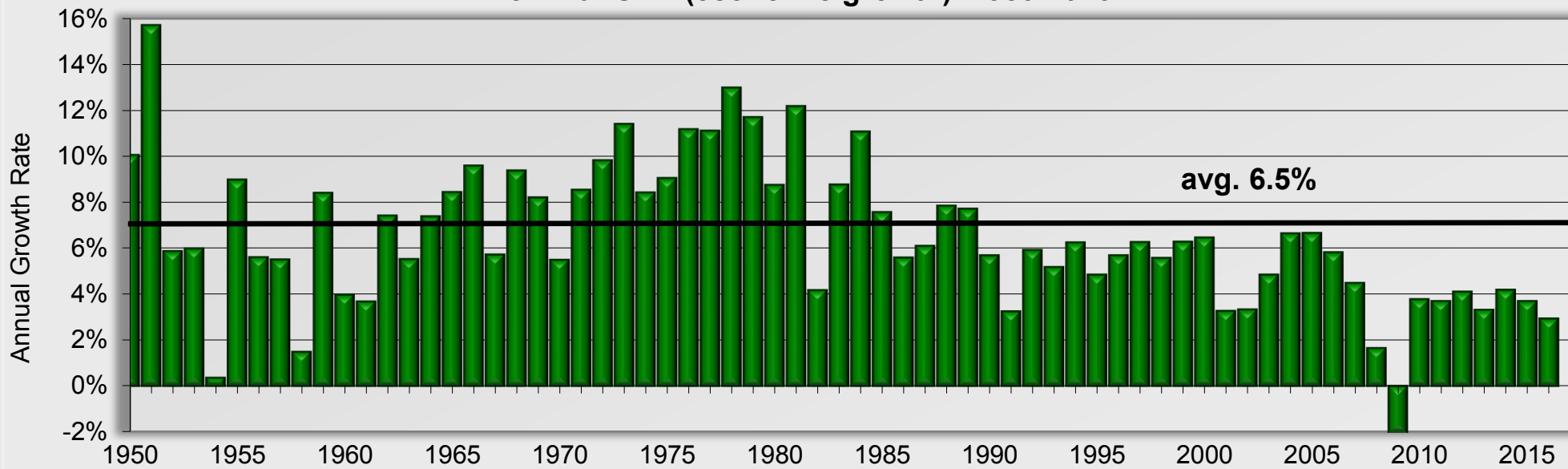
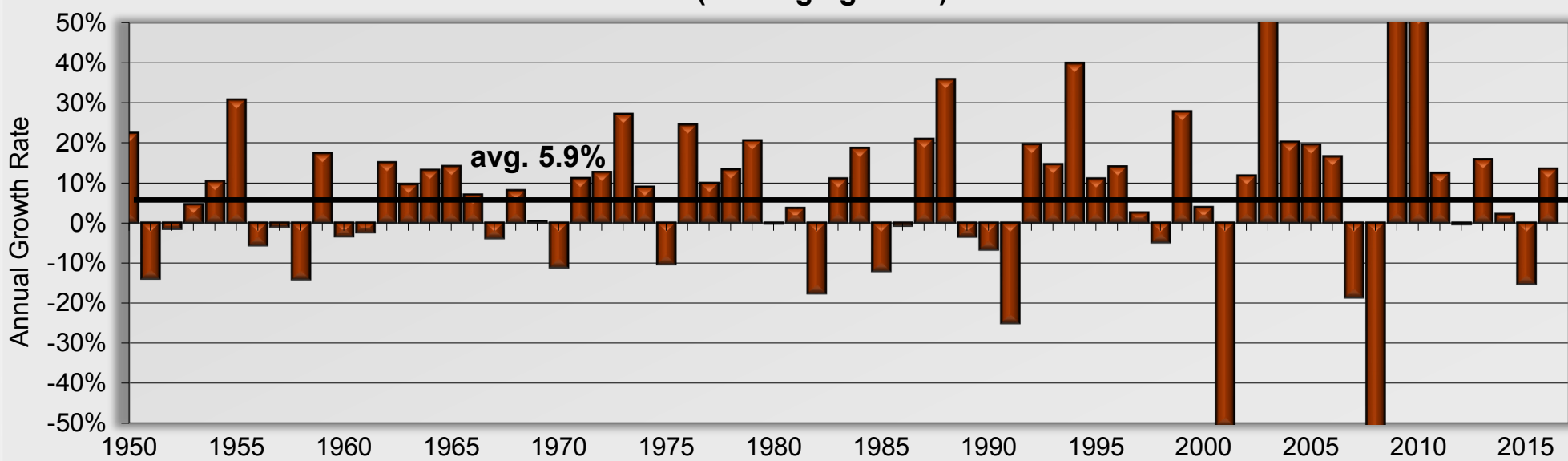


