IASB has banned conservatism in order to achieve neutrality of information recently. The purpose of this paper attempts to investigate the relationship between accounting conservatism and earnings persistence by studying the trade-off between neutrality and conservatism in valuation perspective. Several studies find that conservatism is negatively related to earnings persistence, our study finds, however, that the association between earnings persistence and conservatism is nonlinear. When conservatism increases, earnings persistence coefficient first increases and then decreases afterwards. Earnings persistence is at the highest when the conservatism index approximates zero, which also implies the existence of accounting neutrality whereas earnings persistence reaches the highest. We also examine the earnings persistence by the operating cash flows and the accruals components of net income on the different levels of conservatism. We find that a similar relationship exists only to the accruals but not the cash flow component. Additionally, the study further presents the earnings components as discretionary accruals and nondiscretionary accruals, examining the earnings persistence on the levels of conservatism. We find that discretionary accruals are the key component in the relationship between conservatism and earnings persistence. Thus, the results are very consistent with the IASB’s recent decision for not to use conservatism of financial information in order to achieve the neutrality in financial reporting. Our findings also provide important implications for accounting regulators and financial analysts.