

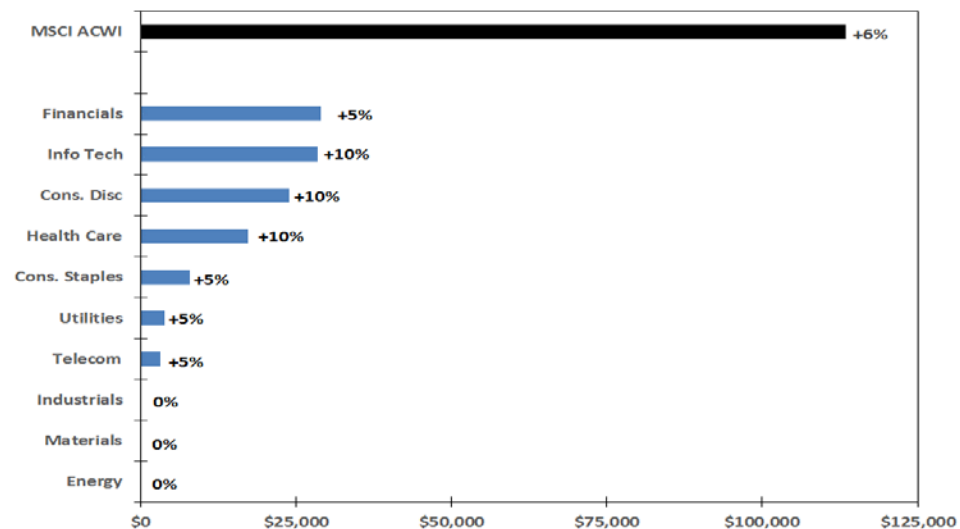
Global Earnings Synthesis: On Track for Modest Gains in 2016



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- **Maintaining an Outlook for Modest Gains in 2016.** Building on the recent analysis in our *Regional and Sector Strategy: Monthly Update*, we continue to embrace an outlook for just a single-digit increase in profits in 2016, which is in contrast to consensus estimates that imply a 21% gain in earnings.
- **A Conservative Earnings Scenario.** An assumption of no earnings growth in the Energy, Materials and Industrials sectors and 5-10% growth in the other GICS would support single-digit growth in MSCI ACWI EPS in 2016. In either the consensus or conservative scenario, Information Technology and Consumer Discretionary — two of our Overweight sectors — would experience relatively fast earnings gains.
- **Japan Still the Standout.** Unique in our regional model, Japan — an Overweight — is on track to experience its fourth consecutive year of earnings growth.
- **Support for our Market Outlook.** Single-digit earnings growth combined with stable P/Es 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



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