
Our Outlook for Technology Stocks

Quarterly Report

Morningstar France
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Contents

4 **A Focus on IT Services**
IT Services Hypergrowth Is Over:
Enter Outsourcing Wave 2.0

9 **Valuation of Technology**
Subsectors

Summary of Morningstar's Analysts Views

- ▶ Foreign exchange headwinds persist and are likely to have an impact in 2016, but we haven't seen it affect the tech spending environment all that much; the sector looks 3% undervalued, and we'd be selective.

- ▶ We think a near-term cyclical peak in analog semiconductors has arrived, and downturns tend to provide long-term, patient investors with buying opportunities.

- ▶ Cloud remains in focus and the market is growing, but not all players will benefit equally; improving sales and marketing efficiency will drive significant operating leverage at many software-as-a-service firms.

- ▶ New European Union antitrust chief is taking a harder stance as consolidation slows.

- ▶ The S&P 500 is in negative territory for the year following the late August sell-off, and we expect additional volatility in the remaining three months. Performance for the technology sector in aggregate has been stronger, but there are notable areas of strength and weakness. Global currency movements over the past three quarters have resulted in slightly elevated volatility across both the technology and communications-services sectors, but the overall tone from management teams has remained modestly positive in terms of the macro environment. Still, with hedges rolling off and foreign exchange headwinds persisting, this may result in another year of challenging growth and profitability at some firms. In aggregate, we view the tech sector as slightly undervalued and remain selective in our picks.

- ▶ Although the technology, media, and telecom subsectors are trading just below their respective fair values, we would still seek a wider margin of safety in many cases. We are quick to gravitate toward firms with established economic moats, those with strategic assets, and those that are well-positioned in key growth areas. We believe firms with this combination should be in a better relative position to withstand near-term revenue and operating margin volatility, while offering long-term free cash flow growth potential.

Don't Fear the Fast-Paced Chip Space: Analog Moats Are Safe

Although the broader semiconductor industry is high-lighted by rapid technological change and swift movements in market share on the digital side, we find relative safety and sustainable competitive advantages in analog that make this \$46 billion-plus segment of the chip industry downright sleepy by comparison.

Valuations have been stretched for many analog names for quite some time, but recent market concerns about Greece and China have pulled most of our list back into 3-star territory. We think a near-term cyclical peak has arrived, and downturns tend to provide long-term, patient investors with buying opportunities.

In recent years, analog chipmakers have profited from favorable business conditions in the end markets they serve, such as industrial growth as global GDP recovered from the aftermath of the credit crisis, as well as telecom infrastructure associated with the smartphone boom. Yet the strongest growth driver for firms under our coverage over the past few years has been the automotive space, and we expect the good times to continue. In fact, we are even more bullish than general consensus on the automotive chip opportunity, as we think the automotive sector represents a sizable tailwind that can drive normalized top-line growth in excess of 10% from automotive customers for the next several years.

March to Cloud Continues While We Monitor Underlying Mix Shift

As in past quarters, enterprise adoption of cloud-based products will be top of mind for both legacy and cloud software providers. In particular, we expect revenue growth for companies with pure-play cloud exposure to slow, and any perceived short-fall in results or outlook is likely to cause a sell-off in the underlying stock, in our view. However, this is the right strategic position to be in and while many of these names trade close to our fair value estimates, we highlight several names that we would look to in a sell-off, including Salesforce CRM, Workday WDAY, Blackbaud BLKB, and Ultimate Software ULTI. In our view, the moats and underlying businesses for these companies are high-quality, but there is meaningful uncertainty about the long-term growth opportunity (and trajectory) for many of these firms as legacy competitors inevitably respond.

As the revenue mix for legacy software providers begins to tilt more heavily toward cloud offerings, we expect segment results to provide a greater degree of comparison. Today, it's somewhat opaque and disclosures aren't like-for-like across companies. In general, for providers with strong competitive positioning (for example, Oracle ORCL and Microsoft MSFT), we expect strong double-digit growth in cloud and deferred revenue. Any near-term weakness in the cloud segments should be buttressed by performance in on-premises revenue (looking at a combination of maintenance and new license streams). However, legacy tech firms are not equals, as reflected in our economic moat and trend ratings. While many of these players have growing cloud exposure, they are entering into a new area of the market while likely cannibalizing their core/foundational/legacy businesses over the medium to long term. ■■■

Exhibit 1 Valuation of the Technology Sector Covered by Morningstar's Equity Research Team



Source: Morningstar Direct, data as of November 26, 2015.

A Focus on IT Services

IT Services Hypergrowth Is Over: Enter Outsourcing Wave 2.0

Andrew Lange
Equity Analyst
Morningstar

Executive Summary

Over the past decade, the Indian IT service providers Tata Consulting Services (TCS), Wipro, and Infosys have emerged from relative obscurity to become IT service behemoths rivaling traditional Western incumbents such as Accenture and Capgemini. Over this time, explosive revenue growth (20%-40% per annum) and headcount growth (also 20%-40% per annum) have been fueled by labor arbitrage and a lower cost delivery model. However, we believe TCS, Wipro, and Infosys now sit at a unique crossroads, and that strategic decisions being made today will have major implications on future financial performances and competitive positions.

We think the IT services industry is fundamentally changing and that these vendors will no longer be able to rely solely on their low-cost position for outsized revenue growth going forward. Importantly, developments surrounding automation, and social, mobile, analytics, and cloud (SMAC) technologies are expected to usher in a new era of outsourcing, in a movement that we call "Outsourcing 2.0." Here, we believe clients will demand more than just cost savings alone; instead, they will increasingly seek consulting partners that offer technologically differentiated services based around new technology platforms and tools. So far, we think TCS, Wipro, and Infosys are appropriately adapting to the challenges of Outsourcing 2.0 and deploying capital to the right areas. Additionally, advantages in global delivery, domain expertise, and financial resources should help protect these vendors from any precipitous slide in competitive positioning over the long term.

Key Takeaways

- ▶ Labor arbitrage is only one half of the new Outsourcing 2.0 equation. As global IT markets mature, we think clients will increasingly look to those vendors that can also provide technology-led differentiation, and will slowly shift from those which compete solely on price.
- ▶ Our proprietary vendor framework places TCS, Wipro, and Infosys in the top tier of global players. Each is making smart moves to evolve amid a slower growth environment, while preserving margins.
- ▶ The stocks appear fairly valued today, but shares could rise 30% in a realistic bull case. We prefer TCS given its superior management, relationships/branding, and global delivery capabilities

Over the past decade, labor arbitrage and a lower cost delivery model have been the predominant tailwinds for outsized growth rates among many of the IT services players. During this time, revenue surged 739% at TCS, 418% at Wipro, and 432% at Infosys, while employee headcount grew 557%, 249%, and 336%, respectively. In a global environment where cost reductions are the normal course of business, such growth was fueled predominantly by Western companies seeking to take advantage of an efficient, low-cost workforce, in what we have termed “Outsourcing 1.0.” However, given changing technological developments and more sophisticated client demands, we think the Indian IT service industry sits at a critical juncture. Increasingly, companies in mature markets such as the U.S. and U.K. are looking beyond the traditional Outsourcing 1.0 mandate and incorporating new and emerging technologies that help their businesses operate in meaningfully different ways. We call this new era Outsourcing 2.0.

In the Outsourcing 2.0 era, the leading Indian IT service vendors must appropriately adapt to the changing demands of clients and provide more than just traditional cost savings alone. We believe developments surrounding automation, and social, mobile, analytics, and cloud (SMAC) technologies will spur a new era for the Indian IT service vendors as clients continue to explore ways to differentiate themselves in a competitive marketplace. We expect new technologies to provide clients with new operating and economic models which will help them to deliver revenue growth, lower cost of goods sold, and improved profitability.

Technological developments surrounding automation and SMAC technologies are changing the game.

We think major corporate enterprises operating in the more mature markets such as the U.S. and U.K. have essentially completed much of the traditional ‘lift-and-shift’ of people and existing processes (or labor arbitrage based work). Now they are seeking out new ways in which to gain a competitive edge (even if temporary) versus peers. We believe automation and SMAC technologies represent viable routes to success, and the more sophisticated Western clients are increasingly exploring potential investments in these areas. As a result, we believe that TCS, Wipro, and Infosys must adapt their portfolios in order to meet this new environment, especially considering the overwhelming majority of an Indian IT service provider’s revenue is generated within the U.S. and Europe.

Supporting our view of the market’s underlying change, a recent survey from HfS Research found that the desire of buyers to shift away from purely legacy labor arbitrage will be significant over the next two years. Instead, wide-scale transformation of business processes enabled by new technology tools and platforms will be the most desired engagement model, as doing so in the era of Outsourcing 2.0 will create greater business value for the client.

Within our proprietary IT Services vendor framework, we think TCS, Infosys, and Wipro sit in a unique position to tackle the Outsourcing 2.0 challenge.

Our positioning framework assesses each vendor based on the following criteria: client relationships/brand, industry expertise, global delivery, intellectual property, and financial strength. One aspect alone does not protect a company from competitive displacement, though, and we believe a well-rounded business is necessary in order to remain a market leader. We set a hierarchy for our framework.

We think client relationships and brand play the biggest role (based on criteria weighting), and while still important, we believe financial strength plays the smallest role in our positioning framework. Our “stronger” and “weaker” ratings are a relative assessment among the nine vendors under Morningstar equity research coverage, rather than a comparison against the whole IT services market. We make this distinction because we still view these nine vendors as being top-flight providers in the market.

Relative to the thousands of other smaller players in the market, the three Indian IT service giants have advantages in global delivery, domain expertise, and financial resources. And importantly, these vendors have already started adjusting their traditional headcount-led growth models to incorporate new technology tools and platforms, which we believe can protect them from any precipitous slide in competitive positioning over the long term.

So far, we think TCS, Wipro, and Infosys have been smart in adapting to the changing market. With technology-led differentiation becoming all-important, the three firms are quickly deploying new tools and platforms in order to better engage clients. Rather than holding on to the traditional way of working and languishing at the commoditized end of the IT services industry spectrum, we have seen the vendors go up-market and offer newer services (where pricing and margins are more defensible), especially around SMAC. For example, TCS established a Customer Collaboration Center in Silicon Valley which caters to the firm’s Next Gen Solutions and Mobility Solutions; Wipro founded Wipro Digital; and Infosys started the Center of Innovation for Tomorrow’s Enterprise (CITE).

