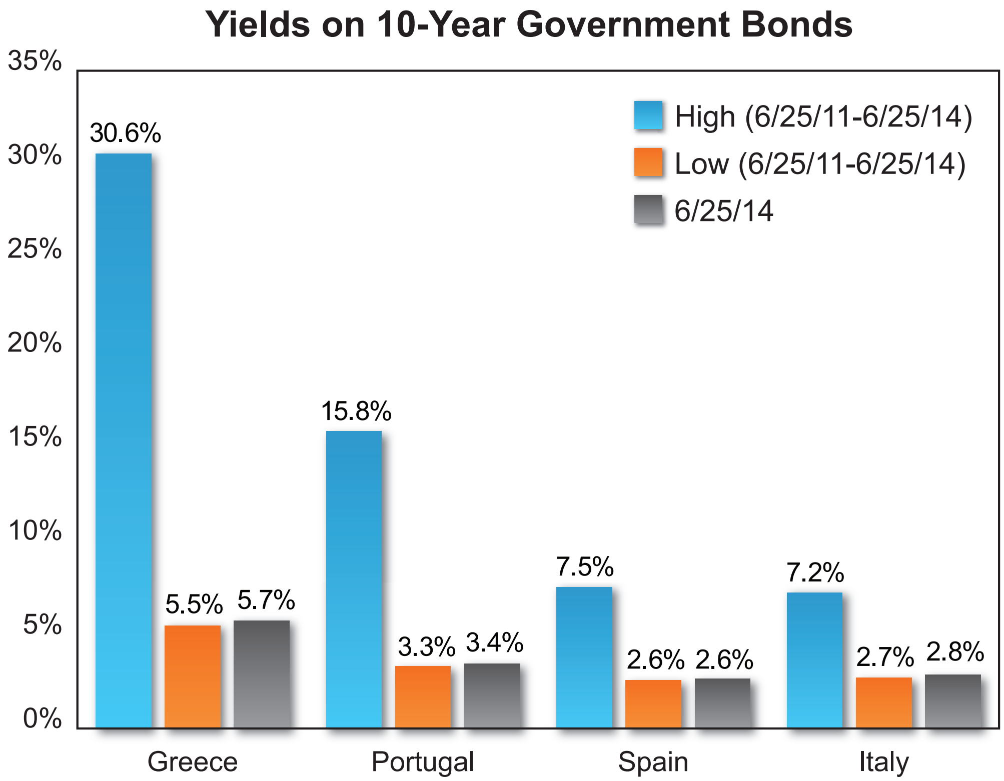
Eurozone's Sovereign Debt Crisis Appears To Be In Check



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

View from the Observation Deck

1. A number of European Union member countries and their respective banking institutions needed assistance to help repay or refinance their debt obligations following the 2008 global financial crisis.
2. The assistance, largely in the form of additional liquidity, would eventually come from the European Central Bank, the International Monetary Fund, and even some foreign central banks, such as the U.S. Federal Reserve.
3. The infusion of capital into the debt markets, in particular, helped calm fears and restore investor confidence levels, in our opinion.
4. Over the past three years, yields on 10-year government bonds in the PIGS (Portugal, Italy, Greece and Spain), which garnered the greatest level of concern, declined dramatically (see chart).
5. The reset in interest rates enabled Europe to exit its recession from Q2'12 through Q1'13. Real GDP growth in Europe has accelerated from 0.09% in Q2'13 to 1.41% in Q1'14.
6. The process has been so successful to date that Spain, which has a national unemployment rate of 25%, is paying roughly the same rate of interest on its 10-year government bonds as the U.S.
7. While Europe is by no means out of the woods yet, the climate is far better today than three years ago.

The chart and performance data referenced are for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur.