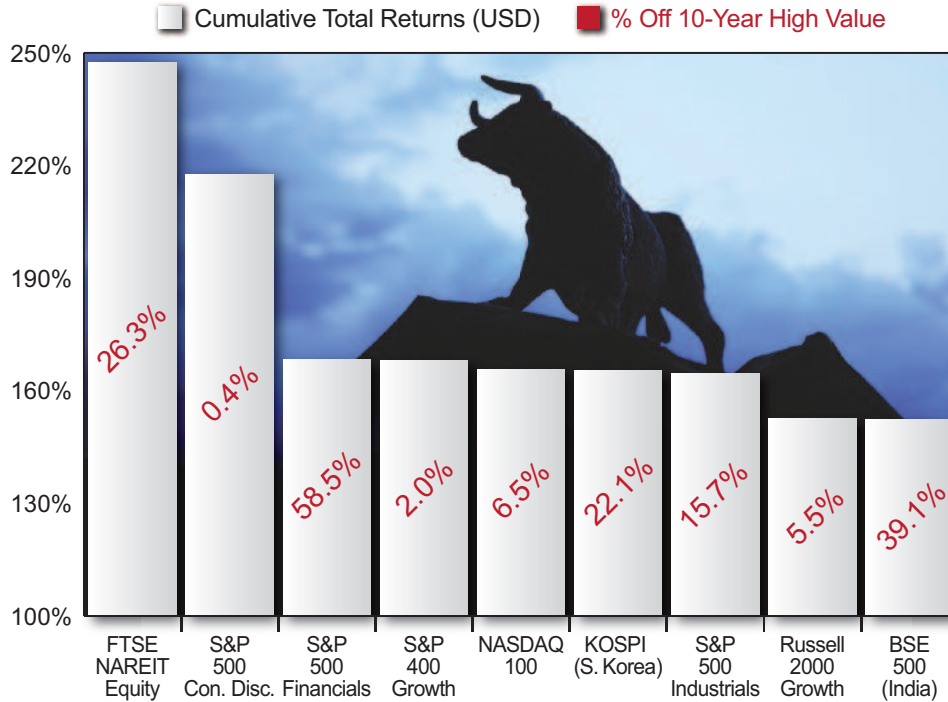


Majority Of Top Performing Stock Indices Since Last Bear Market Have Growth Bias

Bull Market Leaders (3/9/09 - 11/30/12)



Source: Bloomberg.

View from the Observation Deck

1. It is hard enough these days to get everyone to agree on a simple set of facts let alone an ideological bias.
2. While political partisanship continues to reign and impede progress in Washington, D.C., the collective psychology that steers the equities markets is functioning just fine, in our opinion.
3. The one exception we would offer is the general lack of participation in this bull market by the retail investor. As we have noted many times, institutional capital has largely fueled this bull.
4. Historically speaking, the stock prices of growth-oriented companies tend to decline more than their value-oriented counterparts during recessions due to the absence of growth in the economy.
5. Once recessions run their course, investors often seek to purchase the shares of beaten-down growth stocks to potentially exploit the anticipated acceleration in corporate earnings once the economy recovers.
6. The equity index returns featured in the chart support this philosophy. And it extends to foreign equities markets, as well. The last recession in the U.S. was from 12/07-6/09.
7. One glaring exception this go around is the performance of financial stocks. Financials are usually characterized as value stocks, but were the most beaten-down sector in the last recession.

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 following are unmanaged indices: S&P 500 Consumer Discretionary Index, S&P 500 Financials Index, S&P 500 Industrials Index and S&P 400 Growth Index are all capitalization-weighted indices that track either a diversified group of companies from a particular sector or style/market cap; FTSE NAREIT Equity REITs Index is a free float adjusted market capitalization-weighted index that includes all tax qualified REITs listed on the major U.S. exchanges; NASDAQ 100 Stock Index is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and foreign issues listed on the NASDAQ; KOSPI Index is a capitalization-weighted index of all common shares on Korean stock exchanges; BSE 500 Index is a free-float weighted index that represents nearly 93% of the total market capitalization on the BSE India exchange; and Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values within the Russell 2000 Index.