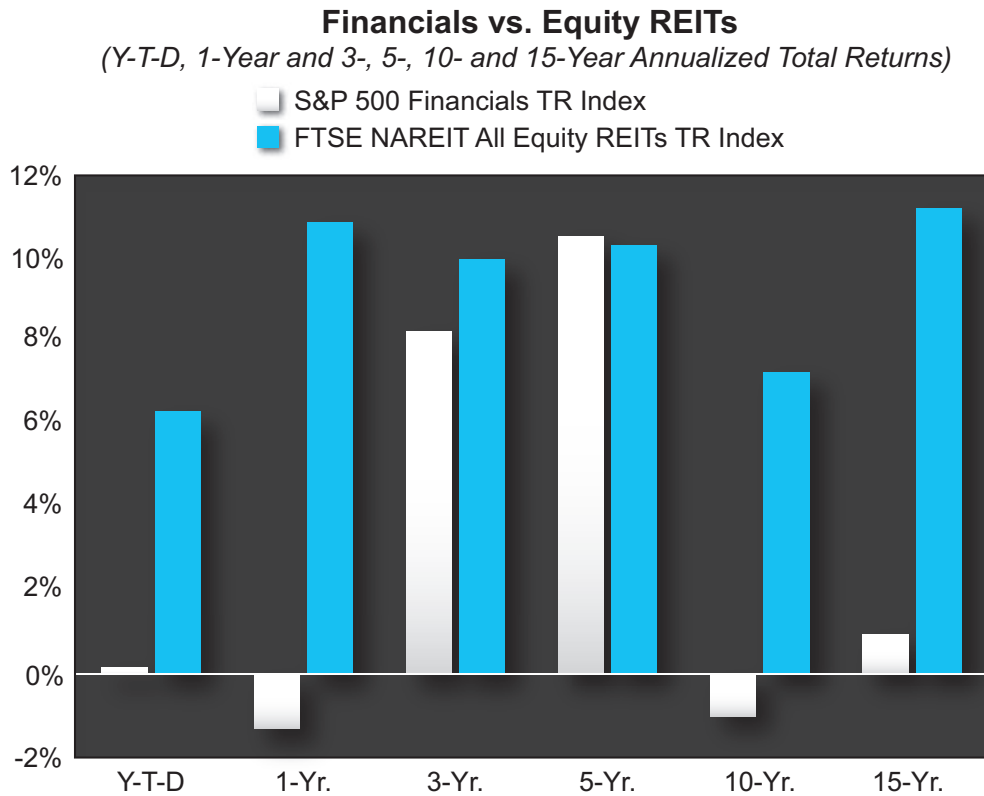


Equity REITs Have Shined Relative To Financials Over The Past 15 Years



Source: Bloomberg. Data thru 5/31/16. Past performance is no guarantee of future results.

View from the Observation Deck

1. On September 16, S&P Dow Jones Indices will be adding an 11th sector to the S&P 500 Index: Real Estate Investment Trusts (REITs), according to its own release.
2. Currently, REITs are classified as an industry group within the financial sector. Today's chart shows the relative performance of equity REITs and Financials for standard time periods.
3. The only time that Financials outperformed equity REITs was for the five-year period ended 5/31/16 (see chart). The strong showing by REITs, as well as extensive analysis and feedback from investors and analysts, led to the decision to spinoff equity REITs as its own sector, according to S&P Dow Jones Indices.
4. It is important to note that equity REITs have benefitted from the decline in interest rates over the past 15 years, in our opinion. From 5/31/01 to 5/31/16, the federal funds target rate (upper bound) fell from 4.00% to 0.50%, while the yield on the 10-Year Treasury Note dropped from 5.38% to 1.85%, according to Bloomberg.
5. Year-to-date through May, investors funneled an estimated net \$3.21 billion into Real Estate mutual funds and exchange-traded funds, compared to net outflows totaling \$4.89 billion for the Financial category, according to Morningstar.

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 FTSE NAREIT All Equity REITs Index is a free float adjusted market capitalization-weighted index that includes all tax qualified REITs listed on the major U.S. exchanges, while the S&P 500 Financials Index is a capitalization-weighted index comprised of financial constituents.