

Earnings and Sales Growth: With 4Q21 results on deck, the cumulative end-of-year numbers of the median company in the Developed world and the Emerging one are expected to compare very similarly on a percent annual growth basis. This is especially true with regards to 2021 EPS, at the median. In terms of particular countries, China's usually explosive earnings growth rate is projected to lag peers at the median in 2021. However, it is forecasted to be near the front of the pack in 2022 with approximately the same rate of growth (+17.0% Y/Y) as achieved in 2021, while also maintaining a high median sales growth. Globally, 2022 looks though to have more down-to-earth top and bottom line growth statistics.

Earnings Expectation Trends: Of all regions, Emerging Americas had the most positive change in earnings expectations for 2021 (+2.0% Q/Q) and the most negative change in earnings expectations for 2022 (-2.7% Q/Q) during the quarter, as EPS estimates in Mexico climbed +9.1% Q/Q. The Developed Americas region (-1.8% Q/Q), however, cooled due to Canada (-6.6% Q/Q). In Emerging EMEA, Saudi Arabia (-9.5% Q/Q) also slid, though expectations on an absolute basis remain high. With questions circling the exact direction of economic influencers such as inflation, the supply chain, and COVID-19, 2022 earnings estimates remained largely stable at the median.

Economic Comments: Inflation speculation and central bank press releases have kept pundits busy over the past quarter as global markets experienced their first full year of economic expansion since the 2020 recession. Rate hikes seem likely, as not only the stock market, but also inflation, returns in many parts of the world to pre-pandemic levels. For the company executive, a key challenge will be how effectively they may be able to cut costs or pass them on to consumers. Besides monetary policy, the Omicron strain is likewise a factor for markets in at least the early innings of 2022. With global supply chains already tight, the virus stands to threaten port closures in places like Asia, which would have cascading effects. On a positive note for supply chains, developments in semiconductor production are showing early signs of improvement.

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	CY'21 Local Market Total Return
Developed	23.8%	-0.6%	10.4%	-0.1%	11.2%	+0.1%	6.3%	+0.6%	24.1%
Americas	22.0%	-1.8%	10.2%	-0.6%	13.8%	-0.2%	7.2%	+0.6%	26.4%
U.S.	23.3%	-0.6%	10.5%	-0.4%	14.3%	+0.2%	7.3%	+0.6%	26.5%
Canada	14.2%	-6.6%	8.5%	-0.8%	7.7%	-3.8%	7.2%	+1.3%	24.9%
Europe	27.2%	+1.7%	9.7%	+0.3%	9.6%	+1.1%	6.2%	+0.9%	22.5%
Germany	31.9%	-1.9%	8.5%	-1.9%	9.2%	-0.2%	6.4%	+0.3%	13.3%
U.K.	24.6%	+3.4%	8.8%	+0.8%	7.3%	+0.8%	6.0%	+1.1%	19.6%
Pacific	21.8%	-0.9%	11.3%	+0.0%	8.9%	+0.4%	5.1%	+0.4%	12.0%
Japan (Mar)	30.6%	+2.2%	10.5%	+0.0%	9.3%	+0.7%	4.5%	+0.5%	13.4%
Australia (Jun)	9.1%	-2.4%	17.0%	+2.5%	4.1%	+0.9%	6.0%	+0.5%	16.1%
Emerging	25.8%	-1.2%	14.3%	+0.0%	16.0%	+0.8%	9.4%	+0.5%	-0.2%
Americas	51.9%	+2.0%	8.5%	-2.7%	15.9%	+2.1%	7.2%	+0.8%	-2.2%
Brazil	40.0%	-0.6%	8.5%	-2.5%	21.1%	+2.6%	8.0%	+1.2%	-11.4%
Mexico	58.2%	+9.1%	7.6%	-2.6%	8.8%	+0.9%	6.9%	+0.8%	25.9%
EMEA ²	34.0%	+1.0%	13.3%	+1.5%	11.0%	+1.7%	7.0%	+1.3%	22.5%
Russia	89.7%	+0.5%	3.2%	+1.3%	53.2%	+6.2%	8.4%	+3.8%	20.5%
Saudi Arabia	40.3%	-9.5%	12.1%	+0.3%	12.9%	-1.5%	7.1%	+0.3%	37.8%
Asia	22.9%	+0.1%	15.7%	+0.2%	16.7%	+0.6%	10.5%	+0.2%	-3.3%
China	17.7%	-0.8%	17.0%	-0.6%	19.1%	+0.1%	14.6%	-0.1%	-21.7%
S. Korea	65.7%	+0.4%	10.3%	+0.3%	17.1%	+2.3%	7.9%	+0.7%	0.3%

Countries / 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 Group Asset Management; Data as of Dec. 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.**

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