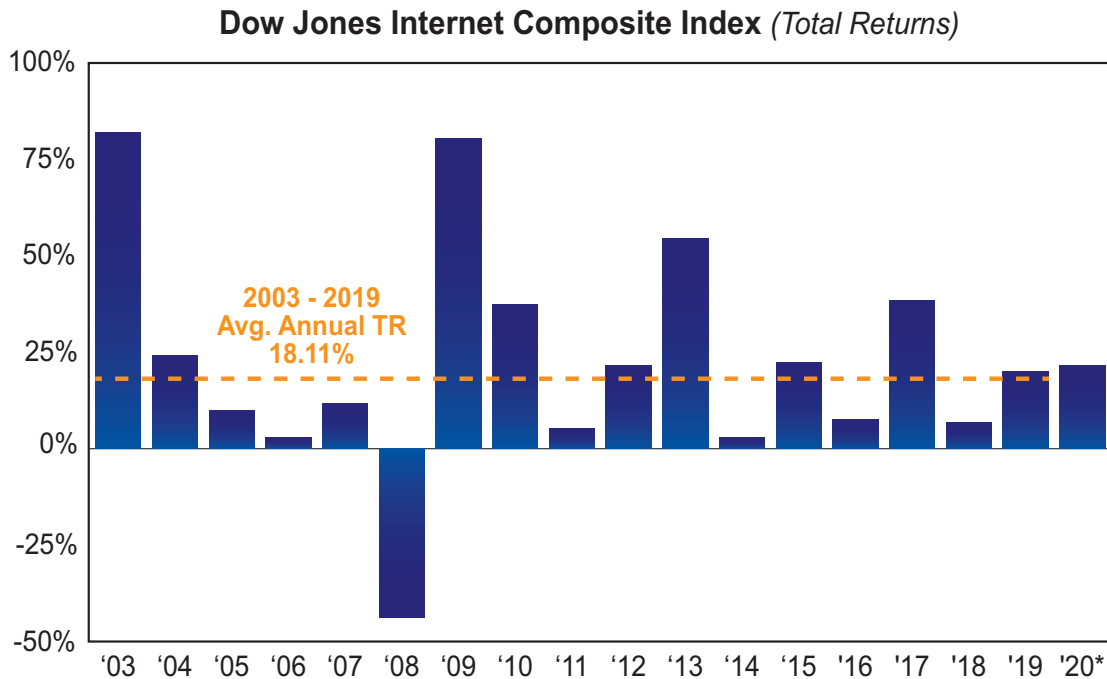


# How Internet Stocks Have Fared Since The End Of 2002



Source: Bloomberg. \*YTD through 6/24/20. **Past performance is no guarantee of future results.**

## View from the Observation Deck

1. Today's chart shows the performance of internet-related stocks following the end of the technology sector-led bear market ("dot-com crash") that ran from 3/24/00 through 10/09/02, as measured by the S&P 500 Index.
2. As indicated in the chart, from 12/31/02-12/31/19, the Dow Jones Internet Composite Index posted an average annual total return of 18.11%, compared to 10.17% for the S&P 500 Index (not in chart), according to Bloomberg.
3. The 10.17% average annual return is in line with the historical norm for the S&P 500 Index. From 1926-2019 (94 years), the S&P 500 Index posted an average annual total return of 10.20%, according to Morningstar/Ibbotson Associates.
4. On a cumulative total return basis, the Dow Jones Internet Composite Index was up 1,594.09% from 12/31/02-12/31/19. For comparative purposes, total U.S. retail e-commerce sales (seasonally adjusted) rose from \$12.74 billion in Q1'03 to \$160.33 billion in Q1'20, or an increase of 1,158.48%, according to data from the Census Bureau and the Federal Reserve Bank of St. Louis.
5. As of May 2019, U.S. e-commerce retail sales were forecast to rise from an estimated \$586.92 billion in 2019 to \$969.70 in 2023, or an increase of 65.22%, according to eMarketer. Census Bureau data indicated that sales hit \$595.92 billion in 2019.
6. Internet stocks, on average, tend to carry a higher price-to-earnings (P/E) multiple than the broader stock market. From 12/31/02-6/24/20, the average P/E on the Dow Jones Internet Composite Index was 55.03, compared to 17.98 for the S&P 500 Index, according to Bloomberg.
7. As of 6/25/20, the Dow Jones Internet Composite Index's estimated year-end P/Es for 2020 and 2021 were 44.29 and 32.15, respectively, according to Bloomberg.
8. The Dow Jones Internet Composite Index posted \$10.90 per share in earnings in 2019. Bloomberg's consensus estimates for 2020 and 2021 were \$17.31 and \$23.84 per share, respectively, as of 6/25/20.

*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. There can be no assurance that any of the projections cited will occur. The Dow Jones Internet Composite Index is a modified capitalization-weighted index that tracks companies involved in Internet-related activities. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.*

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