

# A Snapshot of Volatility and Stocks

## Annual Change in CBOE SPX Volatility Index (VIX) and S&P 500 Index Total Returns

Year	VIX High	VIX Low	VIX Average	S&P 500 Total Return
2003	34.69	15.58	21.98	28.68%
2004	21.58	11.23	15.48	10.88%
2005	17.74	10.23	12.81	4.91%
2006	23.81	9.90	12.81	15.79%
2007	31.09	9.89	17.54	5.49%
2008	80.86	16.30	32.69	-37.00%
2009	56.65	19.47	31.48	26.46%
2010	45.79	15.45	22.55	15.06%
2011	48.00	14.62	24.20	2.11%
2012	26.66	13.45	17.80	16.00%
2013	20.49	11.30	14.23	32.39%
2014	26.25	10.32	14.18	13.69%
2015	40.74	11.95	16.67	1.38%
2016	28.14	11.27	15.83	11.96%
2017	16.04	9.14	11.09	21.83%

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

## View from the Observation Deck

1. The Chicago Board Options Exchange (CBOE) SPX Volatility Index (VIX) uses S&P 500 Index options activity to gauge investors' expectations of volatility. It represents a 30-day measure. It is often referred to as the "fear index" by the financial media.
2. From 2000 through 2017, the average reading on the VIX Index was 19.88, according to data from Bloomberg.
3. The recent 10.1% correction in the S&P 500 Index (not shown in chart) from its all-time on 1/26/18 through 2/8/18 was accompanied by a surge in the VIX Index, from a reading of 11.08 at the close on 1/26/18 to as high as 37.32 at the close on 2/5/18, according to Bloomberg. It closed at 19.26 on 2/14/18 (not shown in table), in line with its 19.88 average since the start of 2000.
4. As indicated in the table, with the exception of 2008 (financial crisis), the VIX Index can fluctuate dramatically on an intra-year basis, without negatively impacting the performance of the S&P 500 Index.
5. Volatility was very low in 2017. We expect it to be higher in 2018, especially following the recent spike, but do not believe it is something investors should fear.

*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. The VIX Index (The CBOE SPX Volatility Index®) estimates expected volatility by averaging the weighted prices of S&P 500 puts and calls over a wide range of strike prices.*

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