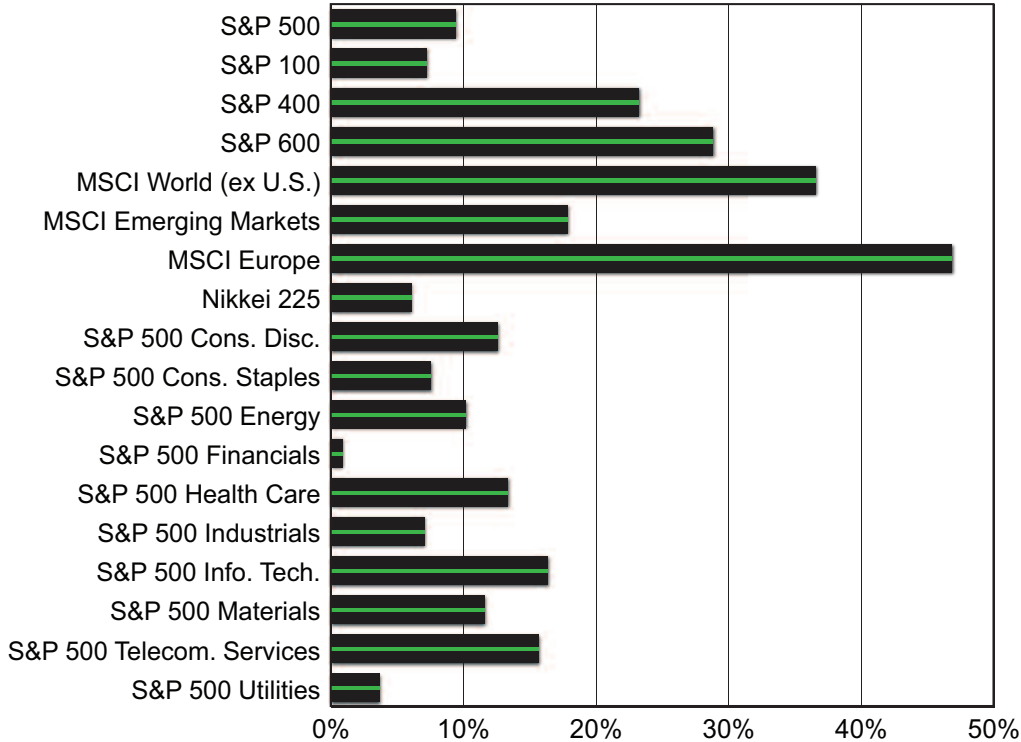


2014 Earnings Snapshot

2014 Estimated EPS Growth Rates For Major Equity Indices



Source: Bloomberg. As of 2/6/14. Past performance is no guarantee of future results.

View from the Observation Deck

1. Today's blog post is an updated version of one we did on 9/10/13 ("Focus On '14"). Earnings estimates are monitored and adjusted often throughout the calendar year.
2. The biggest difference between today's earnings growth rate estimates for 2014 and last September's is that there are currently 11 equity indices (see chart) with double-digit projections, compared to 15 on 9/10/13.
3. Of the 18 indices featured in the chart, the biggest upward adjustments to 2014 estimates were made to the MSCI Europe Index, 12.61% to 46.76%, MSCI World (ex U.S.) Index, 11.82% to 36.55%, MSCI Emerging Markets Index, 11.75% to 17.86%, and the S&P 500 Information Technology Index, 10.47% to 16.31%, according to data from Bloomberg.
4. While the estimates for the S&P 500 and S&P 100 (Mega-Capitalization Stocks) both dropped below the 10.00% level to 9.39% and 7.20%, respectively, they are still relatively attractive growth rates, in our opinion.
5. Why is 10.00% so relevant? From 1926-2013, the average annual total return on the S&P 500 was 10.08%, according to Ibbotson Associates/Morningstar.
6. The most notable drop was the estimate on the S&P 500 Financials Index, from 8.41% to 0.85%. New government regulations designed to moderate risk-taking by banking institutions likely contributed to the downward adjustment.

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. 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. The S&P 100 Index is a capitalization-weighted index based on 100 highly capitalized stocks selected from the S&P 500 for which options are listed. The S&P 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. 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. The MSCI Europe Index is a free-float weighted index designed to measure the performance of the developed equity markets in Europe. The Nikkei 225 Index is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.