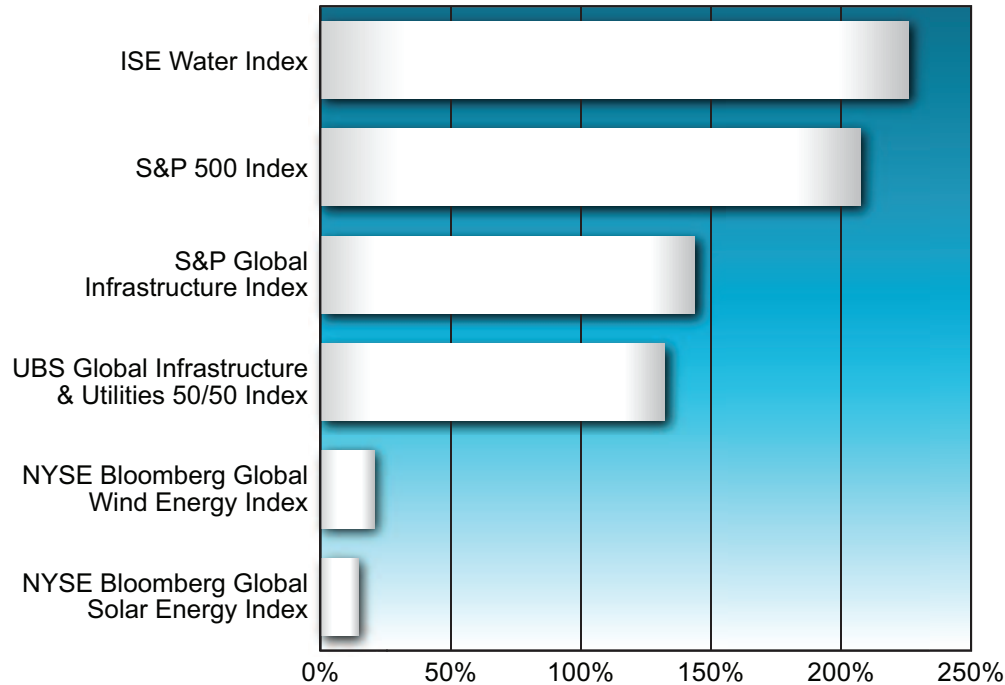


I'll Just Have Water, Thank You

Utility & Infrastructure-Related Indices vs. S&P 500
Cumulative Total Returns (3/9/09-3/12/14)



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

View from the Observation Deck

1. I'll just have water sounds like something you would hear at a restaurant, not in a discussion about investing in equities. When it comes to infrastructure stocks, however, water stands above them all, and the broader market, too.
2. At least that is the case so far in the current bull market, which turned five years old on 3/9/14. The ISE Water Index posted a cumulative total return of 225.8% (see chart), outpacing even the S&P 500's return of 207.4%.
3. Interest in infrastructure perked up about a decade or so ago for two main reasons: emerging markets were growing fast and in need of new infrastructure, while developed nations mostly needed to repair existing infrastructure.
4. These two reasons are just as valid today, in our opinion. The event that pushed this "front burner" theme to the "back burner" was the financial crisis in 2008. The capital needed for projects became much harder to come by after that event.
5. It appears that while some needs can be shelved until more prosperous times, access to fresh water doesn't seem to be one of them.
6. A global study released by Ernst & Young in 2013 cited that one possible solution moving forward would be to form more public/private partnerships to help build and finance infrastructure projects.
7. An increase in global growth economic growth wouldn't hurt either.

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. The ISE Water Index includes companies engaged in water distribution, water filtration, flow technology and other water solutions. The S&P Global Infrastructure Index provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. The UBS Global Infrastructure & Utilities 50/50 Index tracks a 50% exposure to the global developed market utilities sector plus a 50% exposure to the global developed market infrastructure sector. The NYSE Bloomberg Global Wind Energy Index is comprised of companies active across the wind energy value chain, including the manufacturing of wind energy equipment and the financing, development and operation of wind projects. The NYSE Bloomberg Global Solar Energy Index is comprised of companies active across the solar energy value chain, including the manufacturing of solar energy equipment and the financing, development and operation of solar projects.