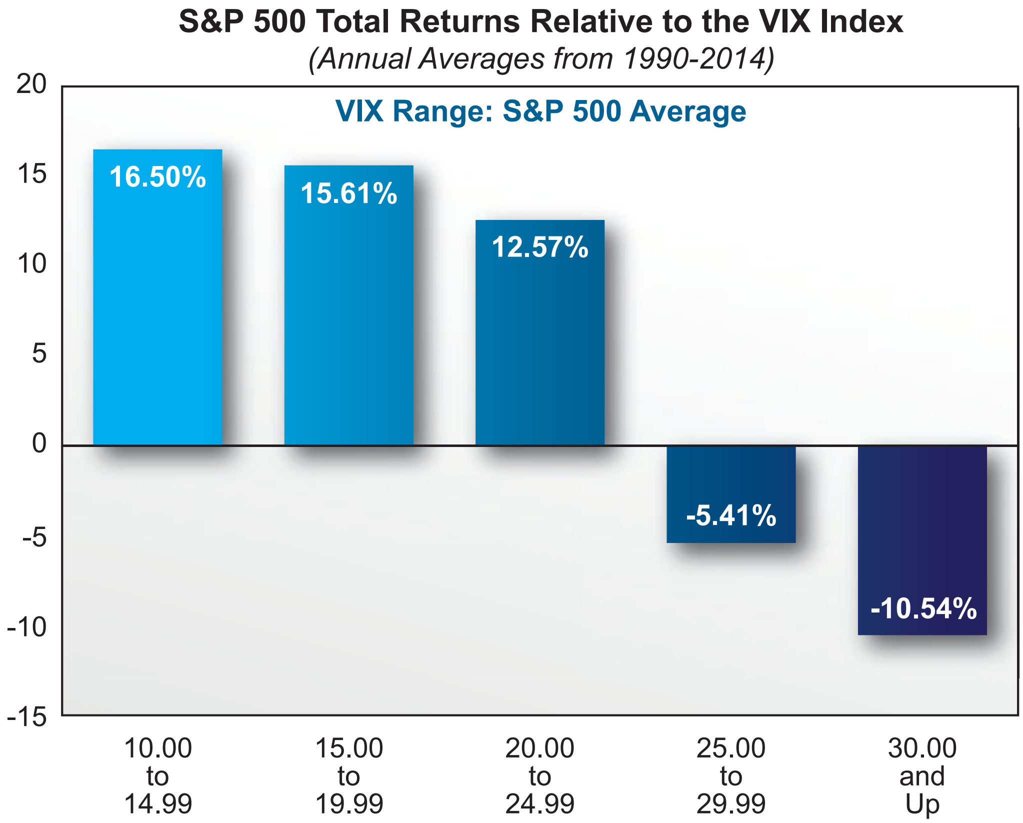
Keep One Eye On The VIX Index And The Other On The S&P 500's Total Return



Sources: Bloomberg, Ibbotson Associates/Morningstar. Past performance is no guarantee of future results.

View from the Observation Deck

1. The VIX Index uses S&P 500 options activity to gauge investors' expectations of volatility. It represents a 30-day measure. It is often referred to as the "fear index" by the financial media.
2. From 1990 through 2014, the average reading on the VIX Index was approximately 20, according to data from Bloomberg. As indicated in the chart, the S&P 500 performs better when the VIX is below 20.
3. Over that 25-year period, the VIX Index posted an annual average below 20 a total of 13 times. The S&P 500 posted a positive total return in each of those 13 years.
4. With respect to the 12 years in which the VIX Index annual average was above 20, the S&P 500 posted a positive total return in seven of those years. So a reading above 20 does not necessarily reflect a down year for the S&P 500.
5. In all, the S&P 500 posted a positive total return in 20 of the past 25 years. In three of the five cases in which the total return was negative, the VIX Index posted an annual average above 25 (2001, 2002 & 2008).
6. The VIX Index closed at 20.95 on 1/16/15.

This chart is for illustrative purposes only and not indicative of any actual investment. 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 VIX Index (The CBOE Volatility Index®) estimates expected volatility by averaging the weighted prices of S&P 500 puts and calls over a wide range of strike prices.