share) is the amount of annual profit (after tax and all other expenses) attributable to each share in a company. EPS is calculated by dividing profit by the average number of shares on issue.

EVA (Economic Value Added) is a measure of a company's financial performance based on the residual wealth calculated by deducting cost of capital from its operating profit (adjusted for taxes on a cash basis).

EV/EBITDA (Enterprise Multiple) is a ratio used to determine the value of a company. The enterprise multiple looks at a firm as a potential acquirer would, because it takes debt into account - an item which other multiples like the P/E ratio do not include.

EV (Enterprise Value) is a measure of a company's value, often used as an alternative to straightforward market capitalization. Enterprise value is calculated as market cap plus debt, minority interest and preferred shares, minus total cash and cash equivalents.

FCF (Free Cash Flow) is a measure of financial performance calculated as operating cash flow minus capital expenditures. Free cash flow (FCF) represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base.

Forward P/E (Forward Price to Earnings) is a measure of the price-to-earnings ratio (P/E) using forecasted earnings for the P/E calculation. While the earnings used are just an estimate and are not as reliable as current earnings data, there still may be benefit in estimated P/E analysis. The forecasted earnings used in the formula can either be for the next 12 months or for the next full-year fiscal period.

Gross Margin is a company's total sales revenue minus its cost of goods sold, divided by the total sales revenue, expressed as a percentage. The gross margin represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold by a company.

Net Margin is the ratio of net profits to revenues for a company or business segment—typically expressed as a percentage—that shows how much of each dollar earned by the company is translated into profits. It is calculated by dividing net profit by revenue.

Operating Margin is a ratio used to measure a company's pricing strategy and operating efficiency. Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of production.

P/E Ratio (Price-to-Earnings Ratio) is a valuation ratio of a company's current share price compared to its per-share earnings, calculated as marketing value per share divided by earnings per share (EPS).

P/B Ratio (Price-to-Book Ratio) is used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. A lower P/B ratio could mean that the stock is undervalued.

PPP (Purchasing Power Parity) is an economic theory that estimates the amount of adjustment needed on the exchange rate between countries in order for the exchange to be equivalent to each currency's purchasing power.

ROE (Return on Equity) is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested, and is calculated as net income divided by shareholder's equity.

ROIC (Return on Invested Capital) is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. The return on invested capital measure gives a sense of how well a company is using its money to generate returns.

