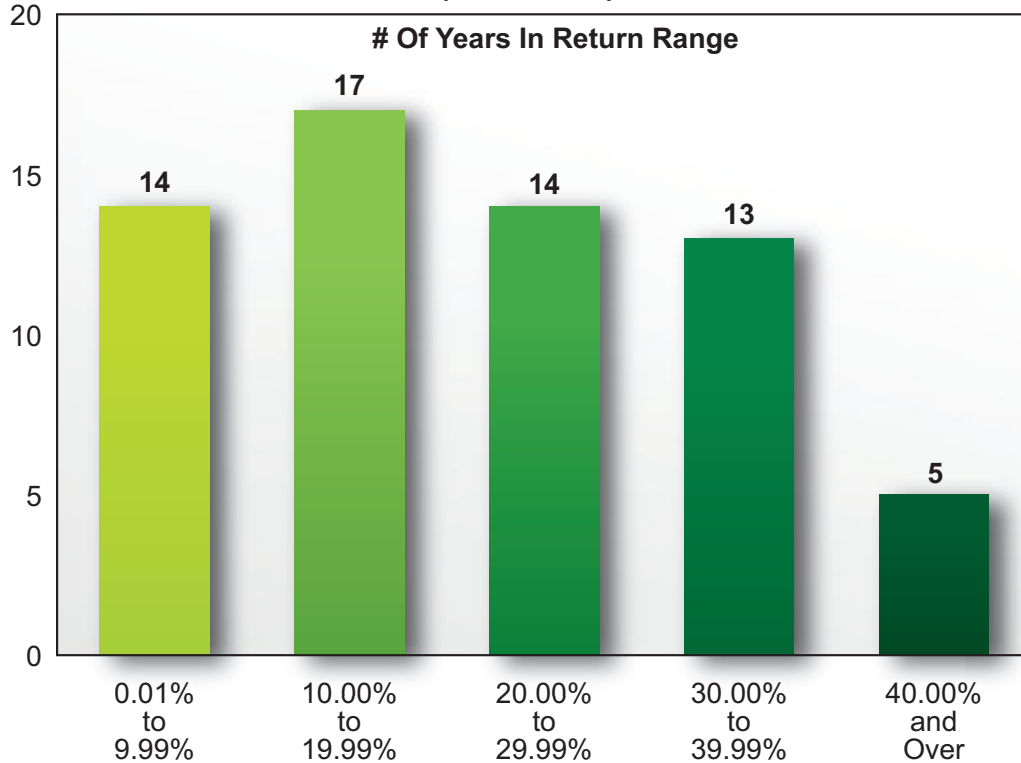


Accentuate The Positive

Number Of S&P 500 Positive Total Return Calendar Years
(1926-2012)



Source: Ibbotson Associates/Morningstar

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, yet many investors remain skeptical.
2. From 1926 through 2012, the S&P 500 posted a positive total return in 63 of the 87 calendar years, or 72.4% of the time, according to Ibbotson Associates/Morningstar. The index posted a 9.8% average annual total return over that period.
3. Y-T-D through October, the S&P 500 is up over 25.0%, on pace for its 64th positive year out of the last 88, or 72.7% of the time. Since 1926, the index has returned between 20.00% and 29.99% a total of 14 times (not including 2013).
4. Despite the strong performance of the S&P 500 in 2013, for every dollar investors have put into U.S. Equity/Sector mutual funds (as of 9/13) they have committed \$2.25 to International Equity mutual funds, according to Morningstar.
5. In our opinion, many investors are still conflicted about committing capital to U.S. equities in light of the various scandals, lack of institutional control and general turmoil that has plagued the markets since 2000.
6. Investors should take some solace in the fact that 17 of the 24 calendar years in which the S&P 500 has posted a negative total return occurred prior to 1975, according to data from Ibbotson Associates/Morningstar.
7. We encourage investors to take another hard look at U.S. Stocks. Bloomberg estimates that the 2014 earnings growth rate on the S&P 500 will be 10.82%, with a price-to-earnings ratio of 14.36, well below its 50-year average of 16.45.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. 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.