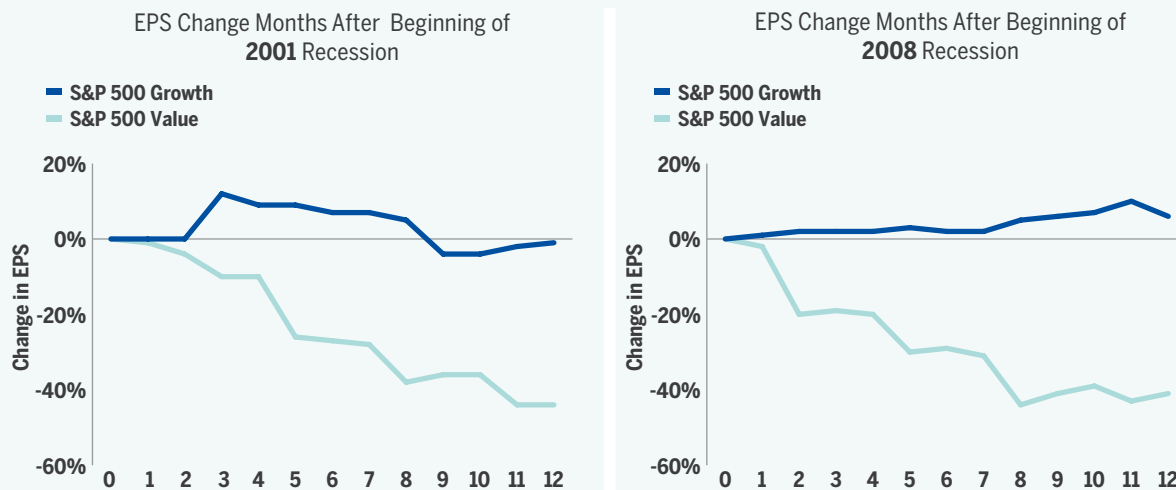




## Worried About a Recession?

When it comes to framing risk, especially in a recessionary environment, it is important to understand U.S. history. Gauging expected earnings in a difficult economic environment is key to understanding risk in investments.

### Look for Stocks Where Fundamentals May Prove Resilient



Source: FactSet.

Note: EPS is earnings per share, the amount of a company's profit for each share of its stock.

- During the 12 months following the past two U.S. recessions (2001 and 2008), the aggregate earnings of the S&P 500 Growth Index held steady while the S&P 500 Value Index companies experienced sharp EPS (earnings per share) losses.
- Historically value stock earnings have been more impacted by economic volatility. Conversely, growth stocks have previously benefitted from steady earnings during difficult economic environments.
- Because the earnings of growth stocks have previously proven more resilient than those of value stocks, investors should consider their Growth vs. Value weightings should they believe a U.S. recession is on the horizon. These past two recessions have shown the strength of Growth equity earnings.

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