The dual mandate of having to help clients run more efficiently while providing technological differentiation has been the motivating factor behind the SMAC technologies movement. HfS Research noted that nearly half of the large global IT deals signed in July 2014 had a core that was either digital or SMAC, and research provider Gartner has reached similar conclusions via its customer surveys, underscoring its increasing importance. Exhibit 5 provides a sample of services which are now available as a result of recent technological developments within the largest India-based IT services firms. We think these new offerings will allow the India-based firms to better compete with global Tier One IT services companies going forward.

Indian vendors are solidifying their market position with M&A as a means to plug gaps and supplement internal development of next-generation services.

Each of the three IT vendors generates over \$1 billion in free cash flow per year (based on an exchange rate of USD 1: INR 60) and has low to nonexistent levels of debt. We believe this financial strength puts TCS, Wipro, and Infosys in a powerful position, with the flexibility to

acquire new and emerging technology. Over the past few years we've seen TCS acquire high-performance computing and cloud services company Computational Research Laboratories; Wipro acquire cross-industry analytics company Promax Applications Group; and Infosys acquire automation technology specialist Panaya. Furthermore, each vendor has explicitly stated that IP development associated with process automation and IP development in SMAC will remain high priorities going forward.

We think TCS, Infosys, and Wipro are suitably adapting to the changing IT services market, but the hypergrowth days are now gone.

We think the Indian IT service providers cannot sustainably grow at historically high levels (20%-40% revenue growth per annum) for three key reasons:

- ▶ The U.S. and U.K. markets are maturing and growth rates in these markets have moderated. According to Gartner, over the next five years revenue from the North American market is expected to grow 5.5% per year and the Western European market is forecast to grow 3.9% per year (historically these markets have grown approximately 6%-7%).
- ▶ We think the law of large numbers means it will become increasingly difficult to post such tremendous growth rates. For instance, in order for TCS to continue to grow at 30% per annum over the next three years, the company would have to generate an additional 245 billion rupees in fiscal 2015, 320 billion rupees in fiscal 2016, and 415 billion rupees in fiscal 2017. This compares to the recent past, when the company's growth was driven off a much smaller revenue base and the 30% clip was achieved through yearly revenue growth of "just" 50 billion-100 billion rupees.
- ▶ With clients focusing slightly less on labor arbitrage and placing a greater emphasis on technological differentiation, for TCS, Wipro, and Infosys, we think the industry will become a more level playing field. Instead of relying centrally on labor arbitrage to win deals, in order to appeal to new and existing clients alike, we think the Indian vendors will have to increasingly leverage expertise across the key competitive pillars (which we highlight in our vendor positioning framework) such as relationships/branding, industry expertise, and intellectual property. In our view, it will be increasingly difficult for TCS, Infosys, and Wipro to differentiate themselves when paired against Western rivals.

Although revenue growth is expected to moderate, labor arbitrage still remains a key factor that will underlie above-average growth rates for some time.

Contrary to some opinions, we still expect labor arbitrage to remain a key component for the Indian IT service vendors and we're not assuming that this benefit evaporates quickly. Despite the fact that wage inflation for an Indian IT worker is often 3-5 times that of a U.S.-based worker, given the current wage disparity between workers in both countries, we estimate that it will potentially take decades before the pay of a typical Indian IT worker hits parity with a U.S. IT worker.

Some pundits have argued that Indian wages have become equivalent with U.S. workers, and while this may be the case in some high-level or niche areas, on the whole, this is not the case. After analyzing average pay scales between the U.S. and India, we have concluded that the disparity between U.S. and Indian IT workers remains significant across a variety of IT jobs (see Exhibit 9). In some cases, an Indian IT worker can cost one tenth the cost of an equivalent U.S.-based worker, depending on foreign exchange.

Given this market analysis as a backdrop, we think the Indian vendors will continue to be price competitive relative to Western providers. From a cost standpoint, labor arbitrage remains an important lever that TCS, Infosys, and Wipro can pull. According to our estimates, the Indian vendors are often able to price at a 10%-30% discount relative to Western competitors. Structurally, a full offshore business model, as opposed to a partial model, is one important factor. As of April 2013, 92.3% of TCS' headcount was Indian (the firm no longer publishes this metric), and according to a lawsuit, approximately 90% of Infosys' workforce is South Asian. This is in stark contrast with Accenture, which has 66% of its workforce offshore, and Capgemini, which has 46% offshore (neither gives specific Indian headcount figures). In short, we think this distinction will continue to allow the Indian vendors to differentiate on price for at least the medium term.

Three reasons why we think labor arbitrage (and lower cost delivery) will support stable long-term operating margins.

In our view, flexibility in the labor arbitrage model can be exploited to ensure stability in margins. There are three key reasons for this. First, TCS, Wipro, and Infosys have and will continue to shift work to Tier 2 and Tier 3 Indian cities. According to NASSCOM, these cities have 10%-20% lower operating costs and a 10%-25% lower cost of living than Tier 1 cities. Second, alternate geographies can be pursued, such as the Philippines, Eastern Europe, and Latin America. Third, continual hiring of "freshers" or new graduates, in addition to natural attrition and a healthy supply of engineers, helps to keep wage costs lower. For example, approximately 40% of TCS' workforce has less than three years' experience.

Therefore, with employee costs totaling approximately 50% of group sales for TCS, Wipro, and Infosys, we think such labor-focused initiatives will support stability in group operating margins.

The rise of automation will help support margins at or near historical levels too.

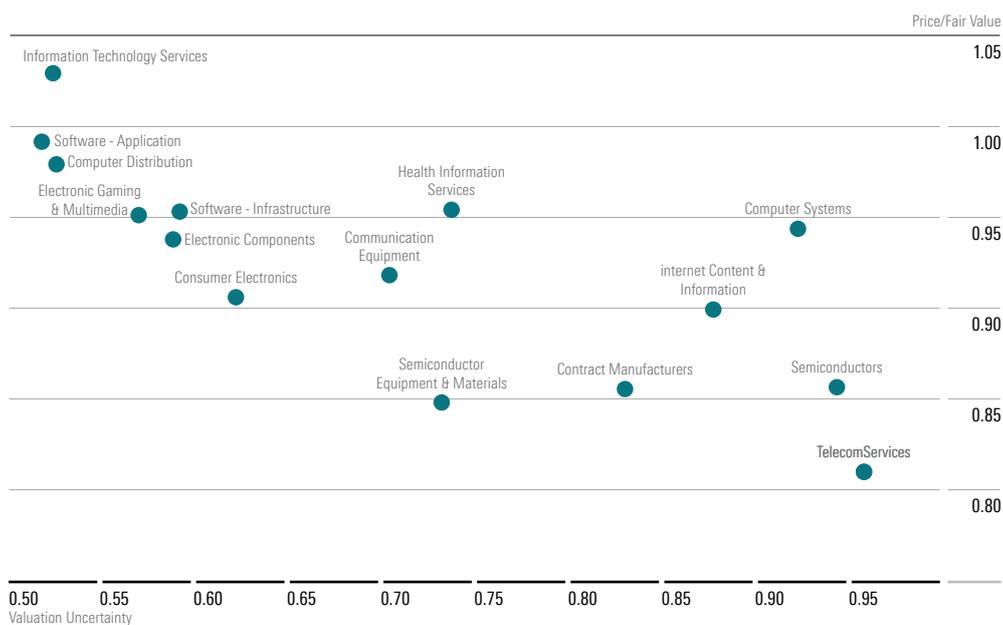
We contend that the traditional linearity between headcount growth and revenue growth will gradually become less correlated over the coming years as vendors adopt greater automation. As a result, we expect automation to counterbalance employee wage inflation (in addition to labor arbitrage) and support stable long-term margins. To this end, Infosys and Cognizant have partnered with automation specialist IPSOFT, while TCS and HCL Tech have plotted a different course and built automation tools in-house. Meanwhile, industry rumors suggest Wipro is considering reducing its headcount depending on how quickly automation can be deployed throughout the organization. Not coincidentally, the majority of job losses are expected to be within computer infrastructure monitoring and administration.

Valuation of Technology Subsectors

The overall price to fair value of stocks listed in the Enternext universe is 0.88, compared with 0.82 in the previous quarter.

The cheapest subsectors are currently the Gaming & Multimedia and Internet Content & Information companies, while the least undervalued subsectors are IT Services, Electronic Components, and Scientific & Technical Instruments.

Exhibit 2 Enternext Subsectors Price to Fair Value and Valuation Uncertainty



Source: Morningstar, data as of November 24, 2015.

The following tables list the valuation and some fundamental characteristics of each subsector.

Exhibit 3 Valuation and Fundamentals of Enternext Technology Subsectors

	Quantitative Valuation Uncertainty Score	Price/Fair Value	Quantitative Financial Health Score	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)
Communication Equipment	1.12	0.92	0.66	-9.46	-18.99	-20.30
Computer Distribution	1.02	0.98	0.77	-11.48	1.00	0.53
Computer Systems	1.08	0.94	0.69	-22.27	-9.07	-9.17
Consumer Electronics	1.12	0.91	0.60	2.71	-2.78	-3.18
Contract Manufacturers	1.23	0.86	0.50	0.19	-0.63	-0.70
Electronic Components	1.08	0.94	0.64	11.72	2.96	0.73
Electronic Gaming & Multimedia	1.10	0.95	0.65	49.72	-13.50	-14.19
Health Information Services	1.08	0.95	0.50	-10.41	-62.32	-63.62
Information Technology Services	0.99	1.03	0.64	8.95	2.71	0.95
Internet Content & Information	1.15	0.90	0.63	17.28	3.90	1.84
Scientific & Technical Instruments	1.02	0.98	0.64	7.66	3.77	2.24
Semiconductor Equipment & Materials	1.21	0.85	0.64	0.96	-13.85	-14.33
Semiconductors	1.18	0.86	0.42	-9.11	-16.61	-16.70
Software - Application	1.03	0.99	0.73	7.12	-36.43	-37.34
Software - vv	1.07	0.95	0.68	-1.81	-3.09	-3.22
Telecom Services	1.27	0.81	0.72	-12.18	-1.61	-1.23

Source: Morningstar Direct, data as of November 24, 2015.

