

For Those Equity Investors Concerned About Valuation Levels

Historical S&P 500 Index P/E Ratios and Total Returns

Period	Average P/E	Average Annual Total Return
1960-1969	17.75	7.81%
1970-1979	12.80	5.87%
1980-1989	12.19	17.54%
1990-1999	21.43	18.16%
2000-2009	19.80	-0.95%
2010-2018	17.70	11.71%
1960-2018	16.93	9.79%

Source: Bloomberg. Data is through 12/31/18. Past performance is no guarantee of future results.

View from the Observation Deck

1. In the table above, the line shaded in yellow shows the S&P 500 Index's average price-to-earnings (P/E) ratio and average annual total return from 1960 through 2018. It offers a long-term perspective on the stock market.
2. One of our key takeaways from the table is the 9.79% average annual total return from 1960 through 2018, because it is essentially in line with the index's average annual total return of 9.99% from 1926-2018 (not shown in table), according to Ibbotson & Associates/Morningstar.
3. While the average P/E on the S&P 500 Index from 2010 through 2018 was 17.70, the trailing 12-month P/E stood at 16.64 as of 12/31/18 (not shown in table), below the 16.93 average P/E since 1960, according to Bloomberg.
4. As of 2/11/19, Bloomberg's consensus estimated P/E ratios for year-end 2019 and 2020 were 16.15 and 14.55, respectively.
5. The S&P 500 Index is currently at its cheapest levels relative to forward-looking earnings since 2013, according to *Money*.

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 and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance.

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