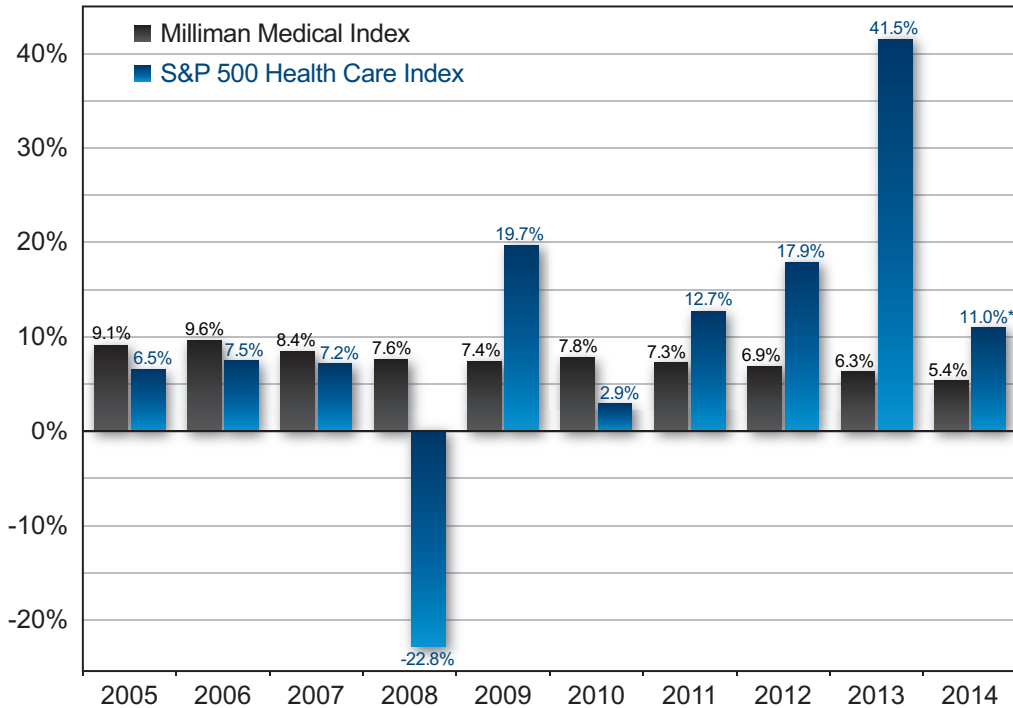


A Little Give And Take May Provide A Remedy

% Annual Change In Medical Costs vs. Annual Total Returns On Health Care Stocks



Sources: Milliman & Bloomberg. *YTD as of 6/27/14. Past performance is no guarantee of future results.

View from the Observation Deck

1. From 2005-2014, medical costs for a typical American family of four increased by an average of 7.6% per year, according to the Milliman Medical Index.
2. Milliman puts the annual dollar figure to cover a family of four covered by an employer-sponsored preferred provider plan at \$23,215 for 2014.
3. The \$23,215 breaks down as follows: \$13,520 (Employer Subsidy); \$5,908 (Employee Contribution); and \$3,787 (Employee Out-Of-Pocket At Time Of Service).
4. The employee out-of-pocket expenses plus the amount contributed through payroll deduction comes to \$9,695, or 42% of the total expected cost in 2014.
5. One way to potentially help mitigate the annual rise in health care costs is to invest in a diversified portfolio of health care stocks, in our opinion. The goal is to take back in the market what is given at the office.
6. While the chart shows that the returns on health care stocks do not move in lockstep with the annual fluctuations in costs, the returns may offset the rise in costs over time.
7. From 12/31/04 through 6/30/14, the S&P 500 Health Care Index posted an average annualized total return of 9.8%, outpacing the 7.6% average increase in costs over the same period.

The chart and performance data referenced are for illustrative purposes only and not indicative of any actual investment. The index performance data excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The S&P 500 Health Care Index is capitalization-weighted and comprised of S&P 500 constituents representing the health care sector. The Milliman Medical Index is an actuarial analysis of the projected total cost of healthcare for a hypothetical family of four covered by an employer-sponsored preferred provider organization (PPO) plan. Unlike many other healthcare cost reports, the MMI measures the total cost of healthcare benefits, not just the employer's share of the costs, and not just premiums. The MMI only includes healthcare costs. It does not include health plan administrative expenses or profit loads.