

OCTOBER 12, 2021

Earnings and Sales Growth: All regions are projected to surpass +20% annual EPS growth and post no less than high single-digit annual sales growth to finish out 2021, at the median. The trend of the Emerging world outpacing their Developed peers has narrowed but remains in effect on the whole for both the top and bottom lines. After suffering the largest forecasted median earnings decline of all regions one year ago, Emerging Americas is now leading the pack at +49.8% Y/Y for 2021, with Mexico (+49.1%) a main contributor. Next fiscal year, regional growth estimates are expected to slow by approximately half, notwithstanding the aggregate, as the dynamic bounce from the 2020 recession continues but ebbs in intensity.

Earnings Expectation Trends: Taken as a group, Developed nations experienced higher positive Q/Q change in current FY EPS estimates versus the Emerging nations this quarter (+4.1% vs. +0.8%), while worldwide earnings estimates for next FY decreased in tandem overall (-0.9% vs. -0.4%). Positive reopening and vaccine news has significantly lifted global median EPS estimates year-to-date. Since January, half of all regions have had their 2021 earnings estimates rise an average of about +10%. On an individual country basis, median EPS forecasts in Germany have risen +10.0% just in the last quarter, appearing to respond well to election results. Current FY earnings estimates in Asia-Pacific were reeled in slightly after enduring a COVID flare-up. At the same time, South Korea was able to buck this fate as demand for its tech exports climbed and container ship orders increased.

Economic Comments: At least a couple of blips on the radar have raised concerns regarding the steadiness of the macroeconomic high seas over the last three months. To the East, market sentiment surrounding the China Evergrande situation threatens to disturb at minimum the real estate industry while, to the West, the United States debt ceiling saga, and legislative war of attrition, nears its inflection point. Despite these genuine yellow lights, however, central banks and central governments remain likely influential enough to facilitate oncoming traffic, their trigger fingers still warm from last year's desperate times. Uncertainty always lingers as a factor when dealing with capital markets, yet the prescription of thoughtful and researched allocation continues to be an effective oar.

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	24.4%	+4.1%	10.5%	-0.9%	11.1%	+1.7%	5.8%	+0.4%	14.9%
Americas	23.8%	+4.2%	10.8%	-0.6%	14.1%	+2.5%	6.6%	+0.7%	15.1%
U.S.	23.9%	+4.3%	10.8%	-0.6%	14.2%	+2.5%	6.7%	+0.6%	15.0%
Canada	20.8%	+3.3%	9.3%	-1.0%	11.5%	+2.7%	5.9%	+1.5%	16.9%
Europe	25.5%	+6.5%	9.4%	-2.2%	8.6%	+0.9%	5.3%	+0.3%	15.1%
Germany	33.8%	+10.0%	10.5%	-2.9%	9.5%	+0.9%	6.1%	+0.7%	10.3%
U.K.	21.1%	+4.0%	8.0%	-3.0%	6.5%	+0.2%	4.9%	-0.3%	13.7%
Pacific	22.8%	-0.6%	11.3%	-0.3%	8.5%	+0.8%	4.7%	+0.0%	12.9%
Japan (Mar)	28.4%	+4.5%	10.5%	-0.8%	8.6%	+1.1%	4.0%	-0.3%	14.5%
Australia (Jun)	11.4%	-1.8%	14.4%	+6.0%	3.3%	-1.2%	5.5%	+1.4%	14.5%
Emerging	27.0%	+0.8%	14.3%	-0.4%	15.3%	+0.4%	9.0%	+0.0%	0.7%
Americas	49.8%	+12.7%	11.2%	-2.1%	13.8%	+0.7%	6.4%	+0.2%	-1.1%
Brazil	40.5%	+4.6%	11.1%	-1.6%	18.4%	-1.2%	6.8%	+0.4%	-7.4%
Mexico	49.1%	+20.2%	10.2%	-0.8%	7.8%	+0.5%	6.0%	+0.4%	18.9%
EMEA ²	33.0%	-2.1%	11.7%	-0.7%	9.4%	+1.1%	5.7%	+0.1%	21.9%
Russia	89.2%	-5.1%	2.0%	+0.9%	47.0%	+8.4%	4.6%	+2.1%	29.2%
Saudi Arabia	49.8%	-0.3%	11.7%	-1.3%	14.4%	+1.0%	6.8%	+1.7%	38.6%
Asia	22.8%	-0.5%	15.5%	+0.3%	16.1%	+0.3%	10.3%	+0.2%	-2.3%
China	18.5%	-1.1%	17.7%	+0.0%	19.0%	-0.6%	14.7%	-0.3%	-16.5%
S. Korea	65.2%	+17.1%	10.0%	-2.1%	14.8%	+2.2%	7.2%	+0.6%	0.8%

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: Refinitiv Financial; MSCI; Smith Asset Management Group; Data as of Sept. 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.**