



Income Analysis

EQUITIES DID WORSE IN THE YEAR BEFORE A RECESSION BEGAN THAN DURING

RECOVERY TIMES AND STRENGTH VARIES, BUT POSITIVE PERFORMANCE HAS HISTORICALLY BEEN THE MORE LIKELY OUTCOME AS A RECESSION STARTS



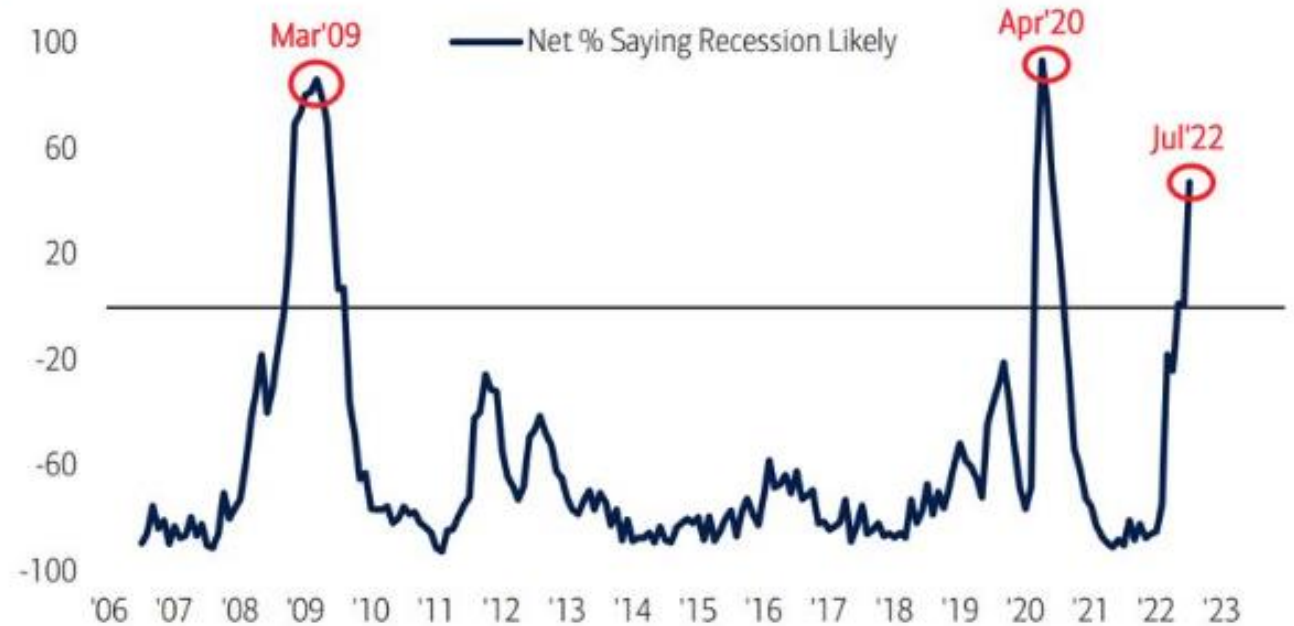
CAN THE GLOBAL
ECONOMY
PERFORM MUCH
BETTER THAN
MOST ASSUME
OVER THE REST OF
THE YEAR?

- ✓ US economy showing signs of slowing. Recession seem to be a consensus.
- ✓ Recovery times and strength varies, but equities tend of have a positive performance once a recession starts.
- ✓ Investors allocations to equities are at the lowest levels since October 2008. Which also happen to be near the bottom of the market and a good time to allocate to equities.
- ✓ Equities perform the worst one year before a recession.

RECESSION IS NOW
CONSENSUS
(WHICH ALSO
HAPPENS TO BE A
CLEAR SIGN TO
ALLOCATE TO
EQUITIES)

Chart 1: Recession now consensus

Net % Saying Recession Likely



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Source: Bloomberg

INVESTOR
ALLOCATIONS TO
STOCKS ARE AT
THE LOWEST
LEVELS SINCE
OCTOBER 2008
(JUST THE TIME TO
BE BUYING)

