

JULY 12, 2021

Earnings and Sales Growth: The trough of 2020 has created a sizable trampoline effect from which 2021 estimates continue to bounce. All geographic regions are expected to experience an approximately 20% or higher median growth rate in EPS this year, with double-digit growth still forecasted to continue into next FY. Notwithstanding the aggregate, the Emerging World again posted larger top and bottom line projections at the median company, as tends to be the prevailing trend. Current FY EPS growth in Emerging EMEA (+35.1%) stands out as both the high-performing Energy and Financials sectors, on which countries like Russia and South Africa very much rely, have ridden the recovery of oil prices and expansionary monetary policy, respectively.

Earnings Expectation Trends: Across the globe, current-year expected earnings growth numbers have improved significantly at the median since the end of March. The quarter-over-quarter change in both Developed and Emerging regions has rocketed above +5%. This strong increase has expectantly resulted in 2022 EPS growth estimates experiencing a slight retraction as some momentum is brought forward to this year. This increase has, in part, been due to the easing of COVID restrictions. The United Kingdom, which had retained some of the world's strictest lockdown measures, began its reopening efforts in earnest in May. This has resulted in a +12.3% Q/Q bounce back in sentiment, a staunch contrast to the -12.0% Q/Q decline experienced last quarter.

Economic Comments: Global inflation has overtaken the global pandemic to become the newest macroeconomic hot topic. With the United States Fed leading the charge, central bankers have become more lackadaisical in regards to their maintenance of a sub-2% creeping inflation rate. After dieting down from the galloping rates of the 1980s, the world seems again set to undergo a period of inflationary bulking, albeit in a considerably more modest way, for perhaps the next few years as employment levels vie for the attention of bankers instead. In view of the current monetary interplay between nations, the effects of this potential regime change will need to be monitored carefully in countries already struggling with unhealthy levels of inflation, such as Turkey and Argentina. Nevertheless, median corporate earnings and sales projections remain exceptional, assisting in offsetting some inflationary drawbacks.

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	YTD Local Market Total Return
Developed	20.3%	+8.5%	11.4%	-1.5%	9.4%	+3.5%	5.4%	-0.1%	14.2%
Americas	19.6%	+6.2%	11.4%	-0.6%	11.6%	+3.0%	5.9%	+0.2%	14.8%
U.S.	19.6%	+6.3%	11.4%	-0.7%	11.7%	+3.1%	6.0%	+0.1%	14.6%
Canada	17.5%	+6.0%	10.3%	+0.4%	8.8%	+0.7%	4.4%	+0.2%	17.2%
Europe	19.0%	+7.0%	11.6%	-1.6%	7.7%	+2.3%	5.0%	+0.3%	14.4%
Germany	23.8%	+9.5%	13.4%	-0.9%	8.6%	+2.0%	5.3%	+0.0%	12.6%
U.K.	17.1%	+12.3%	11.0%	-1.7%	6.3%	+3.8%	5.2%	+0.5%	11.3%
Pacific	23.3%	+16.3%	11.6%	-6.0%	7.7%	+7.4%	4.6%	-1.4%	9.8%
Japan (Mar)	24.0%	+2.3%	11.3%	-1.0%	7.5%	+1.4%	4.3%	+0.3%	8.9%
Australia (Jun)	22.6%	+3.3%	13.3%	+1.9%	4.6%	-0.6%	4.4%	-0.2%	13.6%
Emerging	26.2%	+6.1%	14.8%	-1.0%	14.9%	+3.8%	8.9%	+0.5%	8.0%
Americas	37.1%	+2.1%	13.2%	-1.2%	13.1%	+3.4%	6.2%	-0.5%	6.6%
Brazil	36.0%	+2.3%	12.7%	-4.1%	19.7%	+2.8%	6.4%	-0.6%	6.9%
Mexico	28.9%	-11.4%	11.0%	+0.4%	7.3%	+0.8%	5.6%	+0.0%	13.6%
EMEA ²	35.1%	+8.4%	12.5%	-1.7%	8.3%	+2.3%	5.6%	-0.4%	15.1%
Russia	94.3%	+26.9%	1.1%	-4.8%	38.6%	+24.5%	2.5%	-3.4%	18.4%
Saudi Arabia	50.1%	+11.3%	13.1%	-2.6%	13.4%	+7.3%	5.1%	-0.6%	28.1%
Asia	23.3%	+6.6%	15.2%	-0.9%	15.8%	+3.5%	10.1%	+0.0%	7.0%
China	19.6%	+0.9%	17.6%	-0.4%	19.6%	-0.1%	15.0%	+1.2%	1.9%
S. Korea	48.2%	+15.9%	12.1%	-1.6%	12.6%	+2.6%	6.6%	+1.1%	10.4%

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

¹: Change in the median growth rate of each region/country compared to the median of last quarter. ²: EMEA: Europe, Middle East and Africa; Source: S&P Global; MSCI; Smith Asset Management Group; Data as of Jun. 30, 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.**