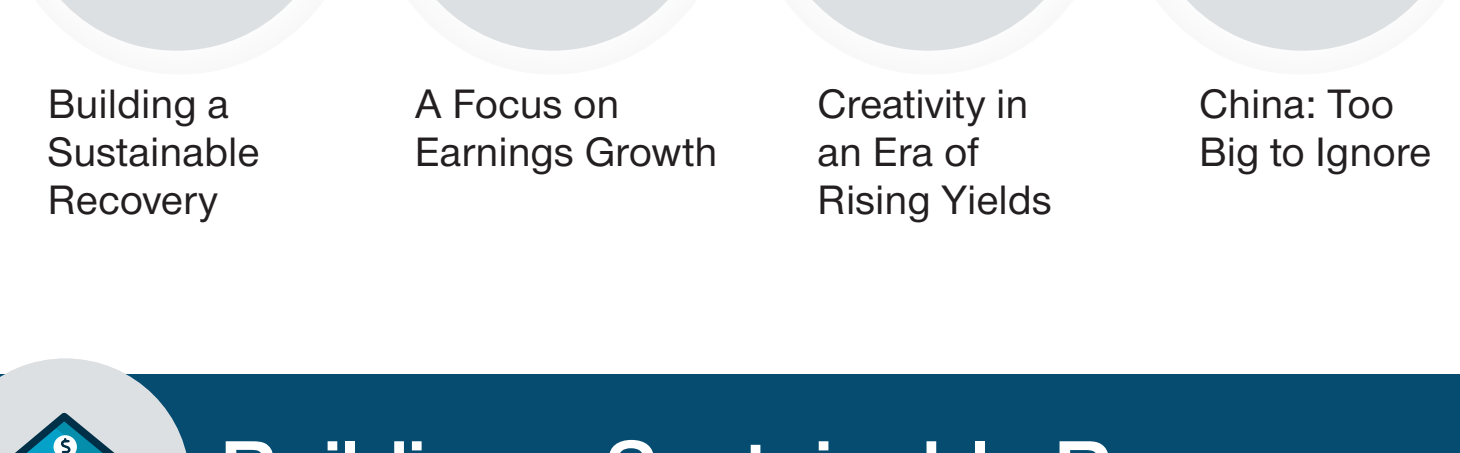


2021 Midyear Market Outlook

Positioning for a New
Economic Landscape

Four themes to follow

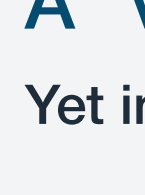


Building a
Sustainable
Recovery

A Focus on
Earnings Growth

Creativity in
an Era of
Rising Yields

China: Too
Big to Ignore



Building a Sustainable Recovery

A “v-shaped” recovery could broaden

Yet investors should keep an eye on the fundamentals

Central banks signaled they’d maintain their stance as
unemployment falls toward pre-pandemic levels

The U.S. Federal Reserve indicated
a willingness to tolerate **inflation
pressures** before raising interest rates

There’s a race between vaccine
distribution and mutations



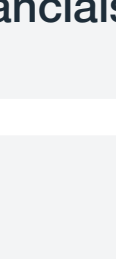
A Focus on Earnings Growth

Valuations are generally elevated

Many investors may have become too optimistic



There are signs of
speculative excess within
“meme” stocks, SPACs,
and cryptocurrencies

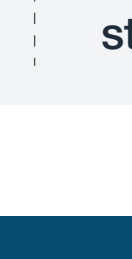


However, opportunities
from disruption and
a cyclical value recovery
could persist

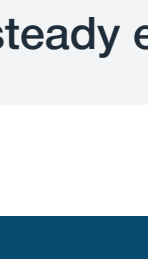
Intermediate Term Opportunities Include



Cyclicals



Financials



Commodities



Energy

Long-Term Opportunities Include



Disruptors



Companies that can sustain
strong, steady earnings growth

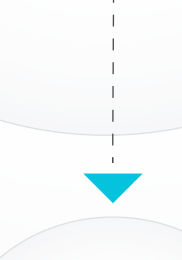


Creativity in an Era of Rising Yields

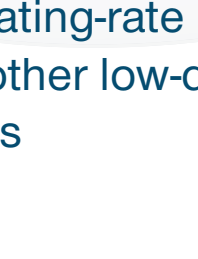
Higher yields could create income opportunities

Yet duration risk could be meaningful if inflation
and interest rates outpace expectations

Creativity could mean



Considering high
yield bonds



Increasing allocations
to floating-rate loans
and other low-duration
assets



Seeking
opportunities
in ex-U.S. debt
markets



China: Too Big to Ignore

Benchmarks may be understating the opportunity set in China

30%
of annual
global GDP growth¹

25x
increased in equity
market capitalization
since 2002¹

2nd
largest
R&D spender
in the world⁴

57%
China’s
share of global
ecommerce¹

50%
MSCI
China index exposed
to ‘disruptive tech’³

5,000+
number of investable
companies in China²

Sources: ¹UBS, IMF, March 2021.
²Goldman Sachs, March 31, 2021.
³FactSet; T. Rowe Price calculations using data from FactSet Research Systems Inc.
⁴Organisation for Economic Co-operation and Development 2020, Center for Business and Economic Research, December 2020.

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Please see Additional Disclosures below for information on this MSCI information

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Additional Disclosures

SPAC stands for special purpose acquisition company, which are companies formed to raise capital for the purpose of acquiring other companies.

Duration refers to how long it takes for an investor to be repaid a given bond’s price by that bond’s total cash flows.

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