THE BUSINESS CYCLE IS DIFFERENT THAN THE ECONOMIC CYCLE

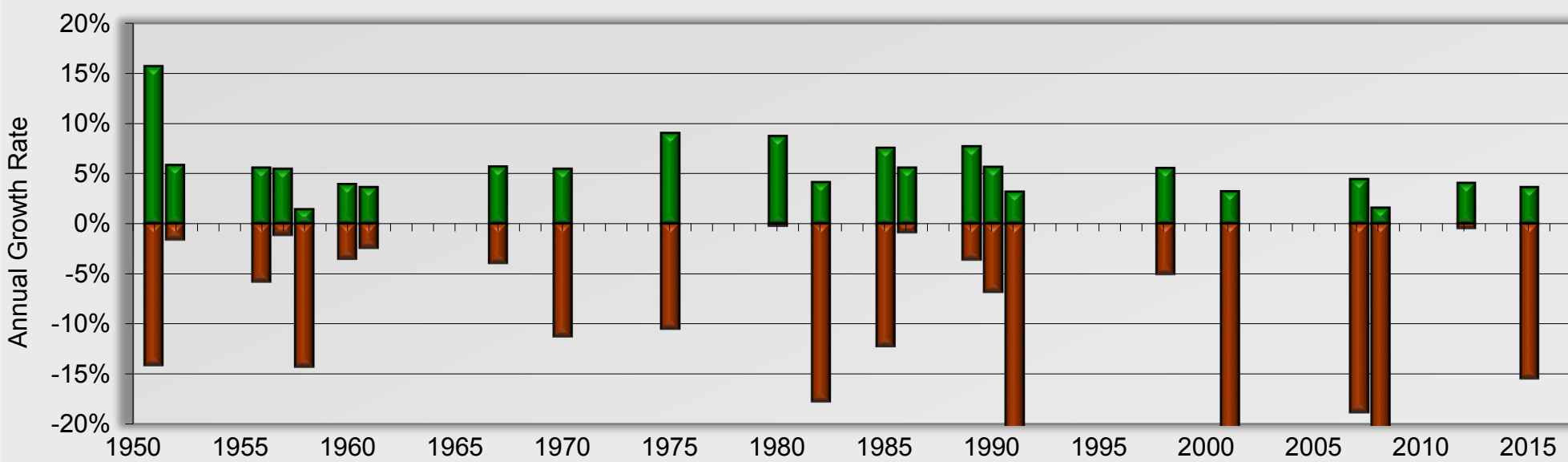
Nominal GDP (economic growth): 1950-2016



S&P 500 EPS (earnings growth): 1950-2016



EARNINGS DECLINES DURING YEARS WITH ECONOMIC GROWTH: 1950-2016



LAST 19 YEARS WHEN EPS DECLINED, DESPITE GROWTH IN THE ECONOMY

	1958	1960	1961	1967	1970	1975	1980	1982	1985	1986	1989	1990	1991	1998	2001	2007	2008	2012	2015
GDP-N	1.5%	4.0%	3.7%	5.7%	5.5%	9.0%	8.8%	4.2%	7.6%	5.6%	7.7%	5.7%	3.3%	5.6%	3.3%	4.5%	1.7%	4.1%	3.7%
EPS	-14.2%	-3.5%	-2.4%	-4.0%	-11.2%	-10.5%	-0.3%	-17.7%	-12.2%	-0.9%	-3.6%	-6.8%	-25.2%	-5.1%	-50.6%	-18.8%	-77.5%	-0.5%	-15.4%

- Of the 67 years since 1950, every year except 2009 experienced positive nominal growth in the economy (i.e., including inflation)
- Since 1950, eight years (13%) had declines in real economic growth (excluding inflation); essentially recession years
- 23 of the years (35%) experienced declines in earnings from the S&P 500 companies