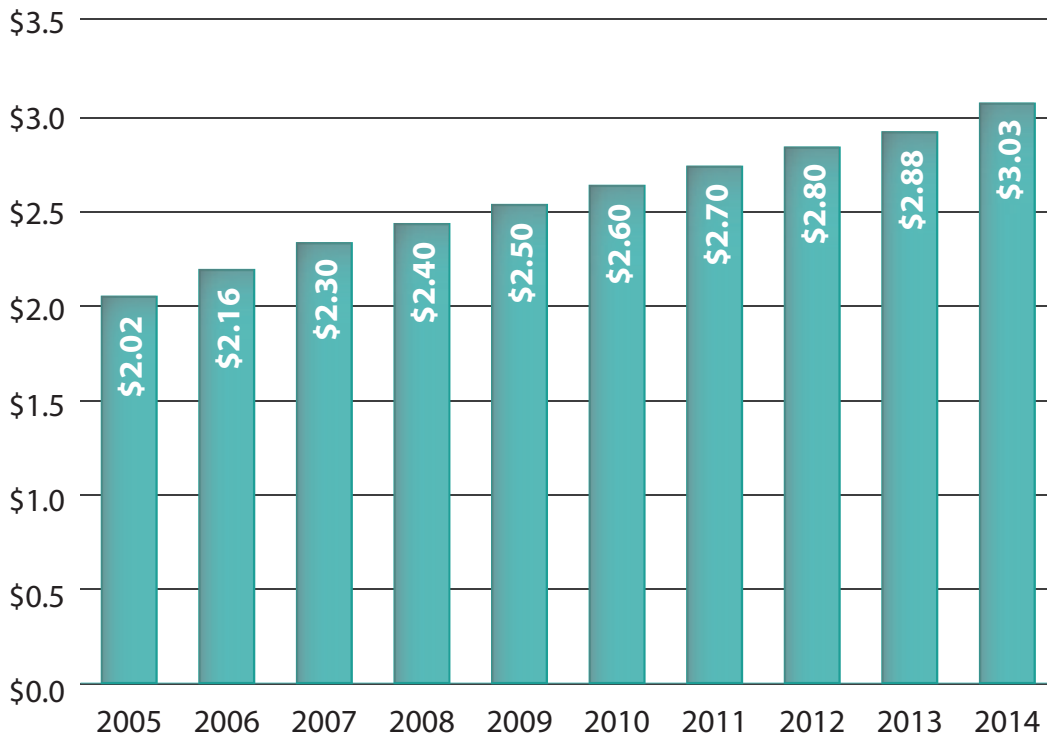


Health Care Stock Returns Outpacing Rise In Health Care Expenses

Annual U.S. Health Consumption Expenditures (\$ Trillions)



Source: Centers for Medicare & Medicaid Services

View from the Observation Deck

1. Today's blog post is another attempt to show that investors have a potential long-term remedy for mitigating rising health care costs – owning health care stocks.
2. As indicated in the chart, the total cost of health care consumption in the U.S. rose by 50%, to \$3.03 trillion, for the 10-year period ended 2014.
3. Over that same period (2005-2014), the S&P 500 Health Care Index posted a cumulative total return of 174.79%, or an average annual return of 10.63%, according to Bloomberg.
4. Even after factoring in the broader level of insurance coverage stemming from the Affordable Care Act, the average American has out-of-pocket expenses amounting to 11% of their health spending, according to MarketWatch.
5. HealthView Services, a company that provides health care cost-projection software, estimates that the average American couple could spend \$395,000 in health expenses, including dental, vision, copays and out-of-pocket expenses, in retirement, according to Bankrate.
6. In 2013, medical debt was the leading cause of personal bankruptcy in the U.S., according to USA TODAY. It also cited a survey by the Commonwealth Fund that found that 64 million Americans struggled to pay medical bills in 2014.

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. There can be no assurance that any of the projections cited will occur. The S&P 500 Health Care Index is a capitalization-weighted index comprised of S&P 500 constituents operating in the health care sector.