

GLOBAL EARNINGS UPDATE

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Earnings and Sales Growth: To finish the calendar year, the Developed world stands to round off 2023 with about half the Y/Y earnings growth of the Emerging world. Sales estimates have remained more stable Q/Q, but the spread is still about equal with the spread of earnings estimates. The Asia and Pacific regions stand as the two growthiest, with China and Japan respectively leading the charge. By contrast, the Emerging Americas region is now expected to end the year with no growth whatsoever, at the median company. Falling commodity prices have serious headwinds to countries like Chile, where lithium is a key resource. Mexico has also been impacted by so-so economic data that was less reassuring than what was previously projected.

Earnings Expectation Trends: Very little change was seen on the Developed side Q/Q, in regards to median estimates. In contrast, Emerging economies have experienced more significant shifts. In the Americas, Brazilian EPS forecasts have taken a dive, falling -7.0% Q/Q on top of falling -5.5% Q/Q three months ago. This is despite a long-awaited interest rate cut and improving economic data. In EMEA², Saudi Arabia (-5.8% Q/Q) suffered a downgrade in spite of higher oil prices after the Saudi and Russian governments decided to cut production. In Asia, China (-2.2% Q/Q) and South Korea (-3.5% Q/Q) are

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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	5.9%	-0.1%	10.6%	-0.1%	4.8%	-0.1%	4.9%	+0.2%	-3.4%
Americas	5.5%	+0.2%	11.4%	-0.4%	5.1%	-0.3%	5.7%	+0.2%	-3.1%
U.S.	5.7%	+0.4%	11.6%	-0.3%	5.1%	-0.3%	5.7%	+0.2%	-3.1%
Canada	2.9%	-2.0%	10.7%	+0.2%	5.0%	+0.4%	5.2%	+0.4%	-1.7%
Europe	5.1%	-1.0%	9.5%	-0.1%	4.4%	-0.3%	4.3%	+0.1%	-4.8%
Germany	5.4%	+0.2%	11.5%	-0.9%	4.4%	+0.6%	4.4%	+0.2%	-4.9%
U.K.	1.0%	-1.2%	8.5%	-0.2%	3.3%	-2.7%	4.1%	-0.1%	2.4%
Pacific	8.2%	+0.0%	10.0%	-0.2%	4.5%	+0.1%	4.3%	+0.2%	-2.6%
Japan (Mar)	7.8%	+0.4%	10.5%	+0.0%	3.7%	+0.5%	4.1%	+0.1%	1.8%
Australia (Jun)	5.6%	-0.7%	8.2%	+0.4%	6.0%	-3.8%	4.3%	-0.1%	-0.3%
Emerging	12.1%	-2.0%	15.8%	-0.1%	6.8%	-0.9%	8.8%	+0.1%	-2.9%
Americas	0.0%	-5.3%	14.8%	+1.4%	5.7%	-0.1%	5.4%	-0.8%	-4.6%
Brazil	-0.1%	-7.0%	29.6%	+2.8%	6.3%	+0.5%	6.2%	-0.8%	0.1%
Mexico	6.3%	-1.4%	13.5%	+1.3%	8.1%	+1.1%	6.5%	+0.0%	-6.5%
EMEA ²	7.8%	-0.2%	10.9%	+1.0%	7.9%	-0.1%	6.4%	+0.2%	-1.7%
South Africa	7.0%	-2.7%	11.1%	+1.4%	7.6%	-0.6%	6.8%	+0.5%	-5.9%
Saudi Arabia	5.4%	-5.8%	15.0%	+0.4%	4.8%	-1.3%	7.7%	+0.0%	-4.4%
Asia	15.0%	-1.2%	16.7%	-0.5%	6.7%	-1.2%	9.7%	+0.1%	-2.9%
China	17.8%	-2.2%	17.0%	-0.5%	7.6%	-3.4%	10.9%	+0.3%	3.5%
S. Korea	10.6%	-3.5%	17.8%	-3.4%	4.7%	-1.5%	8.8%	+0.9%	-6.6%

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 Asset Management Group. Data as of Sept. 30, 2023; 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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being impacted by a poor Chinese real estate market as the government looks towards a stimulus package. This fiscal overhang continues to create hesitancy in neighboring economies.

Economic Comments: The escalation of the Israeli-Hamas conflict is sure to influence crude oil prices, the humanitarian effects notwithstanding. Though the larger risk would be if the conflict expands and Iranian energy infrastructure is targeted prompting Iran to respond by targeting Saudi infrastructure which could result in all traffic in the Straits of Hormuz to grind to a halt. If energy prices stay higher for longer, this means inflation, which has decreased meaningfully but is still above target levels, will be higher, which in turn would increase the likelihood of the Fed further increasing interest rates instead of holding steady. Global inflation continues to decelerate down to an estimated 5.9% this year and 4.8% in 2024 versus 9.2% in 2022, but is still above targeted rates in most countries. Outside the U.S., consumer spending looks less robust. GDP for the Euro area has been stagnant since the third quarter of 2022. Rising interest rates, stubbornly high inflation, and the impact of the war in Ukraine all have likely pushed this region into recession, although it is projected to be a short and shallow one.

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