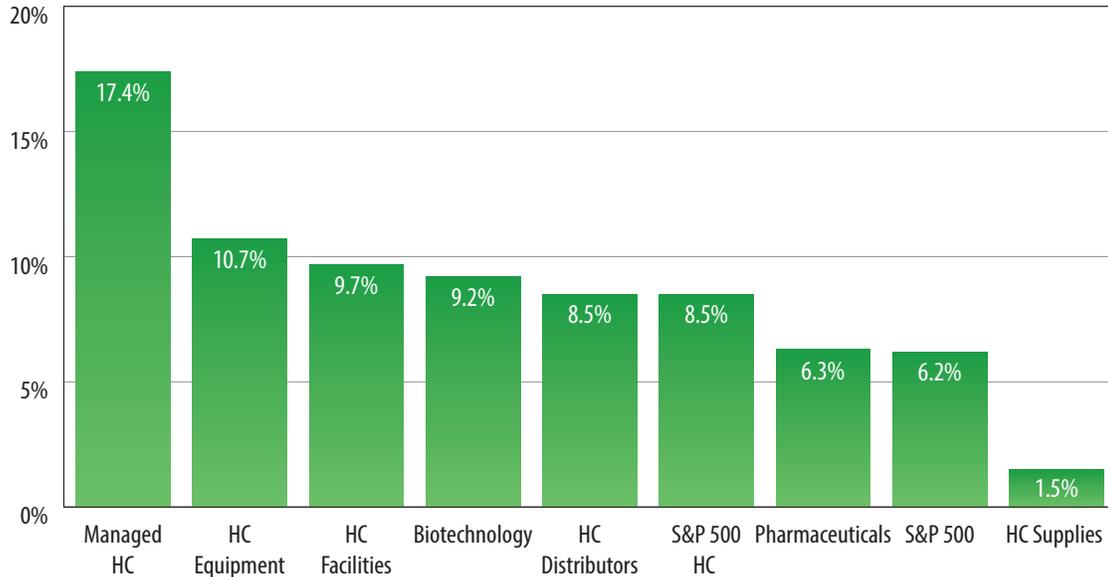


One Way To Potentially Keep Pace With Rising Health Care Costs

S&P 500 Index, S&P 500 Health Care Index & Related Health Care Subsector Index Total Returns
Average Annualized Total Returns (12/31/99 - 9/15/20)



Source: Bloomberg. HC = Health Care. **Past performance is no guarantee of future results.**

View from the Observation Deck

1. Today's blog post focuses on the health care sector and shows how it has performed in the new millennium (12/31/99-9/15/20). For comparative purposes, we have included the return on the S&P 500 Index to reflect the broader market.
2. We believe that investors have the potential to benefit from rising health care costs by carving out a portion of their investment portfolio earmarked for equities and dedicate it to the health care sector.
3. As indicated in the chart, the S&P 500 Health Care Index posted an average annualized total return of 8.5% for the period. The only major sector index with a higher return was the S&P 500 Consumer Staples Index, with an average annualized total return of 8.6% (not shown in chart), according to Bloomberg. Ironically, from 2000-2019, the only year in which the S&P 500 Health Care Index was the top-performing sector index was 2018.
4. What makes the showing by the health care sector even more intriguing is that the outperformance was driven largely by Managed Health Care, not the drug makers, which have garnered a lot of attention over the past decade or so. Managed Care is a health care delivery system organized to manage cost, utilization, and quality, according to Medicaid.gov. It is the money side of the business.
5. A recent study by the Medical Alert Buyers Guide revealed that 71% of those polled said they were saving for retirement, while just 38.1% said they were saving specifically to cover their health care costs in retirement, according to The Motley Fool.
6. Another recent study released by Fidelity found that a 65-year old couple retiring in 2020 will pay an average of \$295,000 in health care costs over their lifetime, according to U.S. News & World Report.

This chart is for illustrative purposes only and not indicative of any actual investment. 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 Health Care Index, S&P 500 Biotechnology Index, S&P 500 Pharmaceuticals Index, S&P 500 Managed Health Care Index, S&P 500 Health Care Equipment Index, S&P Health Care Facilities Index, S&P 500 Distributors Index and S&P 500 Health Care Supplies Index are all capitalization-weighted indices focused on either the health care sector or its subsectors. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

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