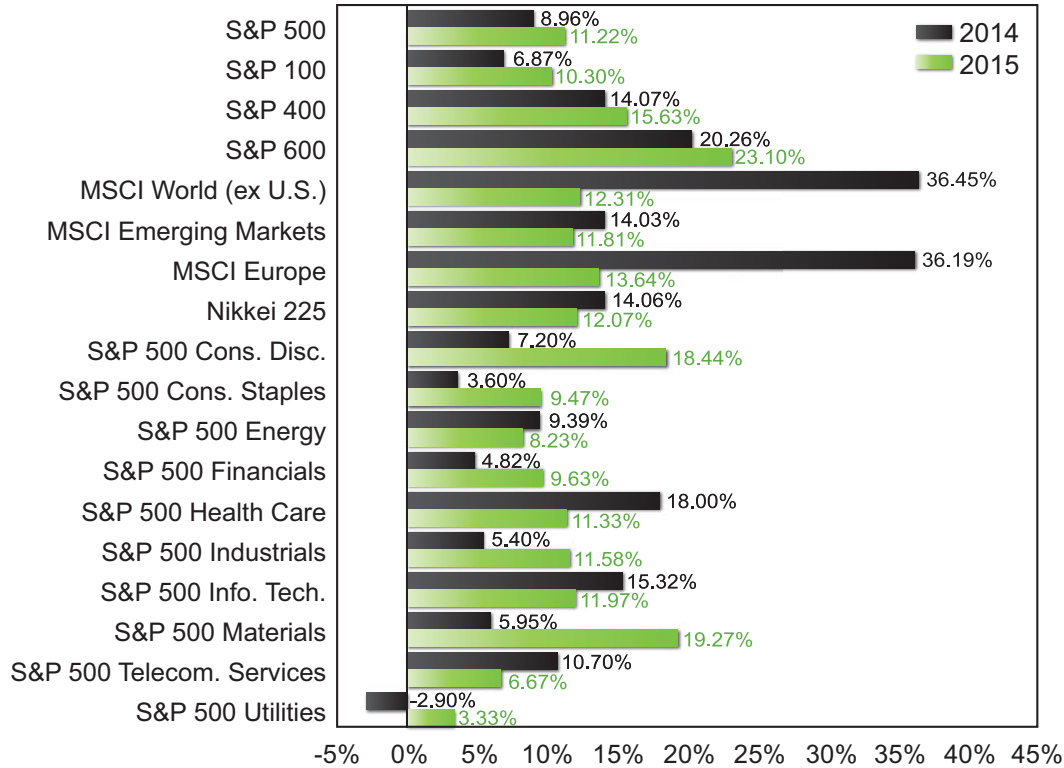


It's Time To Look Ahead To 2015

2014 & 2015 Estimated EPS Growth Rates For Major Equity Indices



Source: Bloomberg. As of 7/31/14. Past performance is no guarantee of future results.

View from the Observation Deck

1. Today's blog post is an update of one we did on May 8, 2014. Now that we have passed the midyear point in 2014, we believe it is prudent to include Bloomberg's consensus estimates for 2015 to provide some additional guidance.
2. With respect to the 2014 earnings growth rate estimates (7/31 vs. 5/8), targets on 11 of the 18 indices in the chart were raised, including 8 of the 10 S&P 500 sectors.
3. The 2014 earnings growth estimates for the S&P 500, S&P 100 and MSCI Emerging Markets indices were increased markedly.
4. While the 2014 earnings growth rate estimates for the industrials and materials sectors were trimmed, 2015 estimates forecast double-digit growth for both.
5. When comparing estimates for 2015 with 2014, earnings growth rates are expected to be higher in 10 of the 18 indices.
6. The outlook for 2015 is encouraging, in our opinion, with 13 of the 18 indices forecasted to post double-digit earnings growth rates.

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.