



1. S&P 500 Earnings have been growing for 4 straight quarters (Source: Stockcharts.com)
2. We believe that history shows (& is demonstrated by this chart) when quarterly earnings increase or decrease the stock market value will follow, until the quarterly earnings trend changes

### **OUR PERSPECTIVE: THE IMPORTANCE OF EARNINGS**

We believe all of the following statements. 1) That company profits, in the form of per share earnings growth, is the single most important driver of stock prices. 2) This is true for the entire market and for individual company equities. 3) Our view is short term moves in the entire stock market, or single equities in a direction away from earnings results, is temporary and what we call "market noise". Therefore "market noise" price moves in a direction opposite to earnings results won't last. 4) Over time market values move in the direction of profits, or the lack thereof. Exceptions to this market truism, sometimes occur, but are rare.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. There can be no assurance that Our Perspective opinion, if true or correct in the past, will be correct in the future. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.