Chart 13: Where's Lehman?
Net % Taking Higher than Normal Risk Levels



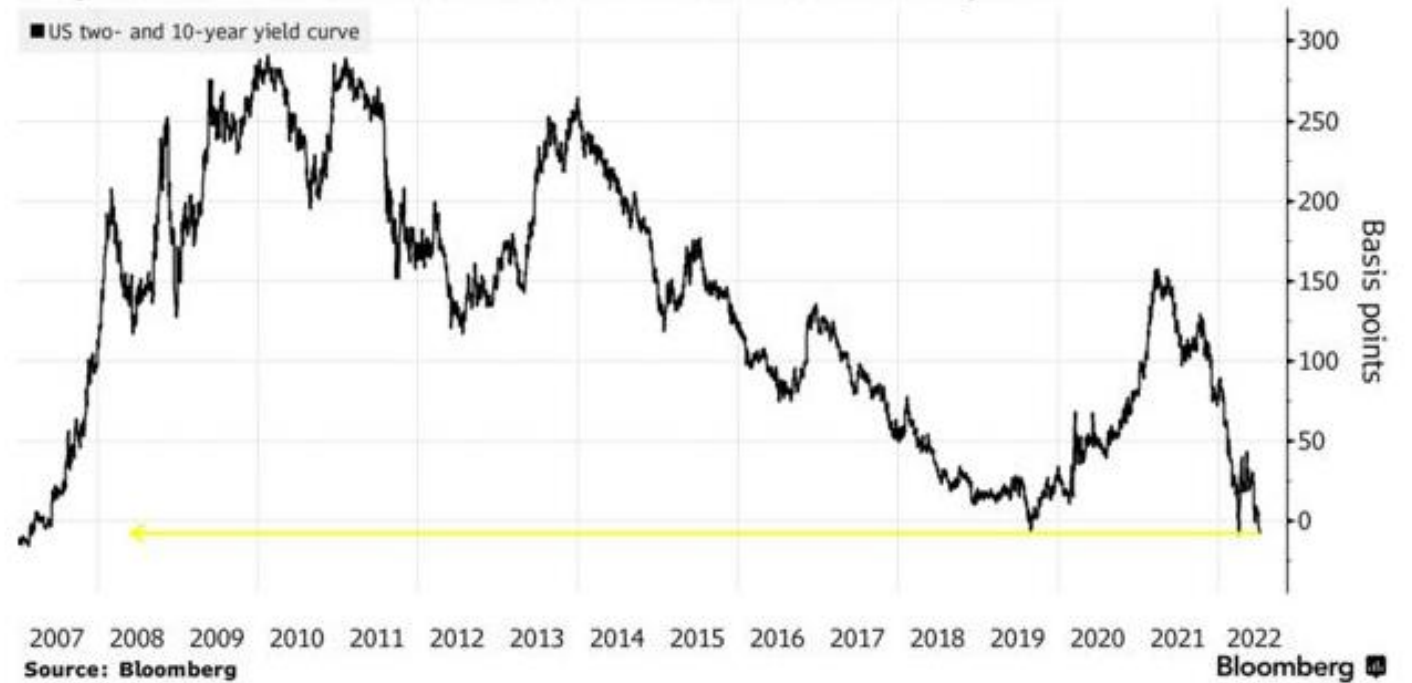
Source: BofA Global Fund Manager Survey

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THE FEDERAL
RESERVE IS
CONTROLLING
INFLATIONARY
EXPECTATIONS.
DEEP RECESSION IS
NOT A BASE CASE

Recession Signal

US yield curve remains near the most inverted level in 15 years



EQUITIES
PERFORM THE
WORST ONE YEAR
BEFORE A
RECESSION. THE
FOLLOWING TWO
YEARS, PRICES
WERE POSITIVE
82% OF THE TIME

How Do Stocks Perform Around Recessions?

On average, stocks performed worse 1 year before a recession than during a recession. In the 2 years following a recession, price returns were positive 82% of the time.

Recession Start	Length (Years)	During Recession	6M Before	12M Before	6M After	12M After	2Y After
7/31/1953	0.83	18%	-6%	-3%	17%	30%	55%
8/31/1957	0.67	-4%	5%	-5%	18%	33%	25%
4/30/1960	0.83	17%	-5%	-6%	7%	10%	1%
12/31/1969	0.92	-5%	-6%	-11%	14%	8%	34%
11/30/1973	1.33	-13%	-9%	-18%	1%	23%	18%
1/31/1980	0.50	7%	10%	14%	6%	8%	-12%
7/31/1981	1.33	6%	1%	8%	-19%	20%	18%
7/31/1990	0.67	5%	8%	3%	3%	8%	20%
3/31/2001	0.67	-2%	-19%	-23%	-6%	-18%	-7%
12/31/2007	1.50	-37%	-2%	4%	21%	12%	44%
2/29/2020	0.17	-1%	1%	6%	12%	-44%	?
Average Return		-1%	-2%	-3%	7%	16%	20%
% Positive Return Periods		45%	45%	45%	82%	91%	82%

Cumulative price return of the S&P 500 during past recessions. Past performance is not indicative of future returns.

