

Outlook For European Equities Optimistic For 2014

Earnings Growth Rates & Price-to-Earnings (P/E) Ratios For Top European Equity Indices

Index	2014 Earnings Growth Rate Est.	2014 P/E Est.	3-Year Avg. P/Es
FTSE 100 (UK)	21.61%	13.49	14.29
CAC 40 (France)	69.25%	13.38	14.84
DAX (Germany)	15.13%	13.41	13.22
Swiss Market (Switzerland)	19.89%	15.73	17.36
IBEX 35 (Spain)	26.16%	15.36	30.80
FTSE MIB (Italy)	586.05%	14.29	128.63
OMX Stockholm 30 (Sweden)	10.00%	15.57	14.27
AEX (Netherlands)	62.94%	13.85	17.32
BEL 20 (Belgium)	114.16%	13.97	24.38
OMX Helsinki (Finland)	73.48%	16.26	26.26

Source: Bloomberg. As of 2/17/14.

View from the Observation Deck

1. Europe's Real GDP has been ascending over the past three quarters (annualized): 0.06% (Q2'13), 0.24% (Q3'13) and 0.92% (Q4'13), according to Bloomberg. Europe appears to be in recovery mode.
2. The Eurozone's PMI (Purchasing Managers Index) stood at 54 in January 2014. It has been above 50 since July 2013. A reading above 50 indicates manufacturing activity is expanding.
3. The equity indices featured in the chart are the benchmarks for 10 of the largest equity markets in Europe based on total equity market capitalization, according to Bloomberg.
4. While not listed in the chart, the broader MSCI Europe Index has a 2014 estimated earnings growth rate of 45.35%, with an estimated 2014 P/E of 14.17, below its 3-year average of 15.72.
5. The MSCI Europe Index stood 18.16% below its 10-year high (set on 6/1/07) on 2/17/14, according to Bloomberg.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The FTSE 100 Index is a capitalization-weighted index of the most highly capitalized companies traded on the London Stock Exchange. The CAC 40 Index reflects the performance of the 40 largest equities listed in France, measured by free-float market capitalisation and liquidity. The DAX Index is a total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange. The SMI Index (Swiss Market) is a capitalization-weighted index of the 20 largest (represents around 85% of Swiss equity market) and most liquid stocks of the SPI (Swiss Performance Index) universe. The IBEX 35 is the official index of the Spanish Continuous Market and is comprised of the 35 most liquid stocks. The FTSE MIB Index consists of the 40 most liquid and capitalised stocks listed on the Borsa Italiana. The OMX Stockholm 30 Index is a market-weighted price index consisting of the 30 most actively traded stocks on the Stockholm Stock Exchange. The AEX-Index is a free-float adjusted market capitalization-weighted index of the leading Dutch stocks traded on the Amsterdam Exchange. The BEL 20 Index is a modified capitalization-weighted index of the 20 most capitalized and liquid Belgian stocks traded on the Brussels Stock Exchange. The OMX Helsinki Index includes all the shares listed on the Helsinki Stock Exchange. The MSCI Europe Index is a free-float weighted index designed to measure the performance of the developed equity markets in Europe.