

# The Prospects For Owning Natural Gas Stocks Over A Particular 5-Month Stretch

## Price Of Natural Gas vs. ISE-Revere Natural Gas Index (October-February/2005-2015)

5-Month Period	% Price Change	Index Total Returns
9/30/05- 2/28/06	-51.80%	-7.96%
9/29/06- 2/28/07	29.89%	11.04%
9/28/07- 2/29/08	36.39%	17.09%
9/30/08- 2/28/09	-43.55%	-50.04%
9/30/09- 2/28/10	-0.62%	7.55%
9/30/10- 2/28/11	4.39%	37.18%
9/30/11- 2/29/12	-28.61%	20.65%
9/28/12- 2/28/13	5.12%	-7.10%
9/30/13- 2/28/14	29.49%	6.40%
9/30/14- 2/27/15	-33.74%	-37.25%

Source: Bloomberg. Past performance is no guarantee of future results.

### View from the Observation Deck

1. The October through February time frame tends to capture the most critical months of the winter weather season in the U.S. with respect to both the anticipated and actual demand for natural gas, in our opinion.
2. In the past 10 October through February time periods, the price of natural gas increased in just 5 of the 10 periods (see chart). The ISE-Revere Natural Gas Index posted a positive total return in 6 of the 10 periods (see chart).
3. While weather patterns can directly influence the price of natural gas, factors such as the state of the U.S. economy, supply versus demand, and competition from other fuel sources can also play a role. The coal industry is one example.
4. SNL Energy reported that the U.S. generated more of its electricity from natural gas than coal in April 2015, according to the Financial Times. It was the first time in U.S. history that gas-fired electricity generation topped coal-fired generation.
5. The price of natural gas plunged in the 2008-2009 period while in the midst of a U.S. recession/global financial crisis, and also plunged in the 2014-2015 period due in part to rising production levels in the U.S. shale regions, in our opinion.
6. The 2016 edition of the Old Farmer's Almanac, released in August, calls for extremely cold temperatures and lots of snow this winter season in the U.S., according to PBS.org. The Almanac claims that its weather forecasts have been 80% accurate.
7. Natural gas prices could use a catalyst to help drive demand. The price of natural gas closed 9/16/15 at \$2.67 per million British thermal units, well below its 12-month high of \$4.49 on 11/20/14, according to Bloomberg.

*This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The ISE-Revere Natural Gas Index is comprised of securities that derive a substantial portion of their revenues from the exploration and production of natural gas.*