

GLOBAL EARNINGS UPDATE

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Earnings and Sales Growth: With one more quarter of 2023 financials to be reported, growth seems to be mostly stable. Looking ahead to 2024 numbers, median earnings growth in both the Developed and Emerging worlds are expected to accelerate year-over-year by +2-3% on top of already robust forecasts. Sales growth estimates are expected to likewise accelerate by +2% in the Emerging nations, with Developed nations expected to maintain 2023's pace of around +4.5% Y/Y. This places overall expected growth quite high at the median, with the Developed world short of double-digit EPS growth by just a hair.

Earnings Expectation Trends: Compared to this time last year, Developed country estimates for 2023 earnings growth changed -1.4% with sales growth unchanged, while Emerging earnings estimates fell -2.0% with sales growth falling -1.5%. For 2024, earnings forecasts are down a percent or so as new inflation data is processed. Germany (despite their budget predicament) and Brazil (better fiscal and monetary trends, but observing a pull-forward effect) both have standout positive sentiment changes this quarter. By contrast, Mexico (inflation) and China (a still floundering real estate market) both have notable negative Q/Q changes.

Economic Comments: Many research groups have the global economy slowing down in 2024, specifically from a GDP per

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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	2023 Local Market Total Return
Developed	6.0%	+0.1%	9.6%	-1.0%	4.6%	-0.3%	4.5%	-0.4%	23.1%
Americas	6.0%	+0.5%	10.2%	-1.2%	5.0%	+0.0%	5.1%	-0.5%	25.8%
U.S.	6.2%	+0.4%	10.2%	-1.4%	5.2%	+0.0%	5.3%	-0.4%	26.5%
Canada	3.1%	+0.3%	10.3%	-0.4%	4.2%	-0.9%	4.3%	-1.0%	12.4%
Europe	4.1%	-1.0%	8.3%	-1.3%	4.4%	+0.0%	4.1%	-0.2%	14.3%
Germany	8.9%	+3.5%	12.0%	+0.4%	4.5%	+0.1%	4.1%	-0.3%	18.8%
U.K.	-0.5%	-1.5%	7.8%	-0.7%	2.7%	-0.6%	4.6%	+0.5%	7.7%
Pacific	7.6%	-0.6%	9.0%	-1.0%	4.1%	-0.4%	4.1%	-0.2%	20.1%
Japan (Mar)	8.2%	+0.4%	9.7%	-0.8%	3.8%	+0.0%	4.1%	-0.1%	28.6%
Australia (Jun)	4.6%	-1.1%	8.7%	+0.5%	5.2%	-0.8%	4.6%	+0.3%	14.1%
Emerging	12.3%	+0.2%	14.6%	-1.1%	6.7%	-0.1%	8.7%	-0.1%	9.9%
Americas	-1.1%	-1.1%	12.4%	-2.4%	4.8%	-0.9%	5.7%	+0.3%	20.9%
Brazil	6.2%	+6.3%	21.8%	-7.8%	4.6%	-1.7%	6.1%	-0.1%	22.1%
Mexico	3.1%	-3.2%	11.1%	-2.4%	7.7%	-0.4%	6.3%	-0.2%	22.5%
EMEA ²	9.6%	+1.7%	10.5%	-0.4%	9.3%	+1.4%	6.6%	+0.2%	11.9%
South Africa	4.9%	-2.1%	12.7%	+1.6%	7.2%	-0.5%	6.7%	-0.2%	9.1%
Saudi Arabia	6.3%	+0.9%	14.5%	-0.5%	4.7%	-0.1%	8.8%	+1.1%	10.4%
Asia	14.8%	-0.2%	15.8%	-0.9%	6.3%	-0.5%	10.0%	+0.4%	8.4%
China	12.8%	-5.1%	16.1%	-0.8%	6.8%	-0.8%	10.5%	-0.4%	10.7%
S. Korea	9.5%	-1.2%	15.9%	-2.0%	3.4%	-1.3%	8.8%	+0.0%	25.4%

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 Dec. 31, 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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spective. However, median estimates at the company level paint a different story. Whether this will be appreciated by the market at large or not remains to be seen. As the war horns in both Europe and the Middle East continue their blowing ad infinitum, constant is the uncertainty brought to energy markets and even some global trade, not to mention the dire humanitarian impact. Uncertainty exists also in the many elections set to take place worldwide this year, including in the US, India, and Taiwan. The power of diversification can be incredibly valuable in light of these question marks. Furthermore, the strengths of the equity markets to provide liquidity and opportunity equip mindful investors with the ability to benefit from the yet unknown economic trends that are sure to emerge this year.

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