Table: Darrow Wealth Management - Source: YCharts; Nber - Created with Datawrapper

HERE'S WHAT
USUALLY HAPPENS
AFTER A 20% DROP
IN THE S&P 500

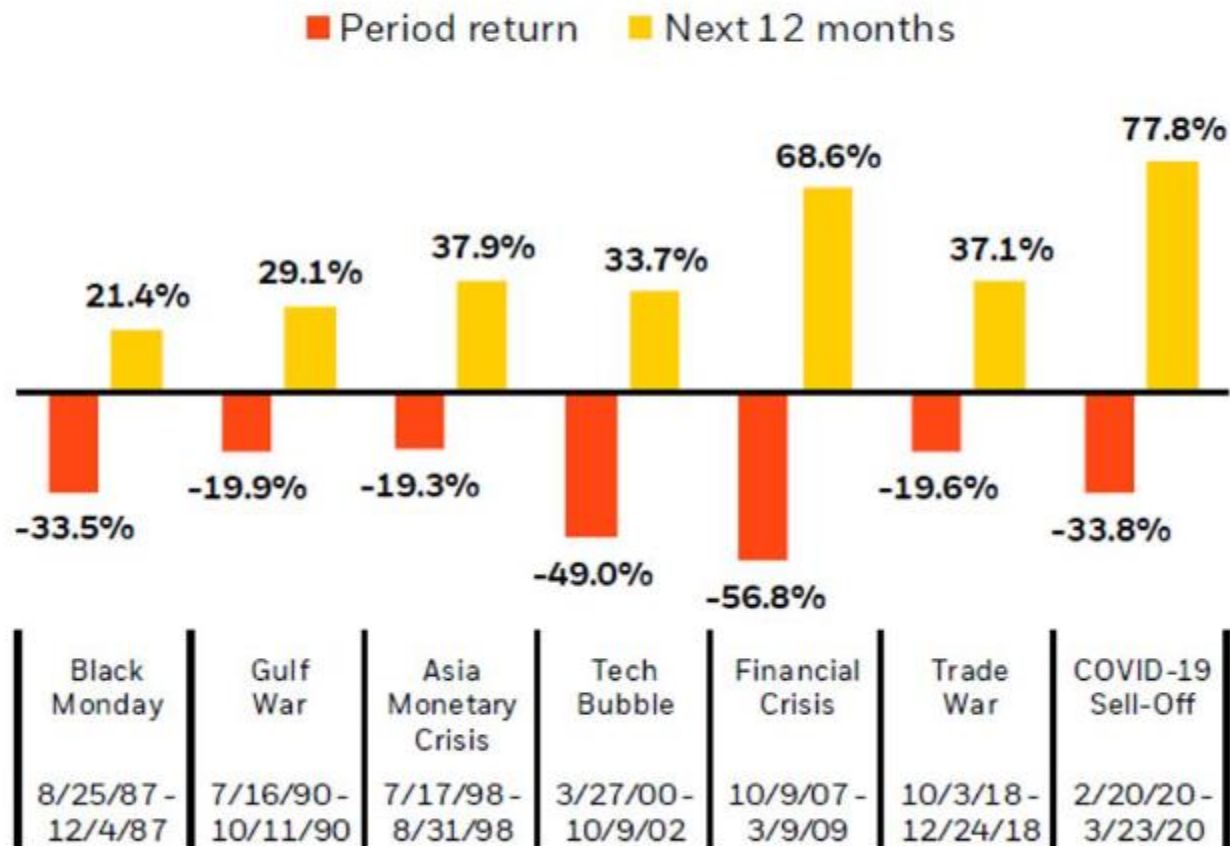
S&P 500 returns after falling -20% from record high (since 1950)

	6-months later	1-year later	2-years later	3-years later
10/21/57	9%	31%	46%	40%
5/28/62	11%	26%	45%	59%
8/29/66	18%	25%	36%	24%
1/29/70	-9%	11%	20%	38%
11/27/73	-9%	-27%	-6%	7%
2/22/82	1%	32%	40%	62%
10/19/87	15%	23%	48%	31%
3/12/01	-7%	-1%	-27%	-6%
7/9/08	-27%	-29%	-17%	6%
3/12/20	35%	59%	72%	
Average	4%	15%	26%	29%
% positive	60%	70%	70%	89%