Exhibit 4 Communication Equipment

Name	Price/Fair Value	Quantitative Moat	Quantitative		Quantitative		Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country	
			Quantitative Valuation Score	Valuation Uncertainty Score	Quantitative Valuation Uncertainty	Financial Health Score							
Ateme	0.88	None	1.14	0.50	Very High	0.75	Strong	Undervalued	24.00	20.52	-8.06	-8.06	France
Avenir Télécom	0.87	None	1.15	1.07	Extreme	0.26	Moderate	Undervalued	168.00	-37.91	-8.09	-19.43	France
EVS Broadcast Equipment	0.89	None	1.12	0.30	High	0.66	Moderate	Undervalued	113.00	1.79	37.24	27.04	Belgium
HF Co	0.93	None	1.07	0.49	Very High	0.91	Strong	Undervalued	48.00	-48.71	-3.00	10.29	France
Netgem	0.88	None	1.14	0.39	Very High	0.88	Strong	Undervalued	72.00	-10.48	-2.33	-3.14	France
Option NV	0.81	None	1.23	0.97	Extreme	0.40	Moderate	Undervalued	4.00	-44.32	-245.16	-245.81	Belgium
Parrot SA	0.95	None	1.06	0.23	High	0.74	Strong	Undervalued	284.00	3.71	0.51	-1.06	France
TKH Group	0.97	Narrow	1.03	0.20	High	0.79	Strong	Fairly Valued	1,377.00	12.39	8.01	6.16	Netherlands
Tonna Electronique	0.94	None	1.07	0.93	Extreme	0.49	Moderate	Undervalued	13.00	-7.21	-1.48	-0.58	France
Txcom	0.97	Narrow	1.03	0.48	Very High	0.92	Strong	Fairly Valued	6.00	-0.30	10.02	8.17	France
Zenitel	1.01	None	0.99	0.45	Very High	0.76	Strong	Fairly Valued	74.00	6.43	3.40	3.09	Belgium

Source: Morningstar, data as of November 24, 2015

Exhibit 5 Computer Distribution

Name	Price/Fair Value	Quantitative Moat	Quantitative		Quantitative Valuation Uncertainty	Quantitative		Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Valuation Score	Uncertainty Score		Financial Health Score	Financial Health						
Innelec Multimedia SA	0.98	None	1.02	0.52	Very High	0.77	Strong	Fairly Valued	114.00	-11.48	1.00	0.53	France

Source: Morningstar, data as of November 24, 2015

Exhibit 6 Computer Systems

Name	Price/Fair Value	Quantitative Moat	Quantitative		Quantitative Valuation Uncertainty	Quantitative		Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Valuation Score	Uncertainty Score		Financial Health Score	Financial Health						
Cibox Inter@ctive	1.06	None	0.94	0.57	Very High	0.68	Moderate	Overvalued	9.00	-45.31	2.01	2.01	France
Dane-Elec Memory	0.86	Narrow	1.17	0.96	Extreme	0.91	Strong	Undervalued	95.00	NA	NA	NA	France
Guillemot Corp SA	1.08	None	0.93	0.54	Very High	0.58	Moderate	Overvalued	49.00	-7.77	-1.90	-2.24	France
Logic Instrument SA	0.78	None	1.28	1.45	Extreme	0.60	Moderate	Undervalued	8.00	-13.73	-27.33	-27.28	France

Source: Morningstar, data as of November 24, 2015. NA: not available

Exhibit 7 Consumer Electronics

Name	Price/Fair Value	Quantitative Moat	Quantitative		Quantitative Valuation Uncertainty	Quantitative		Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Valuation Score	Uncertainty Score		Financial Health Score	Financial Health						
Archos	0.85	None	1.18	0.56	Very High	0.59	Moderate	Undervalued	143.00	-8.15	-9.67	-9.83	France
Awox SA	0.75	None	1.34	0.85	Extreme	0.74	Strong	Undervalued	10.00	10.95	-22.61	-22.95	France
Bigben Interactive	0.88	None	1.14	0.39	Very High	0.59	Moderate	Undervalued	184.00	9.00	-1.81	1.37	France
Egide	0.90	None	1.11	0.94	Extreme	0.44	Moderate	Undervalued	19.00	-2.06	-4.32	-4.32	France
Lexibook Linguistic Electronic System SA	0.89	None	1.12	0.94	Extreme	0.35	Moderate	Undervalued	39.00	-4.37	1.32	1.54	France
Precia	1.08	None	0.92	0.33	High	0.86	Strong	Overvalued	102.00	4.92	8.23	4.86	France
Saft Groupe	0.99	None	1.01	0.24	High	0.60	Moderate	Fairly Valued	719.00	8.68	9.38	7.08	France

Source: Morningstar, data as of November 24, 2015.

Exhibit 8 Contract Manufacturers

Name	Price/Fair Value	Quantitative Moat	Quantitative		Quantitative Valuation Uncertainty	Quantitative		Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Valuation Score	Uncertainty Score		Financial Health Score	Financial Health						
Cofidur	1.04	None	0.96	0.46	Very High	0.75	Strong	Fairly Valued	80.00	3.57	2.56	2.45	France
Connect Group NV	0.67	None	1.49	1.14	Extreme	0.24	Moderate	Undervalued	113.00	-3.20	-3.82	-3.84	Belgium

Source: Morningstar, data as of November 24, 2015.

Exhibit 9 Electronic Componentss

Name	Price/Fair Value	Quantitative Moat	Quantitative		Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country	
			Valuation Score	Valuation Uncertainty Score	Valuation Uncertainty	Financial Health Score	Financial Health						Quantitative Valuation
Actia group	1.01	None	0.99	0.49	Very High	0.46	Moderate	Fairly Valued	359.00	11.93	5.84	4.19	France
Barco	1.02	None	0.98	0.18	High	0.91	Strong	Fairly Valued	908.00	-9.93	2.90	2.63	Belgium
BLUE SOLUTIONS SA	1.08	None	0.92	0.22	High	0.63	Moderate	Overvalued	114.00	105.00	-5.63	-5.83	France
Digigram	0.76	None	1.32	1.43	Extreme	0.36	Moderate	Undervalued	6.00	5.81	-2.62	-2.44	France
G�rard Perrier Industrie	0.95	Narrow	1.05	0.25	High	0.87	Strong	Fairly Valued	152.00	3.07	9.48	6.68	France
i2S Corp SA	0.79	None	1.26	1.32	Extreme	0.72	Strong	Undervalued	6.00	2.14	0.09	1.55	France
Lucibel SA	0.79	None	1.27	1.53	Extreme	0.31	Moderate	Undervalued	21.00	NA	NA	NA	France
Mecelec SA	0.88	Narrow	1.13	0.74	Very High	0.40	Moderate	Undervalued	30.00	-12.77	-16.54	-29.25	France
Mersen	0.93	None	1.07	0.28	High	0.54	Moderate	Undervalued	730.00	-1.07	1.61	0.29	France
Nederlandsche Apparatenfabriek NEDAP	1.00	Narrow	1.00	0.22	High	0.71	Strong	Fairly Valued	177.00	2.01	12.71	10.09	Netherlands
Neways Electronics International	1.06	None	0.94	0.45	Very High	0.53	Moderate	Overvalued	364.00	16.46	1.72	2.25	Netherlands
Radiall	1.03	None	0.97	0.36	Very High	0.74	Strong	Fairly Valued	290.00	20.95	15.53	11.15	France
Microwave Vision	0.86	None	1.16	0.40	Very High	0.89	Strong	Undervalued	58.00	10.03	6.27	4.20	France
Store Electronic Systems	0.96	None	1.04	0.23	High	0.85	Strong	Fairly Valued	80.00	-1.26	7.15	4.00	France

Source: Morningstar, data as of November 24, 2015. NA: not available

Exhibit 10 Electronic Gaming & Multimedia

Name	Price/Fair Value	Quantitative Moat	Quantitative		Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country	
			Valuation Score	Valuation Uncertainty Score	Valuation Uncertainty	Financial Health Score	Financial Health						Quantitative Valuation
Atari Prov. Regroup	1.09	None	0.92	0.41	Very High	0.38	Moderate	Overvalued	7.00	175.00	-75.76	-75.76	France
Focus Home Interactive SA	1.19	Narrow	0.84	0.28	High	0.75	Strong	Overvalued	57.00	69.09	13.47	8.95	France
Gameloft SE	1.01	None	0.99	0.18	High	0.69	Moderate	Fairly Valued	243.00	-2.58	0.78	-2.80	France
Groupe Concoursmania	0.77	None	1.30	0.67	Very High	0.76	Strong	Undervalued	19.00	12.71	-4.92	-4.89	France
Iscool Entertainment	0.69	None	1.44	1.27	Extreme	0.67	Moderate	Undervalued	4.00	-5.60	-1.08	3.54	France

Source: Morningstar, data as of November 24, 2015.

Exhibit 11 Health Information Services

Name	Price/Fair Value	Quantitative Moat	Quantitative		Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country	
			Valuation Score	Valuation Uncertainty Score	Valuation Uncertainty	Financial Health Score	Financial Health						Quantitative Valuation
Cegedim	0.99	None	1.01	0.30	High	0.60	Moderate	Fairly Valued	501.00	1.21	-1.86	-40.48	France
Intrasense	0.71	None	1.40	1.40	Extreme	0.28	Moderate	Undervalued	2.00	-41.96	-260.46	-227.06	France
Medasys	1.04	None	0.96	0.64	Very High	0.51	Moderate	Fairly Valued	22.00	-1.61	5.74	5.73	France
Visident	1.07	None	0.93	0.52	Very High	0.61	Moderate	Overvalued	6.00	0.72	7.32	7.32	France

Source: Morningstar, data as of November 24, 2015.

