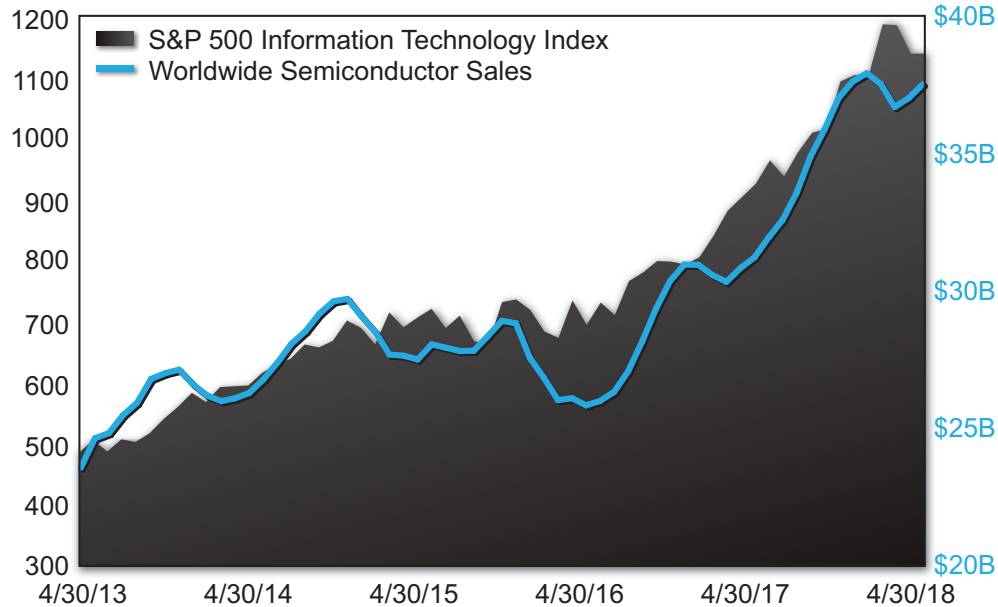


Semiconductor Sales Remain Robust

Worldwide Semiconductor Sales (3-Mo. Moving Avg.)
vs. S&P 500 Information Technology Index (Price-Only)



Source: Bloomberg. Semiconductor Industry Association. Monthly data points from 4/30/13 through 4/30/18. Past performance is no guarantee of future results.

View from the Observation Deck

1. Tracking the direction of worldwide semiconductor sales can provide investors with some additional insight into the potential demand for tech-oriented products and the overall climate for technology stocks, in our opinion.
2. Semiconductors play an integral role in most tech-oriented products, particularly in today's high-demand mobile device product lines, such as smartphones, tablets and wearables. We see that integral role playing out in artificial intelligence and robotics as well.
3. The Semiconductor Industry Association (SIA) reported that global semiconductor sales increased 20.2% year-over-year (y-o-y) to \$37.59 billion in April 2018, according to its own release. The all-time high was set in December 2017 at \$37.99 billion. The World Semiconductor Trade Statistics organization estimates annual global sales growth of 12.4% in 2018, according to the SIA.
4. From 4/30/13 through 4/30/18 (chart), global semiconductor sales rose 59.1%. Over that same period, the S&P 500 Information Technology Index posted a cumulative price-only return (does not include dividends) of 134.3% and a cumulative total return of 153.5% (includes dividends), according to Bloomberg.
5. Sales have been strong throughout the globe. On a y-o-y basis, the percent change in region/country semiconductor sales were as follows in April: the Americas (34.1%); China (22.1%); Europe (21.4%); Japan (14.6%); and Asia Pacific/All Other (10.2%), according to the SIA.
6. Strong demand for semiconductor manufacturing equipment suggests that momentum isn't slowing. SEMI reported that worldwide semiconductor equipment sales totaled a record \$17 billion in Q1'18, up 12% from the previous all-time high set in Q4'17, according to *Electronics Weekly*.

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 or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Information Technology Index is capitalization-weighted and comprised of S&P 500 constituents representing the technology sector.

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