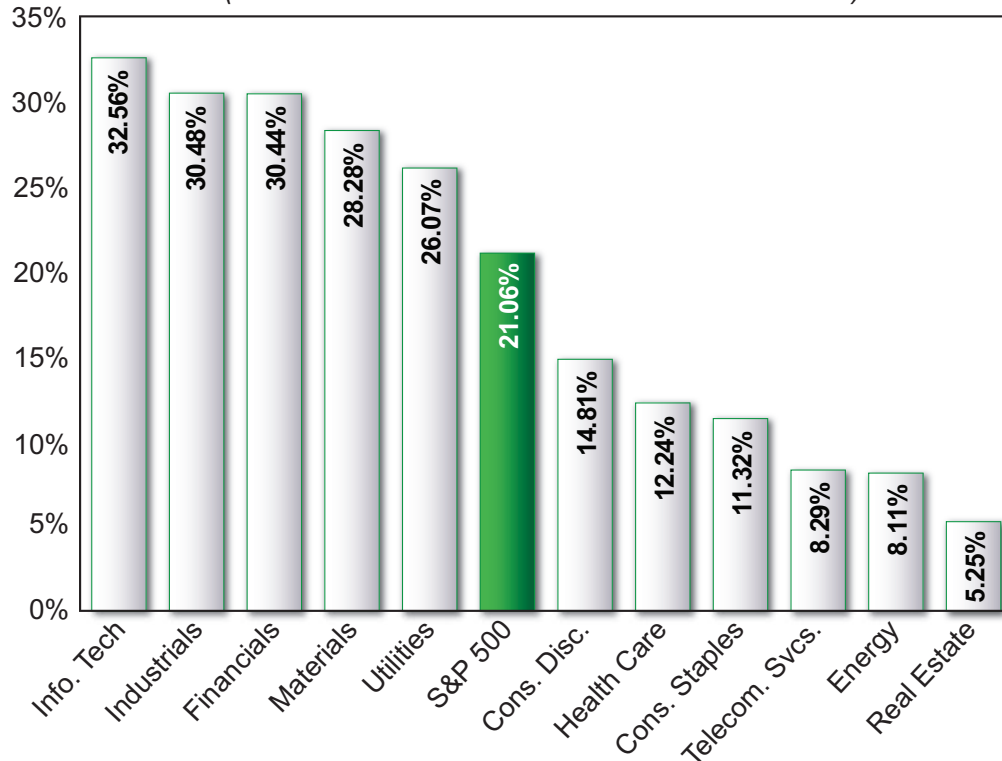


How The S&P 500 Index Has Performed Since The Federal Reserve Began Hiking Interest Rates On 12/16/15

S&P 500 Index and S&P 500 Sector Index Returns
(Cumulative Total Returns from 12/16/15-7/10/17)



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

View from the Observation Deck

1. The Federal Reserve (the "Fed") has increased the federal funds target rate a total of four times since 12/16/15. Each one of the rate hikes was for 0.25%, or 25 basis points. The target rate (upper bound) currently stands at 1.25%.
2. As indicated in the chart, the S&P 500 Index posted a cumulative total return of 21.06% from 12/16/15 through 7/10/17. Many sector indices returned much more than the broader index.
3. The last time that the Fed tightened monetary policy was from 6/30/04 through 6/29/06. Over that 24-month period, the Fed raised the target rate 17 times for a total of 4.25 percentage points. Again, each rate hike totaled 25 basis points. The target rate rose from 1.00% to 5.25%. The S&P 500 Index posted a cumulative total return of 15.74% over that 24-month period.
4. While nobody knows how long the current bull market in stocks will run, we believe that the direction of stock prices is driven by corporate earnings over time.
5. Since the Fed began raising rates on 12/16/15, S&P 500 Index quarterly earnings (EPS in \$) have risen from \$24.86 in Q1'16 to \$29.29 in Q1'17, according to Bloomberg.
6. Earnings reporting season for Q2'17 is currently underway. Looking ahead, the earnings estimate for Q4'17 was \$34.91 as of 7/11/17.

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 S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance, while the 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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