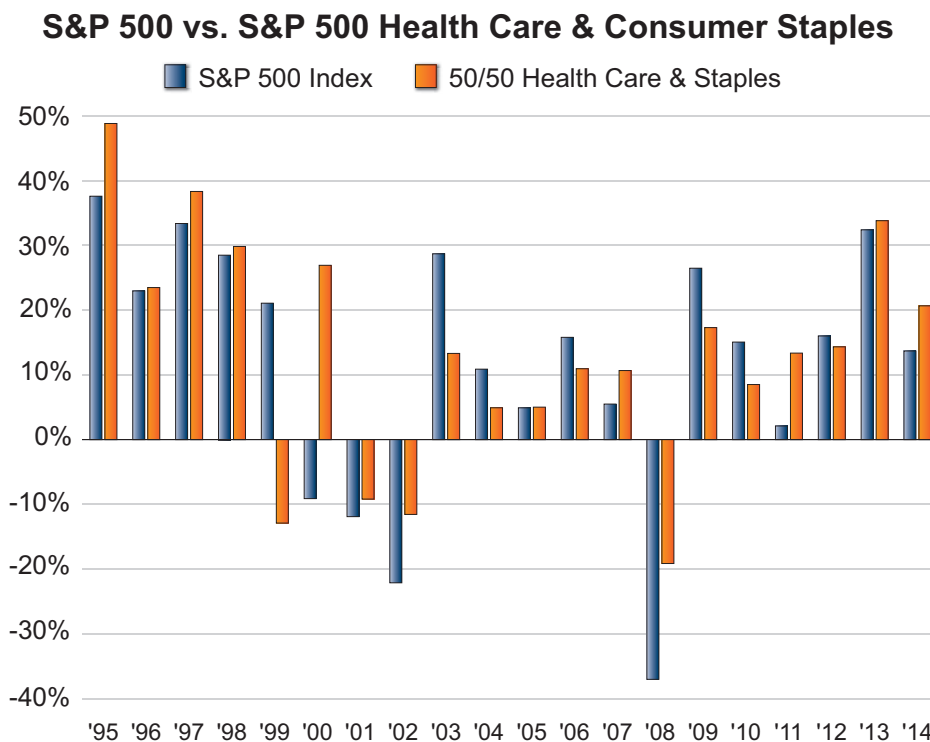


This 50/50 Sector Combo Has Captured Upside While Mitigating Much Of The Downside



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

View from the Observation Deck

1. Today's blog post is an equity investment approach targeting those investors who are concerned about the risks associated with owning common stocks over time.
2. From 1995 through 2014, a 50/50 split between the S&P 500 Health Care Index and the S&P 500 Consumer Staples Index would have posted an average annual total return of 12.02%, compared to 9.85% for the S&P 500, according to Bloomberg.
3. From 1926-2014, the S&P 500 posted an average annual total return of 10.12%, according to Ibbotson Associates/Morningstar. That is in line with the 9.85% average annual total return for the 20-year period ended 2014.
4. Health Care and Consumer Staples are often characterized as "defensive" sectors, based largely on the premise that demand for their goods and services tends to be far less cyclical than most other major sectors.
5. We chose to exclude Utilities, also considered by many to be defensive in nature, because, unlike the other two sectors, they are inherently vulnerable to interest rate fluctuations due to an emphasis on dividend distributions.
6. In the period depicted in the chart, the 50/50 split between the S&P 500 Health Care Index and S&P 500 Consumer Staples Index outperformed the S&P 500 in 13 out of the 20 calendar years, or 65% of the time.
7. History shows that investors can employ a defensive bias in the stock market and still grow their capital, in our opinion.

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 S&P 500 Health Care Index and S&P 500 Consumer Staples Index are capitalization-weighted indices comprised of S&P 500 constituents operating in the health care and consumer staples sectors.