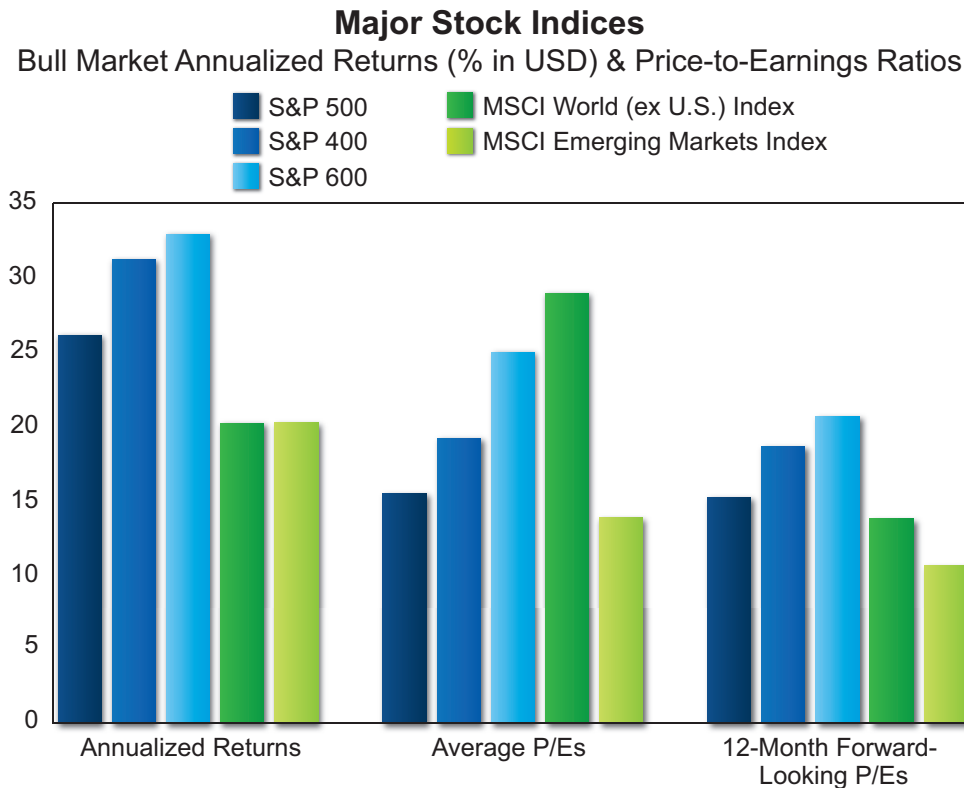


Sizing Up The Bull



Source: Bloomberg. Annualized returns and average P/E's from 3/9/09 through 7/15/13. Forward-looking P/E's as of 7/15/13.

View from the Observation Deck

1. Today's blog post is intended to provide investors with a snapshot of how five major stock indices have fared in the current U.S. bull market.
2. We included two foreign stock indices for comparative purposes. The MSCI World (ex U.S.) Index tracks developed nations, while the MSCI Emerging Markets follows developing nations.
3. From 3/9/09-7/15/13 (1,589 days), the best performing index of the five was the S&P 600 (small-caps), with an annualized gain of 32.73%.
4. It had the second highest average P/E ratio at 24.86, behind the 28.78 average P/E for the MSCI World (ex U.S.) Index.
5. The two foreign indices posted essentially the same annualized return: 20.11% for the MSCI World (ex U.S.) Index and 20.12% for the MSCI Emerging Markets Index.
6. Focusing on the forward-looking P/E ratios, the highest belongs to the S&P 600 at 20.54. The MSCI Emerging Markets Index is the lowest at 10.55.
7. The 2013 estimated earnings growth rates for all five are as follows: 9.2% (S&P 500); 19.1% (S&P 400); 30.3% (S&P 600); 33.6% (MSCI World); and 6.4% (MSCI Emerging Markets), according to Bloomberg.
8. The 2014 estimated earnings growth rates for all five are as follows: 11.6% (S&P 500); 15.0% (S&P 400); 21.7% (S&P 600); 12.0% (MSCI World); and 11.2% (MSCI Emerging Markets), according to Bloomberg.

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 used to measure large-cap U.S. stock market performance. The S&P 400 is a capitalization-weighted index which measures the performance of the mid-range sector of the U.S. stock market. The S&P 600 measures the small-cap segment of the U.S. stock market. The MSCI World (ex-U.S.) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.