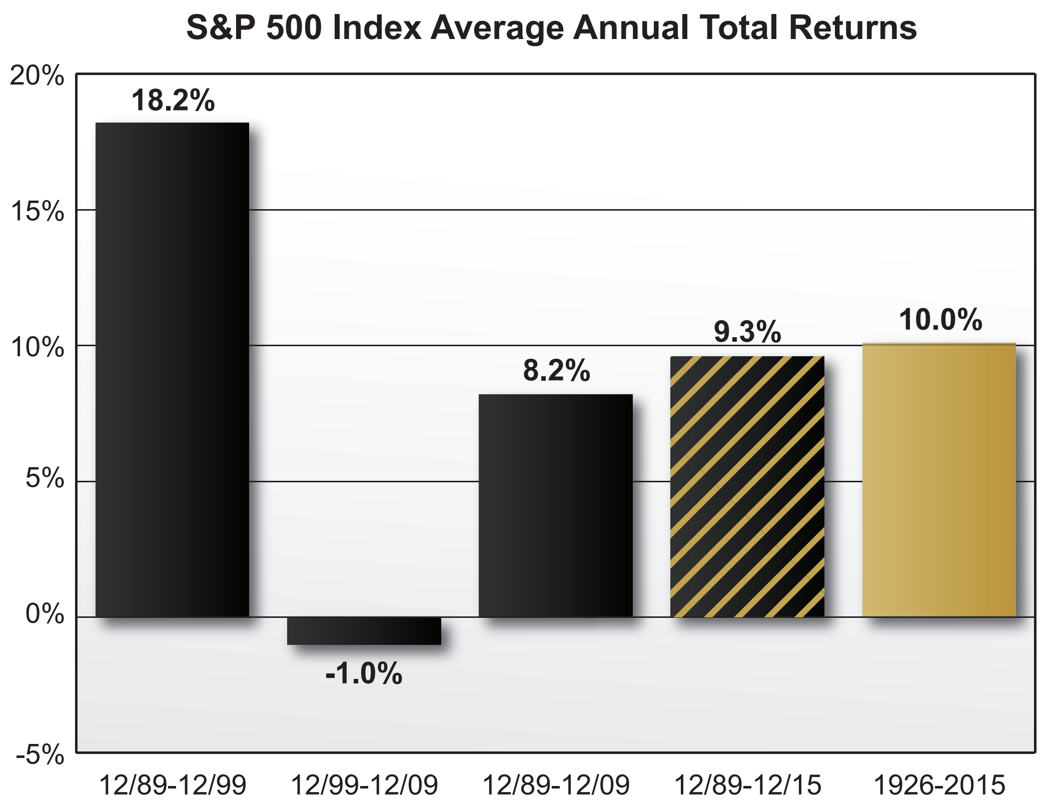
Some Perspective On The Performance Of The S&P 500 Index



Source: Bloomberg & Ibbotson Associates/Morningstar

View from the Observation Deck

1. One of the most debated topics these days is whether or not U.S. stocks are overvalued. While there are many metrics that can be used to argue one side or the other, we believe there is room for an eyeball test using historical returns.
2. The current bull market, which commenced on 3/10/09, has lasted 2,543 days through 2/24/16. It is the third longest bull since 1942, according to data from Bespoke Investment Group.
3. The longest and second longest bull markets lasted 4,494 days (12/4/87-3/24/00) and 2,607 days (6/13/49-8/2/56), respectively.
4. The last bar in the chart (shaded gold) represents the average annual total return for the S&P 500 Index since 1926. Since it covers such a long period, it tends to change modestly with each passing year.
5. 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).
6. Bar #2 reflects the fallout after the Internet bubble burst late in Q1'00. This is your so-called "Lost Decade" in stocks.
7. 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 10.0% benchmark return.
8. Bar #4 (striped) extends the period measured in Bar #3 by another six calendar years through 2015. The 9.3% average annual total return for the period is closer to the 10.0% historical norm, but still falls slightly short.

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.

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