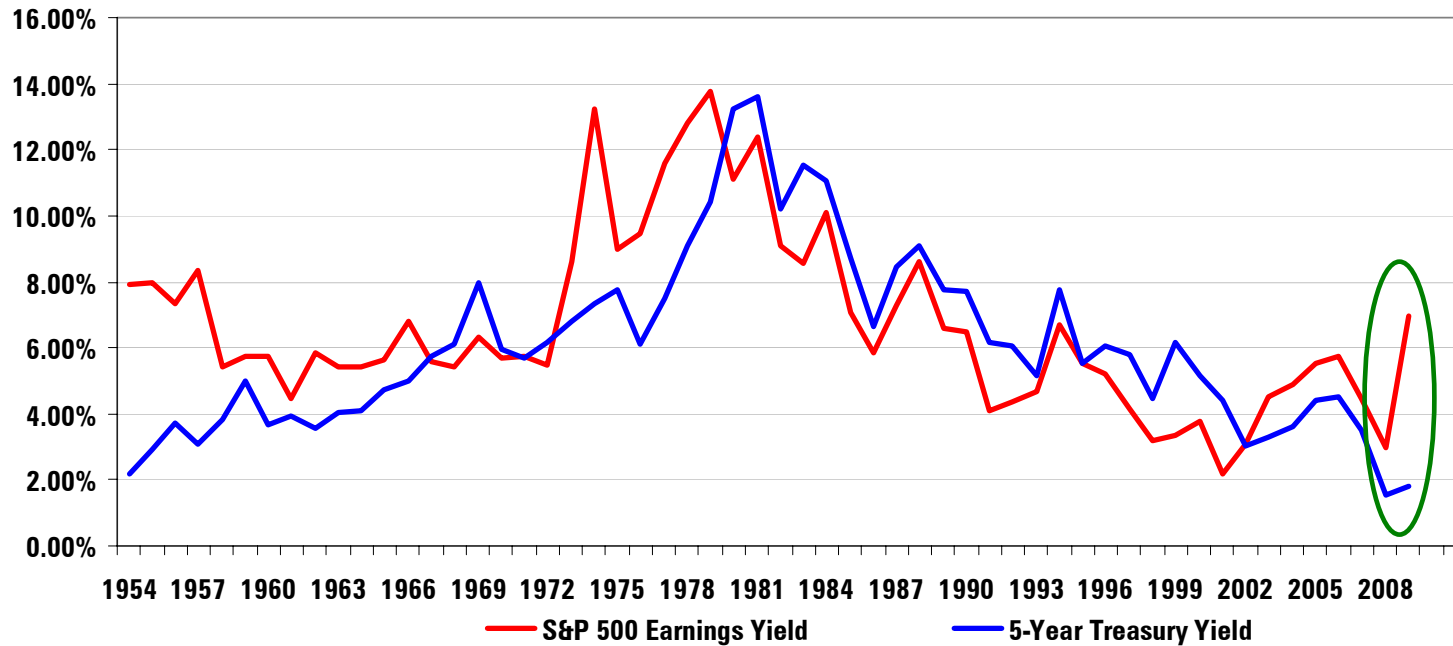


# Today's Price for Yesterday's Risk Realized vs. Perceived Risk

**S&P 500 Earnings Yield vs. 5-Year Treasury Yield**



- For nearly twenty years during the 80's and 90's, investors paid more for earnings than for the safety of 5-Year U.S. Treasury Bonds, with the expectation that future earnings would compensate them for risk-taking.
- With earnings yields higher than they have been since coming out of the early 1990's recession, prices may be based on yesterday's risk more than today's earnings.