

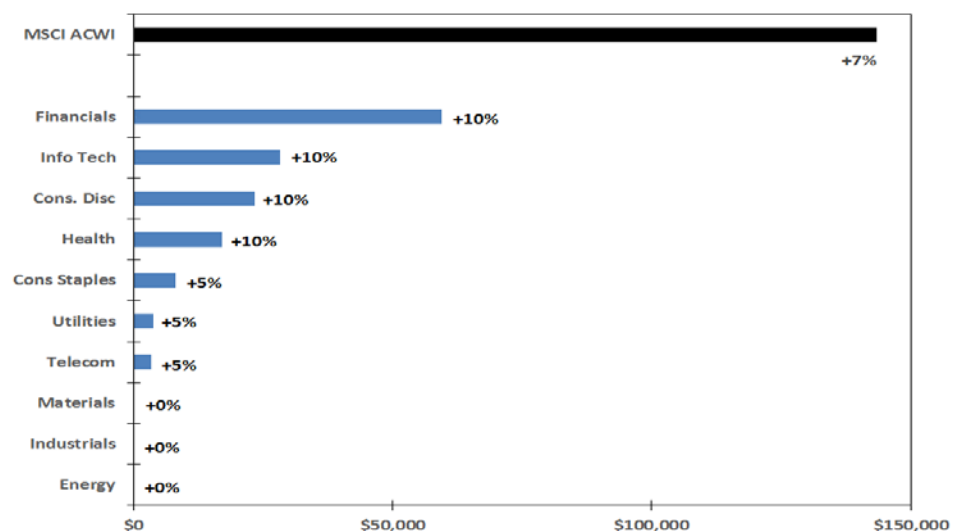
## Global Earnings Synthesis



@Sergey Nivens / Crystal Graphics

- **A New Publication.** As a complement to our *Regional and Sector Strategy: Monthly Update* we introduce a new publication that will examine in detail the outlook for global earnings on a regular basis.
- **A Positive Outlook for 2016 Earnings.** While the current consensus expectation is for double-digit gains in MSCI ACWI EPS in 2016, single-digit gains seem more plausible, driven by modest sales growth and some margin expansion.
- **A Conservative Scenario.** After four years of flat EPS, comparisons are easy. A conservative scenario of no earnings growth in the Energy, Industrials and Material sectors and 5-10% growth in the other GICS would support 7% growth in MSCI ACWI EPS in 2016. In terms of regions, Japan seems likely to enjoy a *fourth consecutive year of earnings gains* in 2016.
- **Support for our Market Outlook.** 5-10% earnings growth combined with stable P/E's would suggest modest gains in global equities in 2016.

**Figure 1: A Conservative Scenario for 2016 MSCI ACWI EPS**  
Percentage and Absolute Change in Earnings in \$ Millions (Sum of Blue Bars Equals Black Bar)



Source: MSCI, Cornerstone Capital Group



**Michael Geraghty** is the Global Markets Strategist for Cornerstone Capital Group. He has over three decades of experience in the financial services industry including working as an investment strategist at UBS and Citi.

[michael.geraghty@cornerstonecapinc.com](mailto:michael.geraghty@cornerstonecapinc.com)

Cornerstone Capital Inc. doing business as Cornerstone Capital Group (“Cornerstone”) is a Delaware corporation with headquarters in New York, NY. The Cornerstone Flagship Report (“Report”) is a service mark of Cornerstone Capital Inc. All other marks referenced are the property of their respective owners. The Report is licensed for use by named individual Authorized Users, and may not be reproduced, distributed, forwarded, posted, published, transmitted, uploaded or otherwise made available to others for commercial purposes, including to individuals within an Institutional Subscriber without written authorization from Cornerstone.

The views expressed herein are the views of the individual authors and may not reflect the views of Cornerstone or any institution with which an author is affiliated. Such authors do not have any actual, implied or apparent authority to act on behalf of any issuer mentioned in this publication. This publication does not take into account the investment objectives, financial situation, restrictions, particular needs or financial, legal or tax situation of any particular person and should not be viewed as addressing the recipients’ particular investment needs. Recipients should consider the information contained in this publication as only a single factor in making an investment decision and should not rely solely on investment recommendations contained herein, if any, as a substitution for the exercise of independent judgment of the merits and risks of investments. This is not an offer or solicitation for the purchase or sale of any security, investment, or other product and should not be construed as such. References to specific securities and issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as recommendations to purchase or sell such securities. Investing in securities and other financial products entails certain risks, including the possible loss of the entire principal amount invested. You should obtain advice from your tax, financial, legal, and other advisors and only make investment decisions on the basis of your own objectives, experience, and resources. Information contained herein is current as of the date appearing herein and has been obtained from sources believed to be reliable, but accuracy and completeness are not guaranteed and should not be relied upon as such. Cornerstone has no duty to update the information contained herein, and the opinions, estimates, projections, assessments and other views expressed in this publication (collectively “Statements”) may change without notice due to many factors including but not limited to fluctuating market conditions and economic factors. The Statements contained herein are based on a number of assumptions. Cornerstone makes no representations as to the reasonableness of such assumptions or the likelihood that such assumptions will coincide with actual events and this information should not be relied upon for that purpose. Changes in such assumptions could produce materially different results. Past performance is not a guarantee or indication of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this publication. Cornerstone accepts no liability for any loss (whether direct, indirect or consequential) occasioned to any person acting or refraining from action as a result of any material contained in or derived from this publication, except to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law. This publication may provide addresses of, or contain hyperlinks to, Internet websites. Cornerstone has not reviewed the linked Internet website of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided for your convenience and information, and the content of linked third party websites is not in any way incorporated herein. Recipients who choose to access such third-party websites or follow such hyperlinks do so at their own risk.