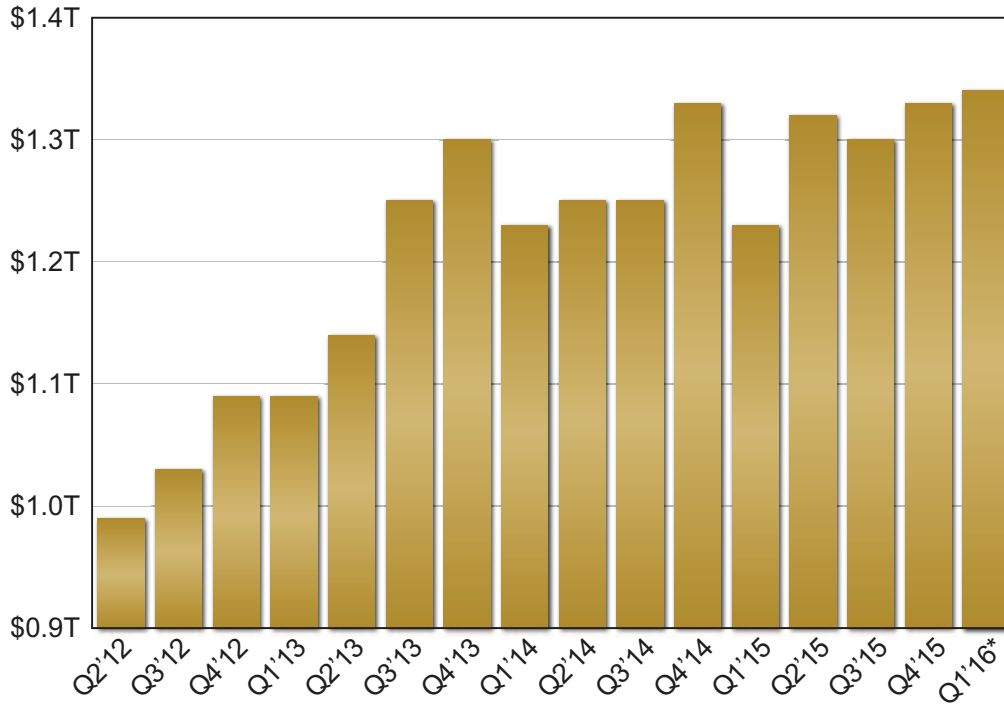


The Corporate Cash Stash Continues To Inch Higher

S&P 500 Industrials (Old) Cash & Equivalents



Source: S&P Dow Jones Indices. *Q1'16 amount is preliminary.
S&P 500 Industrials (Old) is defined as the S&P 500 minus Financials, Utilities and Transportation companies.

View from the Observation Deck

1. S&P 500 Index companies have been rewarding shareholders in recent years by increasing stock dividend payouts as well as repurchasing company stock in an effort to boost earnings-per-share growth.
2. For example, in Q1'16, preliminary data indicates that S&P 500 companies spent \$160 billion on stock buybacks, the second highest amount on record behind the \$172 billion spent in Q3'07, according to S&P Dow Jones Indices.
3. Keep in mind that S&P 500 companies also utilize capital for such things as mergers and acquisitions, investment in plants and factories, and to purchase software and equipment.
4. In Q1'16, preliminary data puts cash and equivalents at a record \$1.34 trillion (see chart).
5. Despite the sluggish pace of economic growth that has plagued the current recovery since it began in the second half of 2009, cash and equivalents increased by approximately \$350 billion from Q2'12-Q1'16.
6. Our take on this is that despite all of the negative news bombarding investors on an ongoing basis, there are silver linings if you look for them. And we do.

This chart is for illustrative purposes only and not indicative of any actual investment. 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.