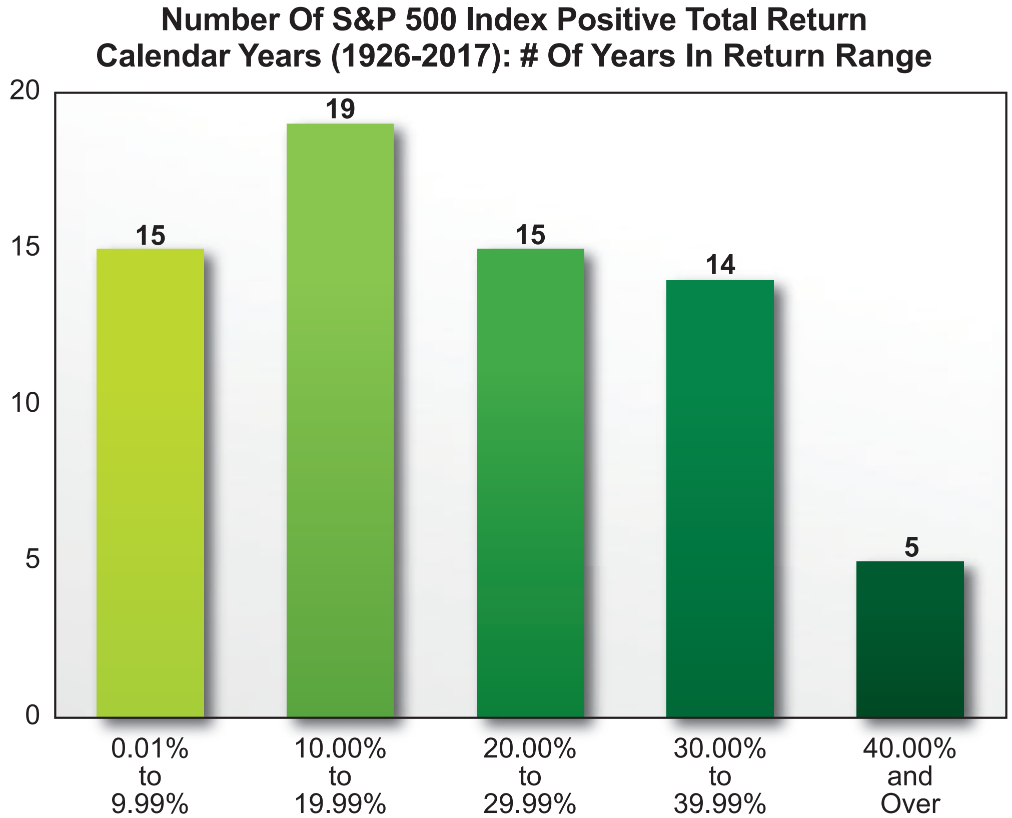
Accentuate the Positive



Source: Ibbotson Associates/Morningstar. Past performance is no guarantee of future results.

View from the Observation Deck

1. Today's blog post is yet another attempt at putting equity investing in its proper light. We still believe that U.S. equities represent one of the best avenues for wealth-building potential over time.
2. From 1926 through 2017, the S&P 500 Index generated a positive total return in 68 of the 92 calendar years, or 73.91% of the time, according to Ibbotson Associates/Morningstar. The index posted a 10.16% average annual total return over that period.
3. Year-to-date through 8/28/18, the S&P 500 Index posted a total return of 9.75%. That equates to annualized return of 15.06%, according to Bloomberg.
4. Investors should take some solace in the fact that 17 of the 24 calendar years, or 70.83%, in which the S&P 500 generated a negative total return occurred prior to 1975, according to data from Ibbotson Associates/Morningstar.
5. We believe that corporate earnings determine the direction of stock prices over time.
6. Bloomberg consensus earnings growth rate estimates for the S&P 500 Index for 2018, 2019 and 2020 were 23.58%, 11.47% and 10.05%, respectively, as of 8/24/18.

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