RETURNS WERE
 POSITIVE AFTER 12
 MONTHS
 FOLLOWING THESE
 PAST GROWTH
 SCARES AND BEAR
 MARKETS

Past growth scares and bear markets

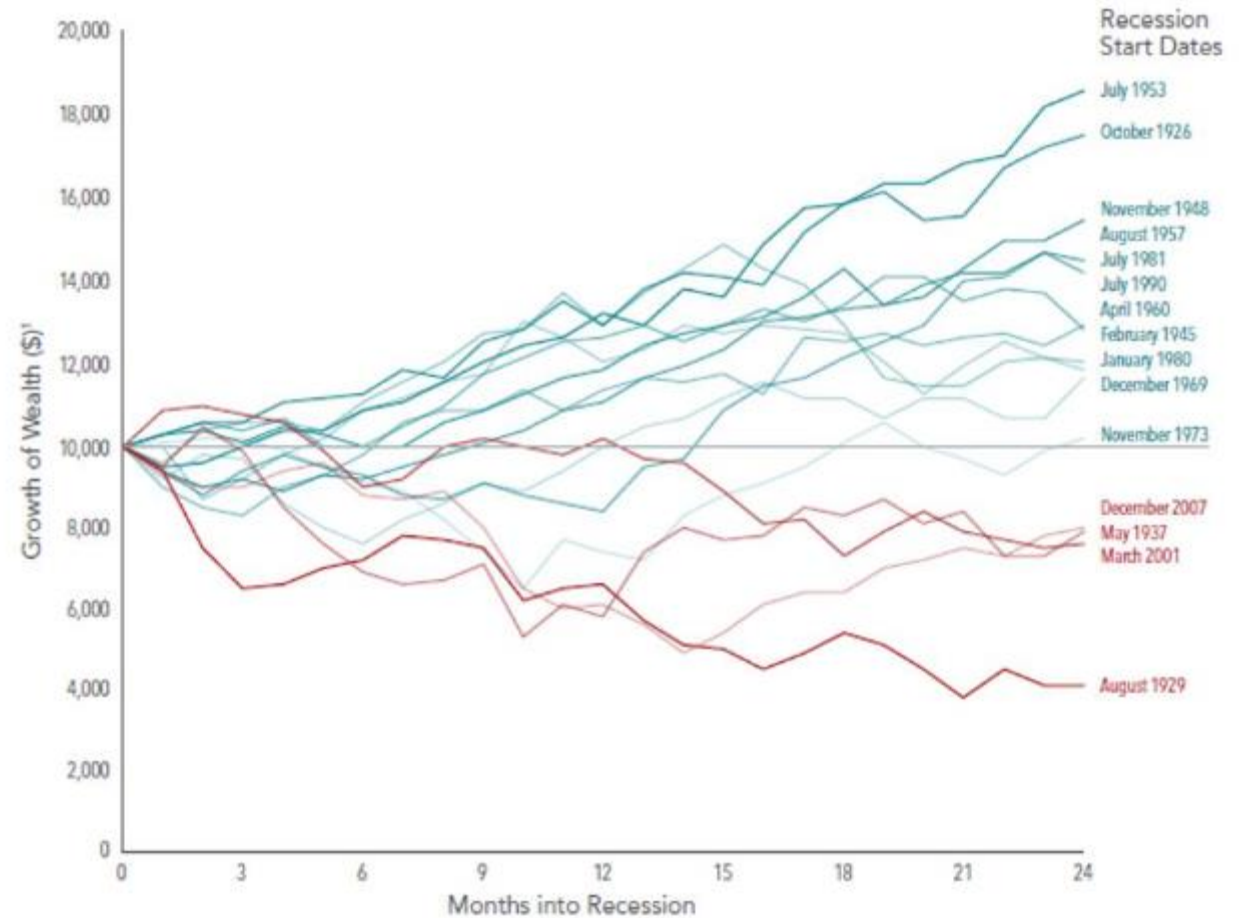
Since 1987



S&P 500 drawdowns and total return from the market bottom. BLACKROCK

POSITIVE
PERFORMANCE
HAS HISTORICALLY
BEEN THE MORE
LIKELY OUTCOME
AFTER A
RECESSION

PERFORMANCE OF A HYPOTHETICAL \$10,000 INVESTED WHEN A US RECESSION BEGAN



Total return of the Fama/French Total US Market Research Index in the 24 months following the start ... [+]

DIMENSIONAL FUND ADVISORS

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