

APRIL 8, 2021

Earnings and Sales Growth: A high growth in earnings is expected for the median company across all regions this fiscal year and next, with the slight outlier of Developed Pacific in the current FY due to much of the group operating on a non-calendar FY end. While still significant, the recessionary backdrop of 2020 rationalizes the sizableness of these figures. This lens is particularly helpful in observing projections in nations such as Russia, where there is a heavy energy and mining presence. The country is not only rebounding from the pandemic, but also from last year's bear market in oil prices. Sales expectations, while also elevated at the median firm globally, do not reach the same growth rate as bottom-line numbers. However, estimates appear especially healthy on a comparative basis to last year.

Earnings Expectation Trends: The quarter-over-quarter change in forecasts is more mixed in terms of trend, with the Developed World ex-Pacific experiencing sharper revisions than the Emerging World. The impact of the surge in COVID-19 infections in the United Kingdom early in the quarter is reflected in a larger number of companies with growth expectations for this year in the low single digits compared to last quarter. In contrast, Mexico, which in 2020 suffered an especially steep decline in median earnings (~20% Y/Y), is expected to experience a remarkable +40.3% Y/Y rebound in EPS in 2021. This figure has strengthened through the first quarter of the year as analysts anticipate tailwinds from the large amounts of fiscal stimulus occurring in the United States to overflow into adjacent countries.

Economic Comments: With the vaccine rollout continuing to proliferate worldwide, global labor productivity rebounding, and stock market barometers cresting their 2019 peaks, there is reason to be optimistic about the current state of economic affairs going forward. High commodity prices, sea-bound shipment lead times, and a lingering chip shortage do manifest as some fetters to post-recessionary explosiveness, but these weights are not anchors. Reopening trends will continue to be the most influential factor on the speed of expansion, as leaders carefully monitor constituent reaction to their policy moves. Public optimism around the ending of the pandemic is projected to bring consumer spending to a flex which, in areas such as leisurely travel, is already materializing.

Region / Select Countries	Current FY Expected Earnings Growth	Q/Q Change ¹	Next FY Expected Earnings Growth	Q/Q Change ¹	Current FY Expected Sales Growth	Q/Q Change ¹	Next FY Expected Sales Growth	Q/Q Change ¹	1Q'21 Local Market Total Return
Developed	11.7%	-4.9%	12.9%	+0.7%	5.8%	-0.8%	5.5%	+0.7%	6.1%
Americas	13.3%	+0.2%	11.9%	-0.2%	8.5%	+1.4%	5.7%	+0.1%	5.5%
U.S.	13.3%	+0.5%	12.1%	-0.3%	8.6%	+1.6%	6.0%	+0.2%	5.4%
Canada	11.5%	-3.8%	9.9%	+1.0%	8.1%	+0.2%	4.2%	-0.1%	8.1%
Europe	12.0%	-6.6%	13.1%	+1.0%	5.4%	-0.6%	4.8%	+0.4%	7.6%
Germany	14.3%	-6.0%	14.2%	+0.0%	6.5%	+0.3%	5.4%	+0.4%	8.5%
U.K.	4.8%	-12.0%	12.7%	+2.9%	2.5%	-3.8%	4.7%	+0.5%	5.2%
Pacific	7.0%	+13.8%	17.6%	-4.6%	0.2%	+4.5%	6.1%	-0.8%	7.8%
Japan (Mar)	1.4%	+8.1%	21.6%	-4.3%	-2.7%	+2.1%	6.1%	-0.4%	8.7%
Australia (Jun)	19.3%	+16.2%	11.3%	-5.3%	5.2%	+5.6%	4.7%	-0.2%	4.8%
Emerging	20.1%	+0.0%	15.7%	-0.6%	11.1%	+0.6%	8.4%	-1.5%	4.0%
Americas	35.0%	+1.0%	14.4%	-1.8%	9.8%	+1.3%	6.7%	-0.1%	0.5%
Brazil	33.7%	+4.8%	16.8%	+0.6%	16.9%	+6.9%	7.0%	-1.7%	-3.0%
Mexico	40.3%	+10.9%	10.6%	-1.6%	6.4%	-0.1%	5.7%	+0.9%	8.2%
EMEA ²	26.8%	+4.4%	14.2%	-1.6%	5.9%	-0.7%	6.0%	+0.3%	9.4%
Russia	67.5%	+26.5%	5.9%	-3.5%	14.2%	-0.2%	5.9%	-1.7%	6.6%
Saudi Arabia	38.8%	+22.9%	15.6%	-7.8%	6.1%	+0.3%	5.7%	-0.7%	11.9%
Asia	16.8%	-1.9%	16.1%	-0.3%	12.3%	+1.1%	10.0%	-1.2%	3.5%
China	18.8%	+1.3%	18.0%	-0.1%	19.7%	+4.4%	13.8%	-0.7%	-0.8%
S. Korea	32.3%	+4.8%	13.7%	+0.4%	10.0%	+2.0%	5.5%	-0.5%	5.1%

¹Countries / regions with a significant portion of companies with non-calendar year end fiscal years are so noted in parentheses

²Change in the median growth rate of each region/country compared to the median of last quarter. ² EMEA: Europe, Middle East and Africa; Source: Refinitiv Financial; MSCI; Smith Asset Management Group; Data as of Mar. 31, 2021; Values calculated using median estimates; Returns are net of estimated tax withholding. **Past performance is not indicative of future results. As with any investment vehicle, there is always a potential for profit as well as the possibility of loss. Nothing contained in this presentation should be construed as a recommendation to buy or sell a security or economic sector.**