Exhibit 12 Information Technology Services

Name	Price/Fair Value	Quantitative Moat	Quantitative			Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Valuation Score	Valuation Uncertainty Score	Valuation Uncertainty	Financial Health Score	Financial Health	Valuation					
Aubay	1.09	None	0.92	0.25	High	0.72	Strong	Overvalued	258.00	15.24	7.27	4.78	France
Ausy	1.08	None	0.93	0.64	Very High	0.65	Moderate	Overvalued	373.00	8.83	6.98	3.10	France
Compta - Equipamentos e Servicos de Informatica	0.89	Narrow	1.12	0.94	Extreme	0.36	Moderate	Undervalued	33.00	12.98	1.89	7.50	Portugal
Ctac	1.10	None	0.91	0.33	High	0.67	Moderate	Overvalued	82.00	8.27	2.89	1.99	Netherlands
Devoteam SA	1.17	None	0.86	0.29	High	0.72	Strong	Overvalued	458.00	-2.36	3.35	1.70	France
DOCdata NV	1.11	Narrow	0.90	0.33	High	0.77	Strong	Overvalued	168.00	1.07	5.93	4.33	Netherlands
Econocom Group Class D	1.13	None	0.89	0.14	Medium	0.64	Moderate	Overvalued	2,241.00	18.45	2.65	1.48	Belgium
GFI Informatique	1.14	None	0.87	0.17	High	0.58	Moderate	Overvalued	854.00	8.25	3.65	2.49	France
Glantt - Global Intelligent Technologies SA	0.91	None	1.10	0.76	Very High	0.32	Moderate	Undervalued	83.00	-6.76	2.75	1.67	Portugal
Groupe Open	1.07	None	0.93	0.29	High	0.74	Strong	Overvalued	273.00	6.92	3.97	2.01	France
HiTechPros SA	1.08	Narrow	0.92	0.50	Very High	0.74	Strong	Overvalued	14.00	13.87	12.55	8.20	France
Hubwoo	0.76	None	1.32	1.45	Extreme	0.72	Strong	Undervalued	26.00	-10.85	-56.41	-57.66	France
Infotel	1.12	Narrow	0.89	0.30	High	0.85	Strong	Overvalued	167.00	10.05	10.75	7.01	France
IT Link	1.12	None	0.89	0.52	Very High	0.54	Moderate	Overvalued	35.00	8.26	3.55	2.31	France
ITS Group	1.07	None	0.93	0.43	Very High	0.67	Moderate	Overvalued	189.00	61.89	3.81	2.26	France
Keyrus	1.06	None	0.95	0.42	Very High	0.43	Moderate	Overvalued	191.00	8.92	2.40	1.63	France
Lavide Holding NV	0.82	None	1.23	1.70	Extreme	0.74	Strong	Undervalued	NA	NA	NA	NA	Netherlands
Neurones	1.04	Narrow	0.97	0.16	High	0.93	Strong	Fairly Valued	373.00	3.50	10.49	5.77	France
Octo Technology SA	1.18	None	0.85	0.33	High	0.79	Strong	Overvalued	33.00	14.52	6.94	5.23	France
Ordina	0.78	None	1.28	0.44	Very High	0.58	Moderate	Undervalued	354.00	-2.67	0.95	0.28	Netherlands
Reditus	0.79	None	1.27	1.36	Extreme	0.05	Weak	Undervalued	117.00	7.50	1.75	0.35	Portugal
Societe Pour L'Informatique Industrielle	0.98	None	1.02	0.20	High	0.86	Strong	Fairly Valued	316.00	3.32	6.93	4.56	France
SoluCom	1.03	Narrow	0.97	0.19	High	0.86	Strong	Fairly Valued	163.00	8.49	12.34	7.73	France
SQLI SA	1.11	None	0.90	0.30	High	0.72	Strong	Overvalued	172.00	4.85	2.66	1.58	France
Umanis NR	1.05	None	0.95	0.51	Very High	0.48	Moderate	Fairly Valued	145.00	19.39	3.96	2.20	France
Union Technologies Informatique Group	1.08	None	0.93	0.59	Very High	0.59	Moderate	Overvalued	27.00	1.88	3.78	1.29	France

Source: Morningstar, data as of November 24, 2015. NA: not available

Exhibit 13 Internet Content & Information

Name	Price/Fair Value	Quantitative Moat	Quantitative			Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Valuation Score	Valuation Uncertainty Score	Valuation Uncertainty	Financial Health Score	Financial Health	Valuation					
AdThink Media SA	0.79	None	1.27	1.42	Extreme	0.33	Moderate	Undervalued	26.00	-6.12	-13.90	-13.22	France
AND International Publishers	1.07	None	0.93	0.57	Very High	0.68	Moderate	Overvalued	3.00	13.04	56.21	52.89	Netherlands
Aufeminin	0.95	Narrow	1.05	0.29	High	0.87	Strong	Undervalued	94.00	44.98	26.63	16.39	France
Bilendi SA	0.91	None	1.10	0.77	Very High	0.71	Strong	Undervalued	15.00	-9.51	-8.14	-21.91	France
Emme (Edition Multi Média Electroniques)	0.99	None	1.01	0.71	Very High	0.58	Moderate	Fairly Valued	8.00	-25.63	8.15	6.42	France

Exhibit 13 Internet Content & Information (Continued)

Name	Price/Fair Value	Quantitative Moat	Quantitative			Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Valuation Score	Valuation Uncertainty Score	Valuation Uncertainty	Financial Health Score	Financial Health	Quantitative Valuation					
Entreparticuliers SA	0.75	None	1.33	1.37	Extreme	0.76	Strong	Undervalued	3.00	-30.95	-14.36	-14.98	France
FILAE SA	0.88	None	1.14	1.11	Extreme	0.67	Moderate	Undervalued	8.00	-5.09	0.26	1.89	France
Planet FR	1.04	None	0.96	0.65	Very High	0.76	Strong	Fairly Valued	6.00	31.62	22.26	20.01	France
Reworld Media	0.91	None	1.10	0.84	Extreme	0.67	Moderate	Undervalued	47.00	146.71	-20.28	-10.65	France
Soft Computing	1.09	None	0.92	0.40	Very High	0.80	Strong	Overvalued	39.00	3.69	3.51	4.39	France
Solocal Group	0.61	None	1.65	0.94	Extreme	0.27	Moderate	Undervalued	899.00	-6.27	12.64	6.35	France
Tuto4pc.Com Group	0.78	Narrow	1.28	1.39	Extreme	0.26	Moderate	Undervalued	12.00	101.75	23.53	25.65	France
Viadeo SA	0.72	None	1.39	0.91	Extreme	0.80	Strong	Undervalued	27.00	-8.88	-45.28	-48.05	France
Weborama SA	1.10	None	0.91	0.38	Very High	0.70	Strong	Overvalued	24.00	-7.39	3.31	0.52	France

Source: Morningstar, data as of November 24, 2015.

Exhibit 14 Scientific & Technical Instruments

Name	Price/Fair Value	Quantitative Moat	Quantitative			Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Valuation Score	Valuation Uncertainty Score	Valuation Uncertainty	Financial Health Score	Financial Health	Quantitative Valuation					
Alpha Mos	0.91	None	1.10	1.15	Extreme	0.39	Moderate	Undervalued	7.00	-19.50	-2.07	-2.20	France
Environnement SA	1.07	None	0.93	0.33	High	0.80	Strong	Overvalued	69.00	16.30	12.11	9.78	France
Groupe Gorge SA	1.07	None	0.94	0.24	High	0.64	Moderate	Overvalued	235.00	4.10	3.82	1.15	France
Lacroix SA	0.96	None	1.04	0.26	High	0.71	Strong	Fairly Valued	356.00	8.28	3.03	2.49	France
Oceasoft SA	0.82	None	1.21	0.56	Very High	0.82	Strong	Undervalued	5.00	24.68	10.73	9.00	France
Orolia SA	0.99	None	1.01	0.26	High	0.72	Strong	Fairly Valued	96.00	10.36	0.41	-4.25	France
Traqueur SA	0.98	None	1.03	0.78	Very High	0.38	Moderate	Fairly Valued	17.00	12.93	-1.72	0.81	France
Groupe Gorge SA	1.07	None	0.94	0.24	High	0.64	Moderate	Overvalued	235.00	4.10	3.82	1.15	Germany

Source: Morningstar, data as of November 24, 2015.

Exhibit 15 Semiconductor Equipment & Materials

Name	Price/Fair Value	Quantitative Moat	Quantitative			Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Valuation Score	Valuation Uncertainty Score	Valuation Uncertainty	Financial Health Score	Financial Health	Quantitative Valuation					
BE Semiconductor Industries NV	0.78	None	1.28	0.34	High	0.68	Moderate	Undervalued	360.00	48.59	18.83	18.71	Netherlands
Ekinops SA	0.87	None	1.15	1.18	Extreme	0.62	Moderate	Undervalued	10.00	-33.04	-27.95	-28.21	France
Melexis	1.02	Narrow	0.98	0.19	High	0.72	Strong	Fairly Valued	385.00	20.72	27.70	25.57	Belgium
Memscap	1.04	None	0.97	0.63	Very High	0.57	Moderate	Fairly Valued	13.00	-4.11	1.37	1.37	France
Riber	0.77	None	1.30	0.78	Very High	0.70	Strong	Undervalued	17.00	-29.31	-22.90	-22.91	France
Soitec	0.66	None	1.51	1.35	Extreme	0.34	Moderate	Undervalued	262.00	-5.98	-95.62	-95.77	France
Tronics Microsystems	0.80	None	1.25	0.51	Very High	0.82	Strong	Undervalued	13.00	9.86	1.65	0.95	France

Source: Morningstar, data as of November 24, 2015.

Exhibit 16 Semiconductors

Name	Last Close	Price/Fair Value	Quantitative Moat	Quantitative			Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
				Valuation Score	Valuation Uncertainty Score	Valuation Uncertainty	Financial Health Score	Financial Health	Quantitative Valuation					
Ask SA	1.65	0.74	None	1.35	1.08	Extreme	0.32	Moderate	Undervalued	36.00	-7.41	-16.41	-16.41	France
Dolphin Integration SA	3.71	0.93	None	1.08	0.67	Very High	0.37	Moderate	Undervalued	14.00	NA	NA	NA	France
RoodMicrotec NV	0.22	0.90	None	1.11	0.95	Extreme	0.56	Moderate	Undervalued	10.00	-10.81	-16.80	-16.98	Netherlands

