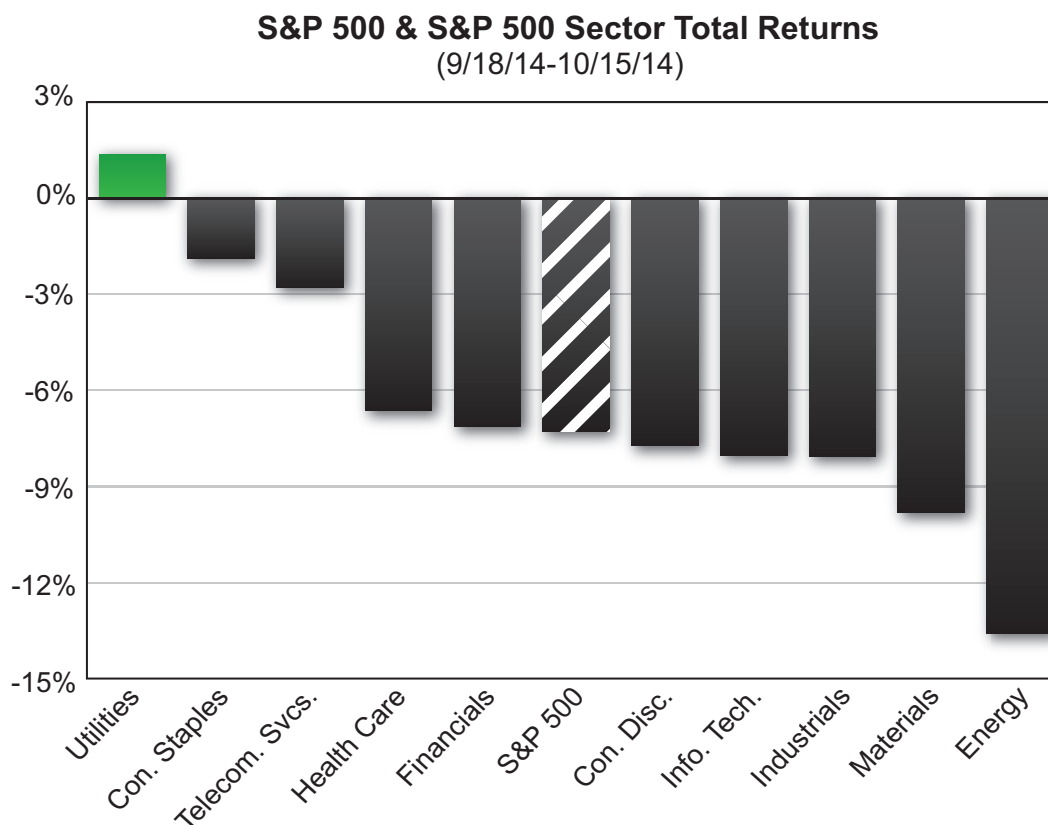


# The Fallout From The Recent Sell-Off In The Stock Market



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

## View from the Observation Deck

1. Sell-offs in the stock market may be hard to endure, but they do have the potential to create opportunities for investors once they have run their course.
2. Sell-offs have parameters in terms of how they are labeled. Here is a basic guide: Pullback (<10% decline); Correction (10% or more decline but <20%); and Bear Market (20% or more decline).
3. From 9/18/14 (S&P 500 all-time high) through 10/15/14, the S&P 500 posted a total return of -7.28%. On a price-only basis, the S&P 500 was down 7.40%. This indicates that the market is currently in pullback territory.
4. Investors might be monitoring this sell-off more closely than they normally would due to the fact that the S&P 500 has gone over three years without experiencing a correction. The norm is 18 months, according to S&P.
5. The only sector to post a positive total return in this pullback is Utilities, up 1.38%. The sector with the worst showing so far is Energy, down 13.58%.
6. To gauge where there might be potential opportunities looking ahead, consider the earnings growth estimates referenced below.
7. The following 2015 consensus earnings growth estimates (highest to lowest) are from Bloomberg (10/16): Consumer Discretionary (+18.57%); Materials (+18.48%); Information Technology (+12.46%); Health Care (+11.02%); Industrials (+10.71%); S&P 500 (+10.65%); Financials (+8.49%); Consumer Staples (+8.78%); Telecommunication Services (+6.56%); Energy (+5.84%); and Utilities (+2.73%).

*This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that the projections cited will occur. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance, while the 10 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.*