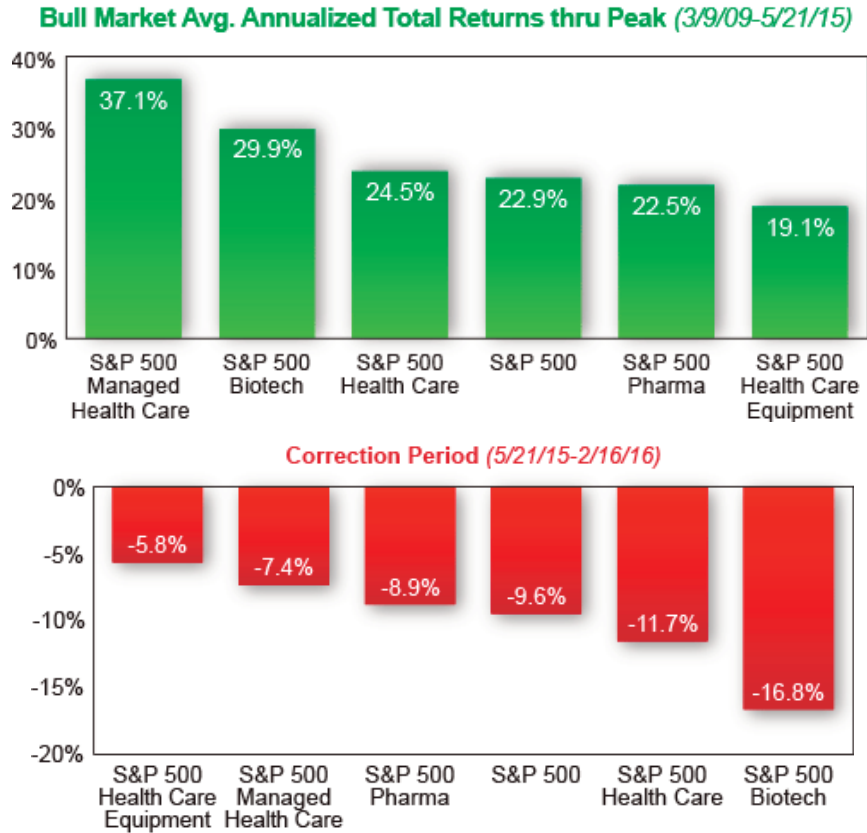


A Snapshot Of Health Care Stocks

S&P 500 Index, S&P 500 Health Care Index & Related HC Subsector Index Total Returns



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

View from the Observation Deck

- Health Care is the only major sector that outperformed the S&P 500 Index in each of the past five years (2011-2015), according to S&P Capital IQ.
- While investors redeemed a net \$2.3 billion from Health Care mutual funds and exchange traded funds in January 2016, these same funds took in a net \$12.8 billion for the 12-month period ended January 2016, according to Morningstar.
- The green bars in the top chart represent average annualized total returns spanning a little over 6 years and two months. The following shows them as cumulative total returns: 607.7% (Managed Health Care); 406.7% (Biotechnology); 288.4% (Health Care); 259.2% (S&P 500); 251.7% (Pharmaceuticals) and 194.9% (Health Care Equipment).
- One of the interesting developments depicted in the charts is the performance of Managed Health Care. These stocks have appreciated the most in the current bull market.
- Managed Health Care performed poorly from 12/31/07 through 3/9/09, posting a cumulative total return of -69.0%, according to Bloomberg. This is back when the groundwork was being laid for the Affordable Care Act, and there was some fear in the market about the potential for a single-payer insurance system. The Affordable Care Act was not signed into law until 2010.
- As of 2/17/16, the estimated price-to-earnings ratios on the S&P 500 Health Care Index for 2016 and 2017 were 14.86 and 13.36, respectively, well below the 5-year average of 17.79, according to Bloomberg.
- Bloomberg's 2016 and 2017 consensus estimated earnings growth rates for the S&P 500 Health Care Index were 32.24% and 11.27%, respectively, on 2/17/16, compared to 8.12% and 13.17%, respectively, for the S&P 500 Index.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The S&P 500 Health Care Index, S&P 500 Biotechnology Index, S&P 500 Health Care Equipment Index, S&P 500 Managed Health Care Index and S&P 500 Pharmaceuticals Index are all capitalization-weighted indices focused on either the health care sector or its subsectors. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.