Source: Morningstar, data as of November 24, 2015. NA: not available

Exhibit 17 Software – Application

Name	Price/Fair Value	Quantitative Moat	Quantitative			Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Valuation Score	Valuation Uncertainty Score	Valuation Uncertainty	Financial Health Score	Financial Health	Quantitative Valuation					
Astellia SA	0.81	None	1.24	0.58	Very High	0.87	Strong	Undervalued	49.00	8.40	-0.62	-0.67	France
Avanquest SA	0.89	None	1.12	1.27	Extreme	0.68	Moderate	Undervalued	93.00	-14.53	-47.67	-49.74	France
Axway Software	1.06	None	0.94	0.20	High	0.81	Strong	Overvalued	281.00	10.12	11.60	10.13	France
Cast	1.12	Narrow	0.89	0.33	High	0.87	Strong	Overvalued	35.00	12.16	6.46	5.10	France
Cegid Group	1.07	Narrow	0.94	0.15	High	0.70	Strong	Overvalued	266.00	2.57	13.28	8.31	France
Coheris	0.94	None	1.06	0.56	Very High	0.81	Strong	Undervalued	16.00	-5.34	-4.12	-4.39	France
Dalet	1.11	None	0.90	0.36	Very High	0.61	Moderate	Overvalued	45.00	14.68	0.68	0.38	France
EasyVista SA	0.85	Narrow	1.18	0.52	Very High	0.79	Strong	Undervalued	20.00	31.66	1.61	4.61	France
Esi Group	1.00	None	1.00	0.22	High	0.75	Strong	Fairly Valued	116.00	0.27	4.78	2.21	France
Esker	1.16	Narrow	0.87	0.28	High	0.79	Strong	Overvalued	52.00	12.02	12.97	10.10	France
Global Graphics SE	1.08	None	0.92	0.41	Very High	0.79	Strong	Overvalued	11.00	44.12	10.22	14.39	Belgium
ICT Automatisering	1.11	None	0.90	0.32	High	0.80	Strong	Overvalued	65.00	3.71	5.59	7.83	Netherlands
IGE Plus XAO SA	0.96	Narrow	1.05	0.26	High	0.93	Strong	Fairly Valued	27.00	6.59	25.60	18.64	France
Itesoft	1.00	None	1.00	0.34	High	0.87	Strong	Fairly Valued	19.00	5.18	12.18	10.98	France
Lectra	1.08	None	0.92	0.25	High	0.78	Strong	Overvalued	233.00	4.09	9.18	6.79	France
Linedata Services	1.08	None	0.93	0.23	High	0.70	Moderate	Overvalued	164.00	-1.45	17.86	10.26	France
Login People	0.72	None	1.39	1.40	Extreme	0.47	Moderate	Undervalued	0.00	93.08	-543.35	-510.85	France
NedSense Enterprises NV	0.79	Narrow	1.26	1.45	Extreme	0.21	Moderate	Undervalued	0.00	-41.73	-682.25	-667.01	Netherlands
Novabase SGPS	0.99	None	1.01	0.30	High	0.75	Strong	Fairly Valued	209.00	1.86	2.47	1.41	Portugal
Pharmagest Interactive	1.11	Narrow	0.90	0.26	High	0.84	Strong	Overvalued	112.00	1.02	23.12	14.85	France
Prologue	1.08	None	0.93	0.53	Very High	0.75	Strong	Overvalued	22.00	10.35	-0.48	-1.26	France
Quotium Technologies	0.96	None	1.04	0.68	Very High	0.49	Moderate	Fairly Valued	4.00	17.94	-22.84	-26.50	France
RealDolmen SA	1.08	None	0.92	0.71	Very High	0.78	Strong	Overvalued	223.00	-7.68	4.57	4.12	Belgium
Sidetrade SA	0.93	Narrow	1.08	0.34	High	0.88	Strong	Undervalued	14.00	3.53	15.08	11.97	France
Societe O2I	1.08	None	0.92	0.58	Very High	0.57	Moderate	Overvalued	47.00	11.31	-1.08	0.24	France
Softimat	1.03	None	0.97	0.43	Very High	0.81	Strong	Fairly Valued	1.00	-7.09	73.83	64.04	Belgium
Sword Group	1.01	None	0.99	0.20	High	0.88	Strong	Fairly Valued	117.00	9.92	14.22	10.38	France
Travel Technology Interactive SA	0.69	None	1.45	1.32	Extreme	0.57	Moderate	Undervalued	4.00	-21.33	-15.89	-34.03	France
Visiativ SA	0.98	None	1.02	0.48	Very High	0.54	Moderate	Fairly Valued	54.00	1.00	-3.57	-5.16	France

Source: Morningstar, data as of November 24, 2015.

Exhibit 18 Software – Infrastructure

Name	Price/Fair Value	Quantitative Moat	Quantitative			Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Quantitative Valuation Score	Valuation Uncertainty Score	Quantitative Valuation Uncertainty	Financial Health Score	Quantitative Financial Health	Quantitative Valuation					
Acteos	0.72	None	1.39	0.92	Extreme	0.85	Strong	Undervalued	11.00	-0.89	-0.07	0.13	France
Anevia SA	0.76	None	1.32	1.34	Extreme	0.52	Moderate	Undervalued	6.00	15.91	-45.71	-45.71	France
DL Software SA	1.06	None	0.94	0.31	High	0.74	Strong	Overvalued	48.00	2.47	1.35	-0.36	France
Exact Holding NV	1.13	Wide	0.88	0.37	Very High	0.90	Strong	Overvalued	188.00	3.96	16.11	19.88	United States
Generix Group	1.12	None	0.89	0.31	High	0.74	Strong	Overvalued	53.00	2.19	6.36	7.49	France
Harvest SA	0.94	Narrow	1.06	0.31	High	0.91	Strong	Undervalued	24.00	6.62	19.07	12.70	France
Holosfind	0.82	None	1.22	1.65	Extreme	0.22	Moderate	Undervalued	1.00	NA	NA	NA	France
Inside Secure	0.77	None	1.29	0.64	Very High	0.60	Moderate	Undervalued	125.00	-18.92	-3.02	-4.01	France
ISA - Intelligent Sensing Anywhere SA	0.91	None	1.10	0.90	Extreme	0.61	Moderate	Undervalued	3.00	-54.12	-66.25	-67.72	Portugal
Keyware Technologies	1.06	None	0.94	0.42	Very High	0.51	Moderate	Overvalued	12.00	11.08	19.89	19.65	Belgium
Prodware SA	0.96	None	1.04	0.60	Very High	0.51	Moderate	Fairly Valued	175.00	-0.89	3.03	3.00	France
Dalenys SA	0.98	None	1.02	0.21	High	0.85	Strong	Fairly Valued	76.00	0.00	2.59	3.33	Belgium
Sodifrance	1.14	None	0.88	0.39	Very High	0.40	Moderate	Overvalued	70.00	-4.13	2.74	1.42	France
Solutions 30 SA	1.18	None	0.85	0.28	High	0.63	Moderate	Overvalued	117.00	18.57	5.59	3.60	France
Streamwide	0.78	Narrow	1.28	0.53	Very High	0.94	Strong	Undervalued	10.00	-14.17	1.66	2.61	France
Wedia	0.85	Narrow	1.18	0.52	Very High	0.87	Strong	Undervalued	5.00	-12.58	-16.55	-10.10	France
Zetes Industries	1.01	None	0.99	0.19	High	0.82	Strong	Fairly Valued	254.00	15.98	3.77	2.54	Belgium

Source: Morningstar, data as of November 24, 2015. NA: not available

Exhibit 19 Telecommunication Services

Name	Price/Fair Value	Quantitative Moat	Quantitative			Quantitative			Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Exchange Country
			Quantitative Valuation Score	Valuation Uncertainty Score	Quantitative Valuation Uncertainty	Financial Health Score	Quantitative Financial Health	Quantitative Valuation					
Acropolis Telecom - Initialeonline	0.76	None	1.31	1.20	Extreme	0.56	Moderate	Undervalued	6.00	1.84	-2.30	-2.30	France
Afone	0.94	None	1.07	0.60	Very High	0.80	Strong	Undervalued	48.00	-3.56	6.74	4.07	France
BD Multimedia SA	0.66	None	1.51	1.19	Extreme	0.69	Moderate	Undervalued	8.00	-29.48	-4.16	-3.50	France
Budget Telecom SA	0.67	None	1.48	1.18	Extreme	0.71	Strong	Undervalued	9.00	-33.96	-13.27	-10.01	France
Keyyo	1.01	Narrow	0.99	0.40	Very High	0.83	Strong	Fairly Valued	23.00	4.27	4.93	5.59	France

Source: Morningstar, data as of November 24, 2015.

The following table describes undervalued companies with a “narrow moat” according to Morningstar Quantitative Research.

Exhibit 20 Undervalued Stocks with Narrow Moat

Name	Last Close	Market Cap (mil) Base Currency	Quantitative Fair Value Estimate Base Currency	Price/Fair Value	Quantitative Moat	Quantitative Valuation Score	Quantitative Uncertainty Score	Quantitative Valuation Uncertainty	Quantitative Financial Health Score	Quantitative Financial Health	Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Industry
EVS Broadcast Equipment	29.80	402.03	27.61	1.08	Narrow	0.93	0.25	High	0.64	Moderate	Overvalued	106.00	1.79	37.24	27.04	Communication Equipment
TKH Group	33.75	1,409.57	34.88	0.97	Narrow	1.03	0.16	High	0.79	Strong	Fairly Valued	1,377.00	12.39	8.01	6.16	Communication Equipment
Txcom	7.43	NA	8.06	0.92	Narrow	1.08	0.51	Very High	0.92	Strong	Undervalued	6.00	-0.30	10.02	8.17	Communication Equipment
Dane-Elec Memory	0.21	NA	0.24	0.86	Narrow	1.17	0.96	Extreme	0.91	Strong	Undervalued	95.00	NA	NA	NA	Computer Systems
Gérard Perrier Industrie	36.64	144.00	38.39	0.95	Narrow	1.05	0.25	High	0.87	Strong	Fairly Valued	152.00	3.07	9.48	6.68	Electronic Components
Mecelec SA	2.43	7.76	2.75	0.88	Narrow	1.13	0.74	Very High	0.40	Moderate	Undervalued	30.00	-12.77	-16.54	-29.25	Electronic Components
Nederlandsche Apparatenfabriek NEDAP	30.00	200.03	29.97	1.00	Narrow	1.00	0.22	High	0.71	Strong	Fairly Valued	177.00	2.01	12.71	10.09	Electronic Components
Focus Home Interactive SA	22.50	167.93	18.85	1.19	Narrow	0.84	0.28	High	0.75	Strong	Overvalued	57.00	69.09	13.47	8.95	Electronic Gaming & Multimedia
Compta - Equipamentos e Servicos de Informatica	0.14	4.14	0.16	0.89	Narrow	1.12	0.94	Extreme	0.36	Moderate	Undervalued	33.00	12.98	1.89	7.50	Information Technology Services
DOCdata NV	21.96	153.72	19.71	1.11	Narrow	0.90	0.33	High	0.77	Strong	Overvalued	168.00	1.07	5.93	4.33	Information Technology Services
HiTechPros SA	10.30	16.93	9.51	1.08	Narrow	0.92	0.50	Very High	0.74	Strong	Overvalued	14.00	13.87	12.55	8.20	Information Technology Services
Infotel	30.17	200.70	26.99	1.12	Narrow	0.89	0.30	High	0.85	Strong	Overvalued	167.00	10.05	10.75	7.01	Information Technology Services
Neurones	17.86	432.49	17.25	1.04	Narrow	0.97	0.16	High	0.93	Strong	Fairly Valued	373.00	3.50	10.49	5.77	Information Technology Services
SoluCom	61.26	299.66	59.33	1.03	Narrow	0.97	0.19	High	0.86	Strong	Fairly Valued	163.00	8.49	12.34	7.73	Information Technology Services
Aufeminin	24.65	225.51	25.89	0.95	Narrow	1.05	0.29	High	0.87	Strong	Undervalued	94.00	44.98	26.63	16.39	Internet Content & Information
Tuto4pc.Com Group	1.75	5.92	2.24	0.78	Narrow	1.28	1.39	Extreme	0.26	Moderate	Undervalued	12.00	101.75	23.53	25.65	Internet Content & Information
Melexis	44.59	1,786.00	43.67	1.02	Narrow	0.98	0.19	High	0.72	Strong	Fairly Valued	385.00	20.72	27.70	25.57	Semiconductor Equipment & Materials
Cast	3.25	40.08	2.90	1.12	Narrow	0.89	0.33	High	0.87	Strong	Overvalued	35.00	12.16	6.46	5.10	Software - Application
Cegid Group	48.41	439.26	45.33	1.07	Narrow	0.94	0.15	High	0.70	Strong	Overvalued	266.00	2.57	13.28	8.31	Software - Application
EasyVista SA	31.00	47.73	36.47	0.85	Narrow	1.18	0.52	Very High	0.79	Strong	Undervalued	20.00	31.66	1.61	4.61	Software - Application
Esker	29.50	154.25	25.54	1.16	Narrow	0.87	0.28	High	0.79	Strong	Overvalued	52.00	12.02	12.97	10.10	Software - Application

