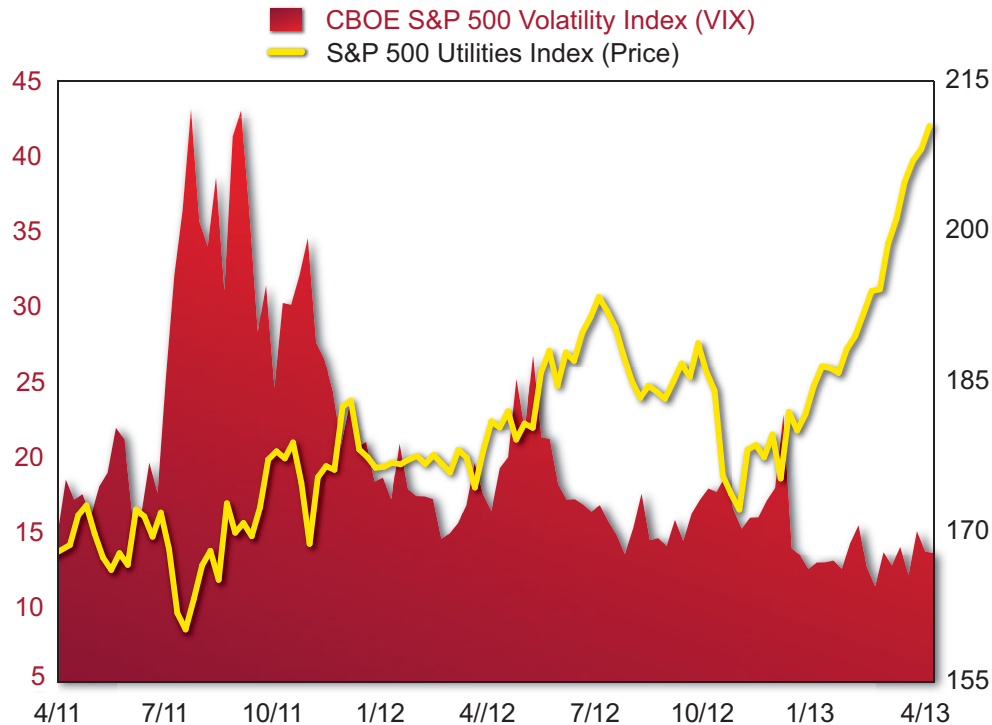


Nothing To Fear But Fear Itself So Far In 2013

S&P 500 Utilities Index vs. CBOE S&P 500 Volatility Index



Source: Bloomberg. Data is weekly from 4/29/11 through 4/30/13.

View from the Observation Deck

1. For those income-oriented investors currently using utility stocks as an alternative to Treasuries or other low-yielding fixed-income securities – we follow your logic.
2. For those investors who have been shifting capital into utility stocks in 2013 in an effort to assume more of a defensive posture on the market – we don't think the data supports such concerns.
3. The utility sector is the 3rd best performing S&P 500 sector so far this year, up over 18.0% (price-only), as measured by the S&P 500 Utilities Index. The top two sectors, health care and consumer staples, are also defensive in nature.
4. The VIX Index is down 25% through the first four months of 2013. The index stood at 13.52 on 4/30/13, well below its 10-year average of 20.46, according to Bloomberg. The "fear factor" isn't there, in our opinion.
5. The VIX Index is a widely followed measure of expected future market volatility.
6. While investing in utility stocks has been a rewarding trade, we would caution investors to pay close attention to valuations at this juncture.
7. The 12-month forward-looking price-to-earnings (P/E) ratio on the S&P 500 Utilities Index is currently 16.76, well above its 10- and 20-year average P/Es of 14.91 and 14.61, respectively, according to Bloomberg.
8. Standard & Poor's estimates that the 2013 and 2014 earnings growth rates on the S&P 500 Utilities Index will be 4.0% and 4.4%, respectively. In line with its dividend yield of approximately 3.70%.

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 Utilities Index is a capitalization-weighted index comprised of S&P 500 constituents representing the utilities sector, while the Chicago Board Options Exchange Volatility Index (VIX) reflects a market estimate of future volatility via a weighted average of the implied volatilities from a wide range of strikes.