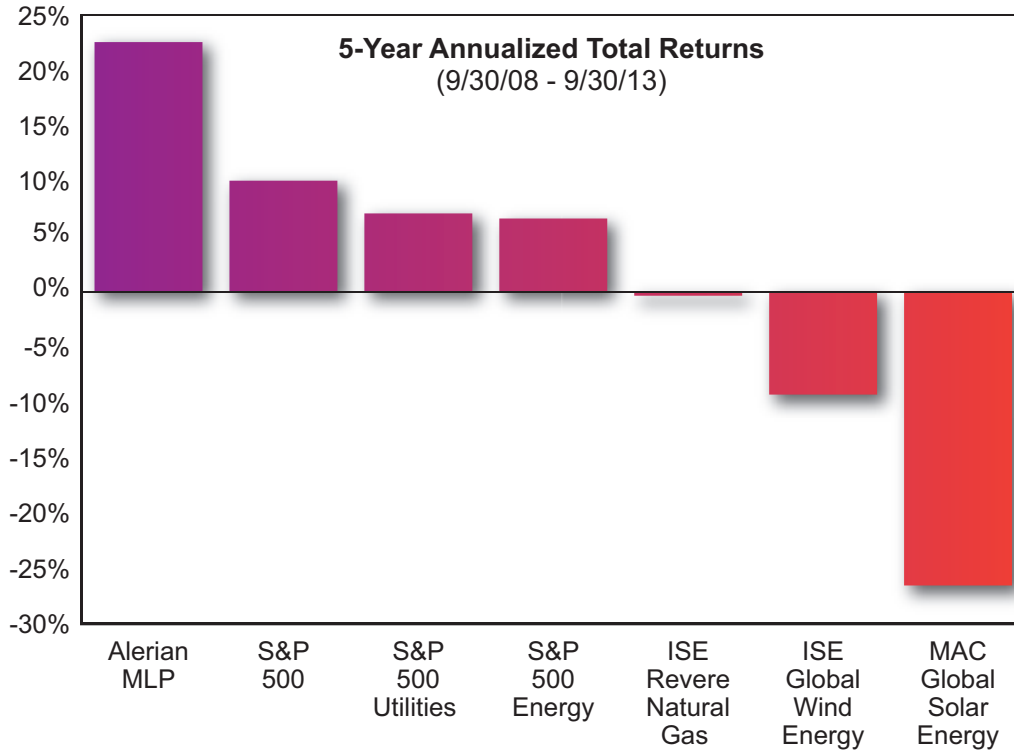


# Energy Distribution Tops Energy Production Over Past 5 Years

## Energy-Related Stock Indices and S&P 500



Source: Bloomberg.  
Past performance is no guarantee of future results.

## View from the Observation Deck

- As high as crude oil prices are today, they were nearly as high five years ago. The price of a barrel of oil stood at \$102.33 on 9/30/13, up 1.68% from \$100.64 on 9/30/08, according to Bloomberg.
- The price of natural gas, however, was cut in half over the past five years. It stood at \$3.56 per million British thermal units on 9/30/13, down 52.15% from \$7.44 on 9/30/08, according to Bloomberg.
- Even with the absence of any significant supply constraints for oil or gas in the past five years, investors favored energy master limited partnerships (MLPs/pipelines and storage) over energy production.
- Electric utilities performed much better than the top green energy industries, such as solar and wind. U.S. utilities clearly benefitted from an increased appetite for dividend-paying stocks.
- A new report titled *Beyond Renewable Portfolio Standards: An Assessment of Regional Supply and Demand Conditions Affecting the Future of Renewable Energy in the West* lends some perspective on the prospects for alternative energy sources, according to Cleantechica.com.
- One of its key findings is that solar and wind power could be cost-competitive in the U.S. without government subsidies by 2025.
- Investors may not have to wait until 2025 for better performance. Bloomberg's 2014 earnings growth rate estimate for the ISE Global Wind Index is +34%.
- Bloomberg is also looking for another strong year from MLPs. Its 2014 earnings growth rate estimate for the Alerian MLP Index is currently 17.12%.

*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 is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance, while the S&P Sector Indices (Energy & Utilities) are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector. The Alerian MLP Index is a capitalization-weighted composite of energy master limited partnerships. The ISE-Revere Natural Gas Index consists of securities that derive a substantial portion of their revenues from the exploration and production of natural gas. The ISE Global Wind Energy Index is a quintile-based modified capitalization weighted index tracking public companies' products and services. The MAC Global Solar Energy Index tracks globally-listed public companies that specialize in providing solar energy products and services.*