Exhibit 20 Undervalued Stocks with Narrow Moat (Continued)

Name	Last Close	Market Cap (mil) Base Currency	Quantitative Fair Value Estimate Base Currency	Price/Fair Value	Quantitative Moat	Quantitative Valuation Score	Quantitative Valuation Uncertainty Score	Quantitative Valuation Uncertainty	Quantitative Financial Health Score	Quantitative Financial Health	Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Industry
IGE Plus XAO SA	65.50	93.44	68.55	0.96	Narrow	1.05	0.26	High	0.93	Strong	Fairly Valued	27.00	6.59	25.60	18.64	Software - Application
NedSense Enterprises NV	0.05	1.47	0.06	0.79	Narrow	1.26	1.45	Extreme	0.21	Moderate	Undervalued	0.00	-41.73	-682.25	-667.01	Software - Application
Pharmagest Interactive	22.54	337.54	20.39	1.11	Narrow	0.90	0.26	High	0.84	Strong	Overvalued	112.00	1.02	23.12	14.85	Software - Application
Sidetrade SA	28.47	39.16	30.61	0.93	Narrow	1.08	0.34	High	0.88	Strong	Undervalued	14.00	3.53	15.08	11.97	Software - Application
Harvest SA	36.02	50.60	38.36	0.94	Narrow	1.06	0.31	High	0.91	Strong	Undervalued	24.00	6.62	19.07	12.70	Software - Infrastructure
Streamwide	5.40	16.25	6.90	0.78	Narrow	1.28	0.53	Very High	0.94	Strong	Undervalued	10.00	-14.17	1.66	2.61	Software - Infrastructure
Wedia	12.66	8.67	14.91	0.85	Narrow	1.18	0.52	Very High	0.87	Strong	Undervalued	5.00	-12.58	-16.55	-10.10	Software - Infrastructure
Keyyo	8.46	18.27	8.35	1.01	Narrow	0.99	0.40	Very High	0.83	Strong	Fairly Valued	23.00	4.27	4.93	5.59	Telecom Services
Exact Holding NV	35.35	862.55	31.16	1.13	Wide	0.88	0.37	Very High	0.90	Strong	Overvalued	188.00	3.96	16.11	19.88	Software - Infrastructure

Source: Morningstar, data as of November 24, 2015. NA: not available

Exhibit 21 Most Undervalued Stocks in the Enternext Universe

Name	Last Close	Market Cap (mil) Base Currency	Quantitative Fair Value Estimate Base Currency	Price/Fair Value	Quantitative Moat	Quantitative Valuation Score	Quantitative Valuation Uncertainty Score	Quantitative Valuation Uncertainty	Quantitative Financial Health Score	Quantitative Financial Health	Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Industry
Solocal Group	7.53	292.08	12.41	0.61	None	1.65	0.94	Extreme	0.27	Moderate	Undervalued	899.00	-6.27	12.64	6.35	Internet Content & Information
Avenir Télécom	0.14	12.98	0.21	0.66	None	1.52	1.42	Extreme	0.25	Moderate	Undervalued	168.00	-37.91	-8.09	-19.43	Communication Equipment
BD Multimedia SA	1.17	2.66	1.76	0.66	None	1.51	1.19	Extreme	0.69	Moderate	Undervalued	8.00	-29.48	-4.16	-3.50	Telecom Services
Soitec	0.75	173.31	1.13	0.66	None	1.51	1.35	Extreme	0.34	Moderate	Undervalued	262.00	-5.98	-95.62	-95.77	Semiconductor Equipment & Materials
Connect Group NV	0.62	6.38	0.92	0.67	None	1.49	1.14	Extreme	0.24	Moderate	Undervalued	113.00	-3.20	-3.82	-3.84	Contract Manufacturers
Budget Telecom SA	0.67	2.37	0.99	0.67	None	1.48	1.18	Extreme	0.71	Strong	Undervalued	9.00	-33.96	-13.27	-10.01	Telecom Services
Travel Technology Interactive SA	0.38	1.85	0.55	0.69	None	1.45	1.32	Extreme	0.57	Moderate	Undervalued	4.00	-21.33	-15.89	-34.03	Software - Application
Iscool Entertainment	0.18	1.43	0.26	0.69	None	1.44	1.27	Extreme	0.67	Moderate	Undervalued	4.00	-5.60	-1.08	3.54	Electronic Gaming & Multimedia
Intrasense	1.31	5.53	1.83	0.71	None	1.40	1.40	Extreme	0.28	Moderate	Undervalued	2.00	-41.96	-260.46	-227.06	Health Information Services
Viadeo SA	2.30	22.76	3.20	0.72	None	1.39	0.91	Extreme	0.80	Strong	Undervalued	27.00	-8.88	-45.28	-48.05	Internet Content & Information
Acteos	1.43	3.92	1.99	0.72	None	1.39	0.92	Extreme	0.85	Strong	Undervalued	11.00	-0.89	-0.07	0.13	Software - Infrastructure

Exhibit 21 Most Undervalued Stocks in the Enternext Universe (Continued)

Name	Last Close	Market Cap (mil) Base Currency	Quantitative Fair Value Estimate Base Currency	Price/Fair Value	Quantitative Moat	Quantitative Valuation Score	Quantitative Valuation Uncertainty Score	Quantitative Valuation Uncertainty	Quantitative Financial Health Score	Quantitative Financial Health	Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Industry
Login People	1.11	3.29	1.54	0.72	None	1.39	1.40	Extreme	0.47	Moderate	Undervalued	0.00	93.08	-543.35	-510.85	Software - Application
Tonna Electronique	1.10	0.49	1.50	0.73	None	1.36	1.49	Extreme	0.23	Moderate	Undervalued	12.00	-7.21	-1.48	-0.58	Communication Equipment
Ask SA	1.65	12.45	2.22	0.74	None	1.35	1.08	Extreme	0.32	Moderate	Undervalued	36.00	-7.41	-16.41	-16.41	Semiconductor Memory
Awox SA	4.55	16.34	6.09	0.75	None	1.34	0.85	Extreme	0.74	Strong	Undervalued	10.00	10.95	-22.61	-22.95	Consumer Electronics
Entreparticuliers SA	1.45	5.13	1.93	0.75	None	1.33	1.37	Extreme	0.76	Strong	Undervalued	3.00	-30.95	-14.36	-14.98	Internet Content & Information
Hubwoo	0.17	21.75	0.22	0.76	None	1.32	1.45	Extreme	0.72	Strong	Undervalued	26.00	-10.85	-56.41	-57.66	Information Technology Services
Anevia SA	2.76	7.59	3.63	0.76	None	1.32	1.34	Extreme	0.52	Moderate	Undervalued	6.00	15.91	-45.71	-45.71	Software - Infrastructure
Digigram	0.81	1.64	1.07	0.76	None	1.32	1.43	Extreme	0.36	Moderate	Undervalued	6.00	5.81	-2.62	-2.44	Electronic Components
Acropolis Telecom - Initialeonline	0.52	2.07	0.68	0.76	None	1.31	1.20	Extreme	0.56	Moderate	Undervalued	6.00	1.84	-2.30	-2.30	Telecom Services
Option NV	0.23	21.80	0.30	0.76	None	1.31	1.42	Extreme	0.38	Moderate	Undervalued	4.00	-44.32	-245.16	-245.81	Communication Equipment
Riber	0.95	18.35	1.24	0.77	None	1.30	0.78	Very High	0.70	Strong	Undervalued	17.00	-29.31	-22.90	-22.91	Semiconductor Equipment & Materials
Groupe Concourmania	4.97	16.47	6.45	0.77	None	1.30	0.67	Very High	0.76	Strong	Undervalued	19.00	12.71	-4.92	-4.89	Electronic Gaming & Multimedia
Inside Secure	1.20	41.15	1.55	0.77	None	1.29	0.64	Very High	0.60	Moderate	Undervalued	125.00	-18.92	-3.02	-4.01	Software - Infrastructure
BE Semiconductor Industries NV	19.59	745.98	25.16	0.78	None	1.28	0.34	High	0.68	Moderate	Undervalued	360.00	48.59	18.83	18.71	Semiconductor Equipment & Materials
Logic Instrument SA	1.11	5.01	1.42	0.78	None	1.28	1.45	Extreme	0.60	Moderate	Undervalued	8.00	-13.73	-27.33	-27.28	Computer Systems
Ordina	1.07	99.00	1.36	0.78	None	1.28	0.44	Very High	0.58	Moderate	Undervalued	354.00	-2.67	0.95	0.28	Information Technology Services
Tuto4pc.Com Group	1.75	5.92	2.24	0.78	Narrow	1.28	1.39	Extreme	0.26	Moderate	Undervalued	12.00	101.75	23.53	25.65	Internet Content & Information
Streamwide	5.40	16.25	6.90	0.78	Narrow	1.28	0.53	Very High	0.94	Strong	Undervalued	10.00	-14.17	1.66	2.61	Software - Infrastructure
AdThink Media SA	1.22	7.37	1.55	0.79	None	1.27	1.42	Extreme	0.33	Moderate	Undervalued	26.00	-6.12	-13.90	-13.22	Internet Content & Information
Lucibel SA	3.10	19.61	3.93	0.79	None	1.27	1.53	Extreme	0.31	Moderate	Undervalued	21.00	NA	NA	NA	Electronic Components
Reditus	0.50	7.19	0.63	0.79	None	1.27	1.36	Extreme	0.05	Weak	Undervalued	117.00	7.50	1.75	0.35	Information Technology Services
NedSense Enterprises NV	0.05	1.47	0.06	0.79	Narrow	1.26	1.45	Extreme	0.21	Moderate	Undervalued	0.00	-41.73	-682.25	-667.01	Software - Application
i2S Corp SA	2.00	3.67	2.52	0.79	None	1.26	1.32	Extreme	0.72	Strong	Undervalued	6.00	2.14	0.09	1.55	Electronic Components
Parrot SA	20.87	254.01	26.12	0.80	None	1.25	0.47	Very High	0.74	Strong	Undervalued	298.00	3.71	0.51	-1.06	Communication Equipment

