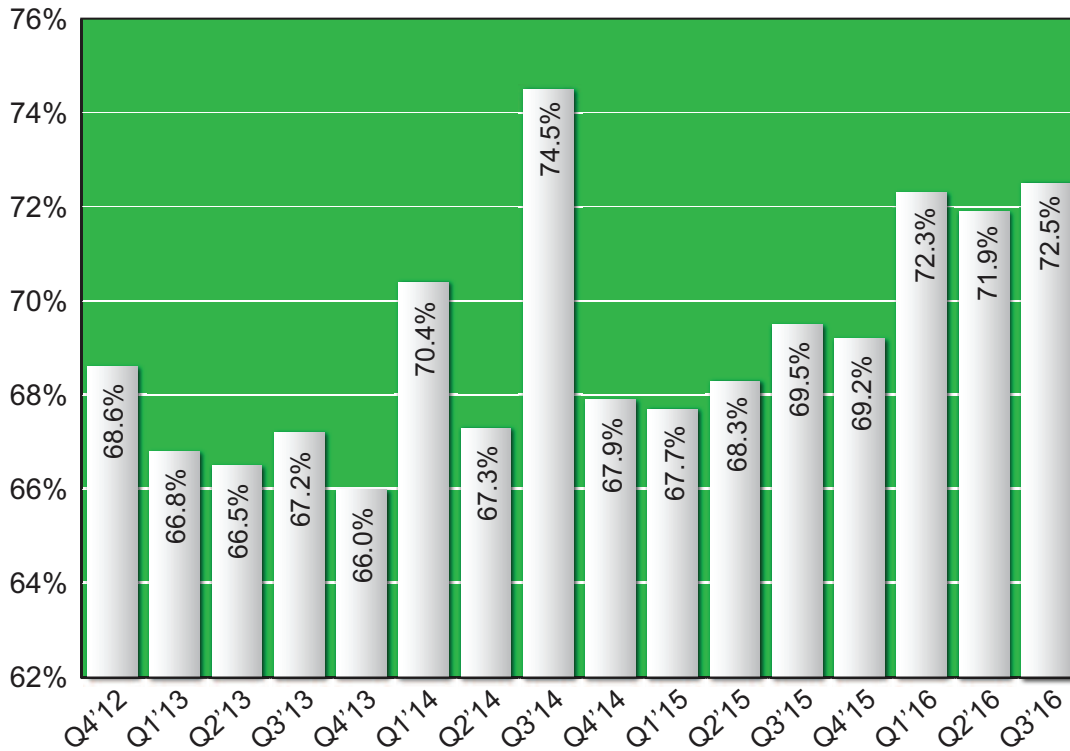


A Snapshot Of The S&P 500 Index Earnings Beat Rate

% of S&P 500 Companies That Beat Their Quarterly Earnings Estimates



Source: Bloomberg

View from the Observation Deck

1. As we head into corporate earnings season featuring Q4'16 results, we thought it would be a good time to review the percentage of S&P 500 Index companies that top their earnings estimates on a quarterly basis. The index currently has 505 constituents.
2. From Q4'12 through Q3'16 (16 quarters), the average quarterly earnings beat rate for the 500 companies that comprise the index was 69.2%, matching the results posted a year ago in Q4'15.
3. As indicated in the chart, the beat rate over the past three quarters has exceeded the 69.2% average over the past 16 quarters.
4. Equity analysts adjust their corporate earnings estimates on an ongoing basis. Regardless of whether they adjust their estimates up or down, companies typically have a consensus target number or range to hit.
5. The S&P 500 Index posted a total return of 11.96% in 2016, according to Bloomberg. From 12/31/12 through 12/30/16, the index posted an average annual total return of 14.33%.
6. On a dollar basis, Bloomberg's 2016, 2017 and 2018 consensus earnings estimates for the S&P 500 Index stood at \$107.15, \$130.06 and \$145.52, respectively, as of 1/17/17.

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.