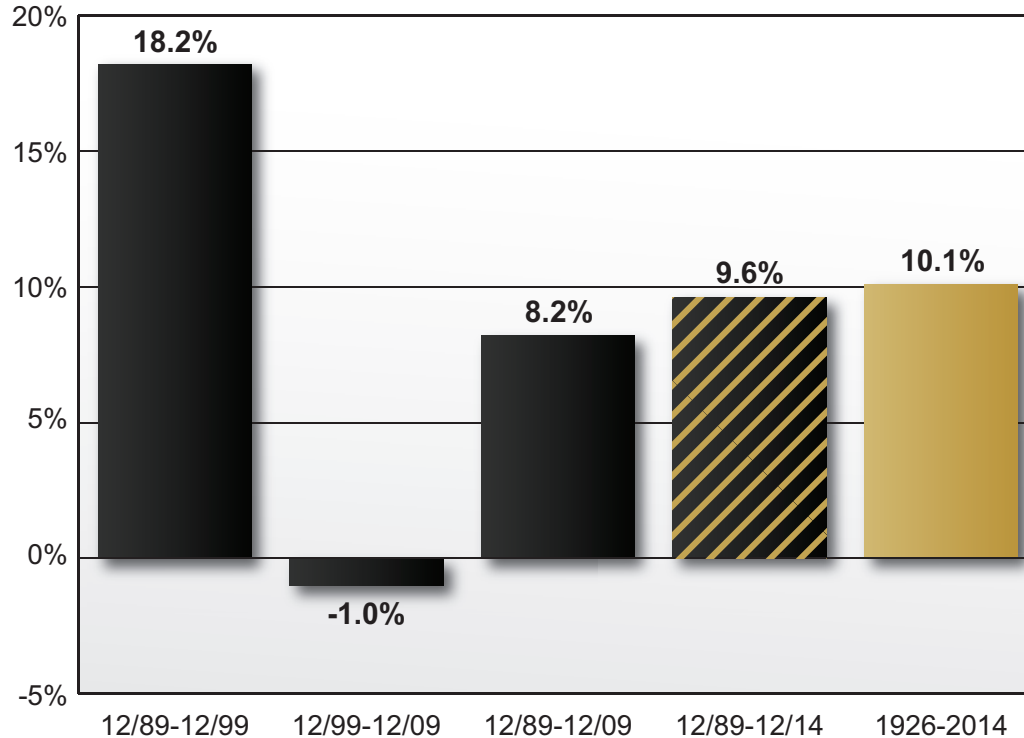


# Some Perspective On The Performance Of The S&P 500

## S&P 500 Average Annual Total Returns



Source: Bloomberg & Ibbotson Associates/Morningstar

## View from the Observation Deck

1. The S&P 500 posted a total return of 13.69% in 2014. It was up 32.39%, on a total return basis, in 2013. The index's all-time closing high was posted on 12/29/14 at 2090.57.
2. The last bar in the chart (shaded gold) represents the average annual benchmark return for the index since 1926. It changes modestly every year.
3. Bar #1 is simply extraordinary because it reflects an average annual total return that is way beyond the historical average. Performance was significantly boosted by the Internet Revolution (1995-1999).
4. Bar #2 reflects the fallout after the Internet bubble burst late in Q1'00. This is your so-called "Lost Decade" in stocks.
5. Bar #3 shows the average annual total return for the two decades captured in Bar #1 and Bar #2. The 8.2% average gain is below the historical 10.1% benchmark return.
6. Bar #4 (striped) extends the period measured in Bar #3 by another five calendar years through 2014. The 9.6% average annual total return for the period is closer to the 10.1% historical norm, but still falls short.
7. Bloomberg's consensus 2015 price-to-earnings (P/E) ratio estimate for the S&P 500 was 16.35, as of 1/15/15, in line with its 50-year average P/E of 16.50, according to Bloomberg.
8. The S&P 500 does not look overvalued, in our opinion.

*This chart is for illustrative purposes only and not indicative of any actual investment. Investors cannot invest directly in an index. The S&P 500 is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.*