Exhibit 21 Most Undervalued Stocks in the Enternext Universe (Continued)

Name	Last Close	Market Cap (mil) Base Currency	Quantitative Fair Value Estimate Base Currency	Price/Fair Value	Quantitative Moat	Quantitative Valuation Score	Quantitative Valuation Uncertainty Score	Quantitative Valuation Uncertainty	Quantitative Financial Health Score	Quantitative Financial Health	Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Industry
Tronics Microsystems	9.34	32.62	11.68	0.80	None	1.25	0.51	Very High	0.82	Strong	Undervalued	13.00	9.86	1.65	0.95	Semiconductor Equipment & Materials
Astellia SA	8.80	22.80	10.92	0.81	None	1.24	0.58	Very High	0.87	Strong	Undervalued	49.00	8.40	-0.62	-0.67	Software - Application
Lavide Holding NV	0.81	0.41	0.99	0.82	None	1.23	1.70	Extreme	0.74	Strong	Undervalued	NA	NA	NA	NA	Information Technology Services
Holosfind	0.11	NA	0.13	0.82	None	1.22	1.65	Extreme	0.22	Moderate	Undervalued	1.00	NA	NA	NA	Software - Infrastructure
Oceasoft SA	7.00	20.11	8.50	0.82	None	1.21	0.56	Very High	0.82	Strong	Undervalued	5.00	24.68	10.73	9.00	Scientific & Technical Instruments
Archos	1.55	43.87	1.83	0.85	None	1.18	0.56	Very High	0.59	Moderate	Undervalued	143.00	-8.15	-9.67	-9.83	Consumer Electronics
Wedia	12.66	8.67	14.91	0.85	Narrow	1.18	0.52	Very High	0.87	Strong	Undervalued	5.00	-12.58	-16.55	-10.10	Software - Infrastructure
EasyVista SA	31.00	47.73	36.47	0.85	Narrow	1.18	0.52	Very High	0.79	Strong	Undervalued	20.00	31.66	1.61	4.61	Software - Application
Dane-Elec Memory	0.21	NA	0.24	0.86	Narrow	1.17	0.96	Extreme	0.91	Strong	Undervalued	95.00	NA	NA	NA	Computer Systems
Microwave Vision	7.30	45.86	8.49	0.86	None	1.16	0.40	Very High	0.89	Strong	Undervalued	58.00	10.03	6.27	4.20	Electronic Components
Ekinops SA	4.97	26.78	5.73	0.87	None	1.15	1.18	Extreme	0.62	Moderate	Undervalued	10.00	-33.04	-27.95	-28.21	Semiconductor Equipment & Materials
FILAE SA	4.69	8.24	5.36	0.88	None	1.14	1.11	Extreme	0.67	Moderate	Undervalued	8.00	-5.09	0.26	1.89	Internet Content & Information
Bigben Interactive	3.52	57.77	4.01	0.88	None	1.14	0.39	Very High	0.59	Moderate	Undervalued	184.00	9.00	-1.81	1.37	Consumer Electronics
Mecelec SA	2.43	7.76	2.75	0.88	Narrow	1.13	0.74	Very High	0.40	Moderate	Undervalued	30.00	-12.77	-16.54	-29.25	Electronic Components
Avanquest SA	0.09	33.75	0.10	0.89	None	1.12	1.27	Extreme	0.68	Moderate	Undervalued	93.00	-14.53	-47.67	-49.74	Software - Application
Lexibook Linguistic Electronic System SA	3.31	13.68	3.71	0.89	None	1.12	0.94	Extreme	0.35	Moderate	Undervalued	39.00	-4.37	1.32	1.54	Consumer Electronics
Compta - Equipamentos e Servicos de Informatica	0.14	4.14	0.16	0.89	Narrow	1.12	0.94	Extreme	0.36	Moderate	Undervalued	33.00	12.98	1.89	7.50	Information Technology Services

Source: Morningstar, data as of November 24, 2015. NA: not available

Exhibit 22 Stocks with Highest Annual Sales Growth in 2014

Name	Last Close	Market Cap (mil) Base Currency	Quantitative Fair Value Estimate Base Currency	Price/Fair Value	Quantitative Moat	Quantitative Valuation Score	Quantitative Valuation Uncertainty Score	Quantitative Valuation Uncertainty	Quantitative Financial Health Score	Quantitative Financial Health	Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Industry
Atari Prov. Regroup	0.18	27.67	0.17	1.09	None	0.92	0.41	Very High	0.38	Moderate	Overvalued	7.00	175.00	-75.76	-75.76	Electronic Gaming & Multimedia
Reworld Media	0.94	26.18	1.03	0.91	None	1.10	0.84	Extreme	0.67	Moderate	Undervalued	47.00	146.71	-20.28	-10.65	Internet Content & Information
BLUE SOLUTIONS SA	21.59	622.62	19.92	1.08	None	0.92	0.22	High	0.63	Moderate	Overvalued	114.00	105.00	-5.63	-5.83	Electronic Components
Tuto4pc.Com Group	1.75	5.92	2.24	0.78	Narrow	1.28	1.39	Extreme	0.26	Moderate	Undervalued	12.00	101.75	23.53	25.65	Internet Content & Information
Login People	1.11	3.29	1.54	0.72	None	1.39	1.40	Extreme	0.47	Moderate	Undervalued	0.00	93.08	-543.35	-510.85	Software - Application
Focus Home Interactive SA	22.50	167.93	18.85	1.19	Narrow	0.84	0.28	High	0.75	Strong	Overvalued	57.00	69.09	13.47	8.95	Electronic Gaming & Multimedia
ITS Group	6.42	50.39	5.98	1.07	None	0.93	0.43	Very High	0.67	Moderate	Overvalued	189.00	61.89	3.81	2.26	Information Technology Services
BE Semiconductor Industries NV	19.59	745.98	25.16	0.78	None	1.28	0.34	High	0.68	Moderate	Undervalued	360.00	48.59	18.83	18.71	Semiconductor Equipment & Materials
Aufeminin	24.65	225.51	25.89	0.95	Narrow	1.05	0.29	High	0.87	Strong	Undervalued	94.00	44.98	26.63	16.39	Internet Content & Information
Global Graphics SE	2.26	23.10	2.08	1.08	None	0.92	0.41	Very High	0.79	Strong	Overvalued	11.00	44.12	10.22	14.39	Software - Application
EasyVista SA	31.00	47.73	36.47	0.85	Narrow	1.18	0.52	Very High	0.79	Strong	Undervalued	20.00	31.66	1.61	4.61	Software - Application
Planet FR	2.41	11.39	2.31	1.04	None	0.96	0.65	Very High	0.76	Strong	Fairly Valued	6.00	31.62	22.26	20.01	Internet Content & Information
Oceasoft SA	7.00	20.11	8.50	0.82	None	1.21	0.56	Very High	0.82	Strong	Undervalued	5.00	24.68	10.73	9.00	Scientific & Technical Instruments
Radiall	215.00	389.36	207.83	1.03	None	0.97	0.36	Very High	0.74	Strong	Fairly Valued	290.00	20.95	15.53	11.15	Electronic Components
Melexis	44.59	1786.00	43.67	1.02	Narrow	0.98	0.19	High	0.72	Strong	Fairly Valued	385.00	20.72	27.70	25.57	Semiconductor Equipment & Materials
Ateme SA	4.13	41.62	4.26	0.97	None	1.03	0.69	Very High	0.72	Strong	Fairly Valued	24.00	20.52	-8.06	-8.06	Communication Equipment
Umanis NR	16.10	30.85	15.36	1.05	None	0.95	0.51	Very High	0.48	Moderate	Fairly Valued	145.00	19.39	3.96	2.20	Information Technology Services
Solutions 30 SA	18.39	184.83	15.59	1.18	None	0.85	0.28	High	0.63	Moderate	Overvalued	117.00	18.57	5.59	3.60	Software - Infrastructure
Econocom Group Class D	7.88	853.04	6.99	1.13	None	0.89	0.14	Medium	0.64	Moderate	Overvalued	2,241.00	18.45	2.65	1.48	Information Technology Services
Quotium Technologies	19.95	32.91	20.68	0.96	None	1.04	0.68	Very High	0.49	Moderate	Fairly Valued	4.00	17.94	-22.84	-26.50	Software - Application
Neways Electronics International	7.70	84.55	7.27	1.06	None	0.94	0.45	Very High	0.53	Moderate	Overvalued	364.00	16.46	1.72	2.25	Electronic Components
Environnement SA	45.20	72.11	42.06	1.07	None	0.93	0.33	High	0.80	Strong	Overvalued	69.00	16.30	12.11	9.78	Scientific & Technical Instruments

Exhibit 22 Stocks with Highest Annual Sales Growth in 2014 (Continued)

