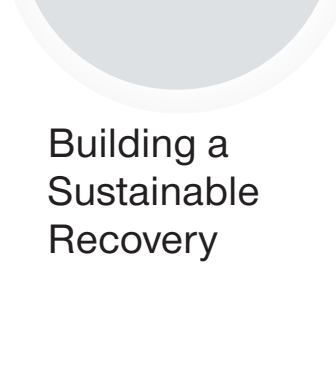


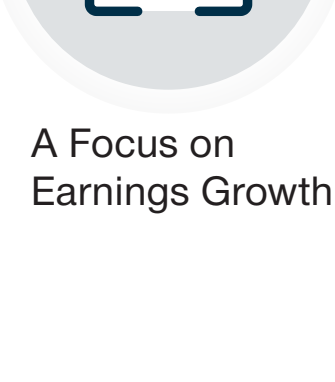
# 2021 Midyear Market Outlook

Positioning for a New  
Economic Landscape

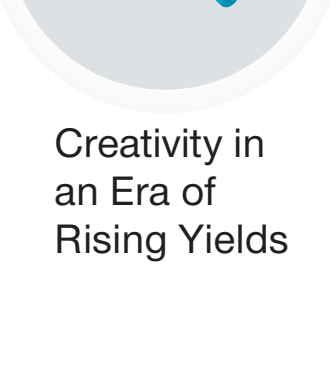
## Four themes to follow



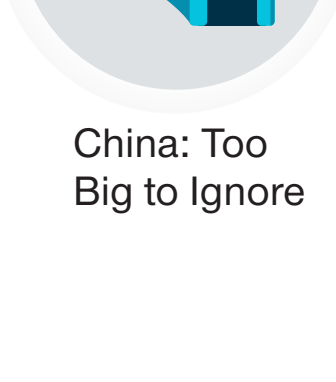
Building a  
Sustainable  
Recovery



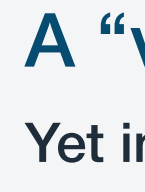
A Focus on  
Earnings Growth



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

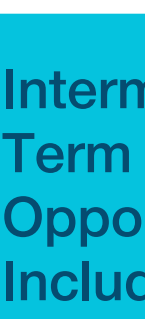
There’s a race between vaccine  
distribution and mutations



## A Focus on Earnings Growth

Valuations are generally elevated

Many investors may have become too optimistic

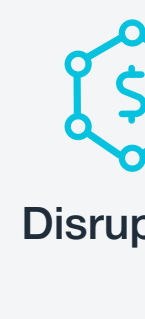


There are signs of  
speculative excess within  
“meme” stocks, SPACs,  
and cryptocurrencies



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

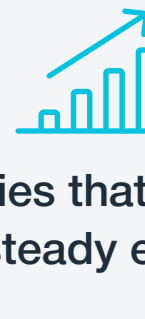
Intermediate  
Term  
Opportunities  
Include



Cyclicals



Financials



Commodities



Energy

Long-Term  
Opportunities  
Include



Disruptors



Companies that can sustain  
strong, steady earnings growth

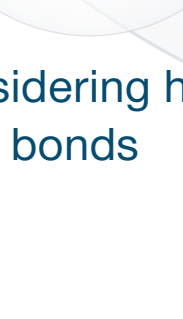


## Creativity in an Era of Rising Yields

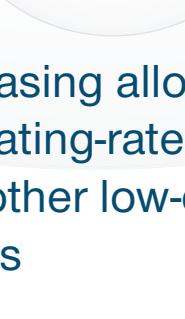
Higher yields could create  
income opportunities

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 growth<sup>1</sup>

**25x**  
increased in equity  
market capitalization  
since 2002<sup>1</sup>

**2nd**  
largest  
R&D spender  
in the world<sup>4</sup>

**57%**  
China’s  
share of global  
ecommerce<sup>1</sup>

**50%**  
MSCI  
China index exposed  
to ‘disruptive tech’<sup>3</sup>

**5,000+**  
number of investable  
companies in China<sup>2</sup>

Sources: <sup>1</sup>UBS, IMF, March 2021.  
<sup>2</sup>FactSet; T. Rowe Price calculations using data from FactSet Research Systems Inc.  
<sup>3</sup>Organisation for Economic Co-operation and Development 2020. Center for Business and Economic Research, December 2020.  
All rights reserved. ‘Disruptive Tech’ is defined as the Information Technology sector, the Internet & Direct Marketing. Retail industry within the Consumer Discretionary sector, and the Media & Entertainment industry group within the Communication Services sector. 4OECD, 2020.  
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### Additional Disclosures

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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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