Name	Last Close	Market Cap (mil) Base Currency	Quantitative Fair Value Estimate Base Currency	Price/Fair Value	Quantitative Moat	Quantitative Valuation Score	Quantitative Valuation Uncertainty Score	Quantitative Valuation Uncertainty	Quantitative Financial Health Score	Quantitative Financial Health	Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Industry
Zetes Industries	41.25	213.85	40.91	1.01	None	0.99	0.19	High	0.82	Strong	Fairly Valued	254.00	15.98	3.77	2.54	Software - Infrastructure
Anevia SA	2.76	7.59	3.63	0.76	None	1.32	1.34	Extreme	0.52	Moderate	Undervalued	6.00	15.91	-45.71	-45.71	Software - Infrastructure
Aubay	16.40	211.58	15.05	1.09	None	0.92	0.25	High	0.72	Strong	Overvalued	258.00	15.24	7.27	4.78	Information Technology Services
Dalet	4.89	17.37	4.40	1.11	None	0.90	0.36	Very High	0.61	Moderate	Overvalued	45.00	14.68	0.68	0.38	Software - Application
Octo Technology SA	10.39	39.66	8.82	1.18	None	0.85	0.33	High	0.79	Strong	Overvalued	33.00	14.52	6.94	5.23	Information Technology Services
HiTechPros SA	10.30	16.93	9.51	1.08	Narrow	0.92	0.50	Very High	0.74	Strong	Overvalued	14.00	13.87	12.55	8.20	Information Technology Services
AND International Publishers	5.94	22.14	5.54	1.07	None	0.93	0.57	Very High	0.68	Moderate	Overvalued	3.00	13.04	56.21	52.89	Internet Content & Information
Compta - Equipamentos e Servicos de Informatica	0.14	4.14	0.16	0.89	Narrow	1.12	0.94	Extreme	0.36	Moderate	Undervalued	33.00	12.98	1.89	7.50	Information Technology Services
Traqueur SA	2.14	7.02	2.19	0.98	None	1.03	0.78	Very High	0.38	Moderate	Fairly Valued	17.00	12.93	-1.72	0.81	Scientific & Technical Instruments
Groupe Concorsomania	4.97	16.47	6.45	0.77	None	1.30	0.67	Very High	0.76	Strong	Undervalued	19.00	12.71	-4.92	-4.89	Electronic Gaming & Multimedia
TKH Group	33.75	1409.57	34.88	0.97	Narrow	1.03	0.16	High	0.79	Strong	Fairly Valued	1,377.00	12.39	8.01	6.16	Communication Equipment
Cast	3.25	40.08	2.90	1.12	Narrow	0.89	0.33	High	0.87	Strong	Overvalued	35.00	12.16	6.46	5.10	Software - Application
Esker	29.50	154.25	25.54	1.16	Narrow	0.87	0.28	High	0.79	Strong	Overvalued	52.00	12.02	12.97	10.10	Software - Application
Actia group	5.17	103.90	5.13	1.01	None	0.99	0.49	Very High	0.46	Moderate	Fairly Valued	359.00	11.93	5.84	4.19	Electronic Components
Societe O2I	1.98	13.64	1.83	1.08	None	0.92	0.58	Very High	0.57	Moderate	Overvalued	47.00	11.31	-1.08	0.24	Software - Application
Keyword Technologies	1.23	25.10	1.16	1.06	None	0.94	0.42	Very High	0.51	Moderate	Overvalued	12.00	11.08	19.89	19.65	Software - Infrastructure
Awox SA	4.55	16.34	6.09	0.75	None	1.34	0.85	Extreme	0.74	Strong	Undervalued	10.00	10.95	-22.61	-22.95	Consumer Electronics
Orolia SA	16.05	67.09	16.18	0.99	None	1.01	0.26	High	0.72	Strong	Fairly Valued	96.00	10.36	0.41	-4.25	Scientific & Technical Instruments
Prologue	1.76	46.77	1.63	1.08	None	0.93	0.53	Very High	0.75	Strong	Overvalued	22.00	10.35	-0.48	-1.26	Software - Application
Axway Software	23.95	491.54	22.59	1.06	None	0.94	0.20	High	0.81	Strong	Overvalued	281.00	10.12	11.60	10.13	Software - Application
Infotel	30.17	200.70	26.99	1.12	Narrow	0.89	0.30	High	0.85	Strong	Overvalued	167.00	10.05	10.75	7.01	Information Technology Services
Microwave Vision	7.30	45.86	8.49	0.86	None	1.16	0.40	Very High	0.89	Strong	Undervalued	58.00	10.03	6.27	4.20	Electronic Components

Source: Morningstar, data as of November 24, 2015.

Exhibit 23 Stocks with Highest Operating Margin in 2014

Name	Last Close	Market Cap (mil) Base Currency	Quantitative Fair Value Estimate Base Currency	Price/Fair Value	Quantitative Moat	Quantitative Valuation Score	Valuation Uncertainty Score	Quantitative Valuation Uncertainty	Quantitative Financial Health Score	Quantitative Financial Health	Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Industry
Softimat	1.90	11.86	1.85	1.03	None	0.97	0.43	Very High	0.81	Strong	Fairly Valued	1.00	-7.09	73.83	64.04	Software - Application
AND International Publishers	5.94	22.14	5.54	1.07	None	0.93	0.57	Very High	0.68	Moderate	Overvalued	3.00	13.04	56.21	52.89	Internet Content & Information
EVS Broadcast Equipment	29.80	402.03	27.61	1.08	Narrow	0.93	0.25	High	0.64	Moderate	Overvalued	106.00	1.79	37.24	27.04	Communication Equipment
Melexis	44.59	1786.00	43.67	1.02	Narrow	0.98	0.19	High	0.72	Strong	Fairly Valued	385.00	20.72	27.70	25.57	Semiconductor Equipment & Materials
Aufeminin	24.65	225.51	25.89	0.95	Narrow	1.05	0.29	High	0.87	Strong	Undervalued	94.00	44.98	26.63	16.39	Internet Content & Information
IGE Plus XAO SA	65.50	93.44	68.55	0.96	Narrow	1.05	0.26	High	0.93	Strong	Fairly Valued	27.00	6.59	25.60	18.64	Software - Application
Tuto4pc.Com Group	1.75	5.92	2.24	0.78	Narrow	1.28	1.39	Extreme	0.26	Moderate	Undervalued	12.00	101.75	23.53	25.65	Internet Content & Information
Pharmagest Interactive	22.54	337.54	20.39	1.11	Narrow	0.90	0.26	High	0.84	Strong	Overvalued	112.00	1.02	23.12	14.85	Software - Application
Planet FR	2.41	11.39	2.31	1.04	None	0.96	0.65	Very High	0.76	Strong	Fairly Valued	6.00	31.62	22.26	20.01	Internet Content & Information
Keyware Technologies	1.23	25.10	1.16	1.06	None	0.94	0.42	Very High	0.51	Moderate	Overvalued	12.00	11.08	19.89	19.65	Software - Infrastructure
Harvest SA	36.02	50.60	38.36	0.94	Narrow	1.06	0.31	High	0.91	Strong	Undervalued	24.00	6.62	19.07	12.70	Software - Infrastructure
BE Semiconductor Industries NV	19.59	745.98	25.16	0.78	None	1.28	0.34	High	0.68	Moderate	Undervalued	360.00	48.59	18.83	18.71	Semiconductor Equipment & Materials
Linedata Services	31.86	228.68	29.60	1.08	None	0.93	0.23	High	0.70	Moderate	Overvalued	164.00	-1.45	17.86	10.26	Software - Application
Exact Holding NV	35.35	862.55	31.16	1.13	Wide	0.88	0.37	Very High	0.90	Strong	Overvalued	188.00	3.96	16.11	19.88	Software - Infrastructure
Radiall	215.00	389.36	207.83	1.03	None	0.97	0.36	Very High	0.74	Strong	Fairly Valued	290.00	20.95	15.53	11.15	Electronic Components
Sidetrade SA	28.47	39.16	30.61	0.93	Narrow	1.08	0.34	High	0.88	Strong	Undervalued	14.00	3.53	15.08	11.97	Software - Application
Sword Group	22.05	204.80	21.91	1.01	None	0.99	0.20	High	0.88	Strong	Fairly Valued	117.00	9.92	14.22	10.38	Software - Application
Focus Home Interactive SA	22.50	167.93	18.85	1.19	Narrow	0.84	0.28	High	0.75	Strong	Overvalued	57.00	69.09	13.47	8.95	Electronic Gaming & Multimedia
Cegid Group	48.41	439.26	45.33	1.07	Narrow	0.94	0.15	High	0.70	Strong	Overvalued	266.00	2.57	13.28	8.31	Software - Application
Esker	29.50	154.25	25.54	1.16	Narrow	0.87	0.28	High	0.79	Strong	Overvalued	52.00	12.02	12.97	10.10	Software - Application
Nederlandsche Apparatenfabriek NEDAP	30.00	200.03	29.97	1.00	Narrow	1.00	0.22	High	0.71	Strong	Fairly Valued	177.00	2.01	12.71	10.09	Electronic Components
Solocal Group	7.53	292.08	12.41	0.61	None	1.65	0.94	Extreme	0.27	Moderate	Undervalued	899.00	-6.27	12.64	6.35	Internet Content & Information
HiTechPros SA	10.30	16.93	9.51	1.08	Narrow	0.92	0.50	Very High	0.74	Strong	Overvalued	14.00	13.87	12.55	8.20	Information Technology Services
SoluCom	61.26	299.66	59.33	1.03	Narrow	0.97	0.19	High	0.86	Strong	Fairly Valued	163.00	8.49	12.34	7.73	Information Technology Services

Exhibit 23 Stocks with Highest Operating Margin in 2014 (Continued)

Name	Last Close	Market Cap (mil) Base Currency	Quantitative Fair Value Estimate Base Currency	Price/Fair Value	Quantitative Moat	Quantitative Valuation Score	Quantitative Valuation Uncertainty Score	Quantitative Valuation Uncertainty	Quantitative Financial Health Score	Quantitative Financial Health	Quantitative Valuation	Revenue (mil) Base Currency	Revenue Growth % (2014)	Operating Margin % (2014)	Net Margin % (2014)	Industry
Itesoft	4.05	23.03	4.07	1.00	None	1.00	0.34	High	0.87	Strong	Fairly Valued	19.00	5.18	12.18	10.98	Software - Application
Environnement SA	45.20	72.11	42.06	1.07	None	0.93	0.33	High	0.80	Strong	Overvalued	69.00	16.30	12.11	9.78	Scientific & Technical Instruments
Axway Software	23.95	491.54	22.59	1.06	None	0.94	0.20	High	0.81	Strong	Overvalued	281.00	10.12	11.60	10.13	Software - Application
Infotel	30.17	200.70	26.99	1.12	Narrow	0.89	0.30	High	0.85	Strong	Overvalued	167.00	10.05	10.75	7.01	Information Technology Services
Oceasoftware SA	7.00	20.11	8.50	0.82	None	1.21	0.56	Very High	0.82	Strong	Undervalued	5.00	24.68	10.73	9.00	Scientific & Technical Instruments
Neuronos	17.86	432.49	17.25	1.04	Narrow	0.97	0.16	High	0.93	Strong	Fairly Valued	373.00	3.50	10.49	5.77	Information Technology Services
Global Graphics SE	2.26	23.10	2.08	1.08	None	0.92	0.41	Very High	0.79	Strong	Overvalued	11.00	44.12	10.22	14.39	Software - Application
Txcom	7.43	NA	8.06	0.92	Narrow	1.08	0.51	Very High	0.92	Strong	Undervalued	6.00	-0.30	10.02	8.17	Communication Equipment

Source: Morningstar, data as of November 24, 2015. NA: not available



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