

# U.S. EQUITY PERFORMANCE: DOW JONES INDUSTRIAL AVERAGE™—2013 YEAR IN REVIEW

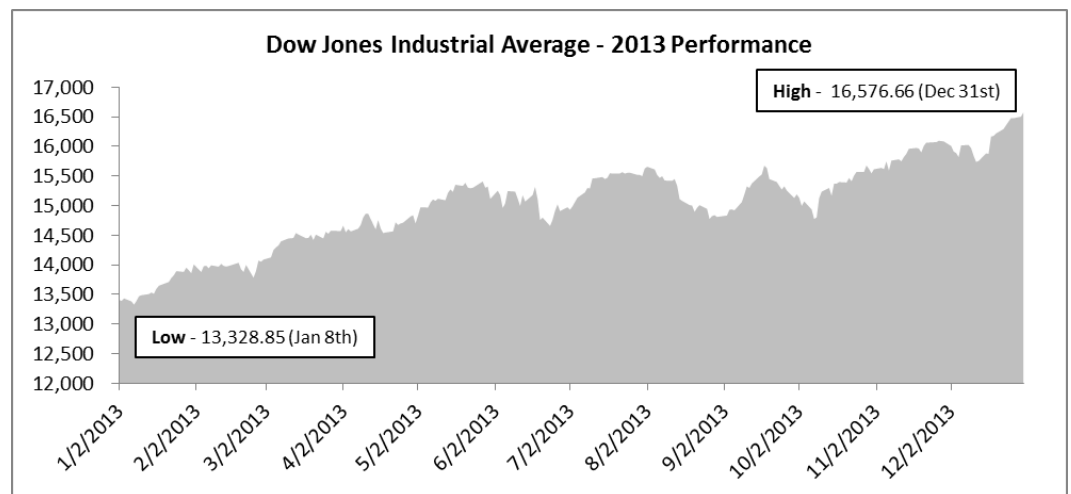
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AT A GLANCE

- **Impressive** – The Dow Jones Industrial Average finished the year at 16,576.66, up 3,472.52 or 26.50%. That performance leaves us with the latest in a series of record closes, the best annual percentage gain since 1995 and the largest annual point gain in history.
- **Leader & Laggard** – Boeing (BA) was the standout contributor of the Dow, adding 444.47 points in 2013. IBM subtracted 27.48 points to finish as the biggest detractor.
- **Industry Performance** – All industries added to the DJIA's advance in 2013. Industrials led, followed by Financials and Consumer Services.
- **The Good** – The biggest single-day point gain – up 323.09 or +2.18% – was posted on October 10. Despite finding themselves on Day 8 of the U.S. government shutdown, investors were heartened by indications that House Republicans would offer a deal to raise the debt ceiling.
- **The Bad** – The biggest single-day point loss – down 353.87 or -2.34% – was June 20 when the market had an – ahem – adverse reaction to Bernanke's comments about tapering of the Fed's bond-buying program.
- **Changes** – There were three additions/deletions in 2013: Hewlett Packard (HPQ), Alcoa (AA) and Bank of America (BAC) were removed after the close on September 20 and Goldman Sachs (GS), Visa (V) and Nike (NKE) were added for the opening of trading on September 23.
- **Dividends** – All 33 stocks that were components in 2013 paid cash dividends. Exxon paid out the most with nearly \$11 billion distributed to shareholders.



Source: S&P Dow Jones Indices. Past performance is not an indication of future results.

## PERFORMANCE STATISTICS

### Long-Term Performance

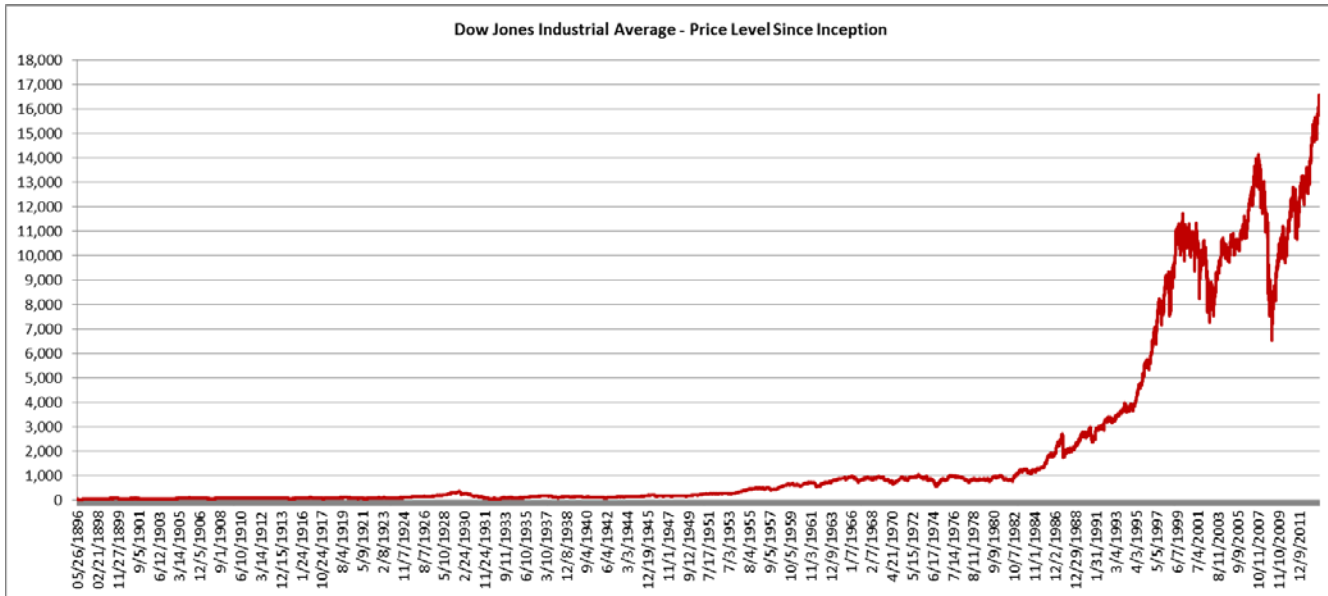
1 Year	3 Year	5 Year	7 Year	10 Year
26.50%	43.18%	88.88%	33.01%	58.57%

Source: S&P Dow Jones Indices. Past performance is not an indication of future results.

### Historical Annual Performance

2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
26.50%	7.26%	5.53%	11.02%	18.82%	-33.84%	6.43%	16.29%	-0.61%	3.15%

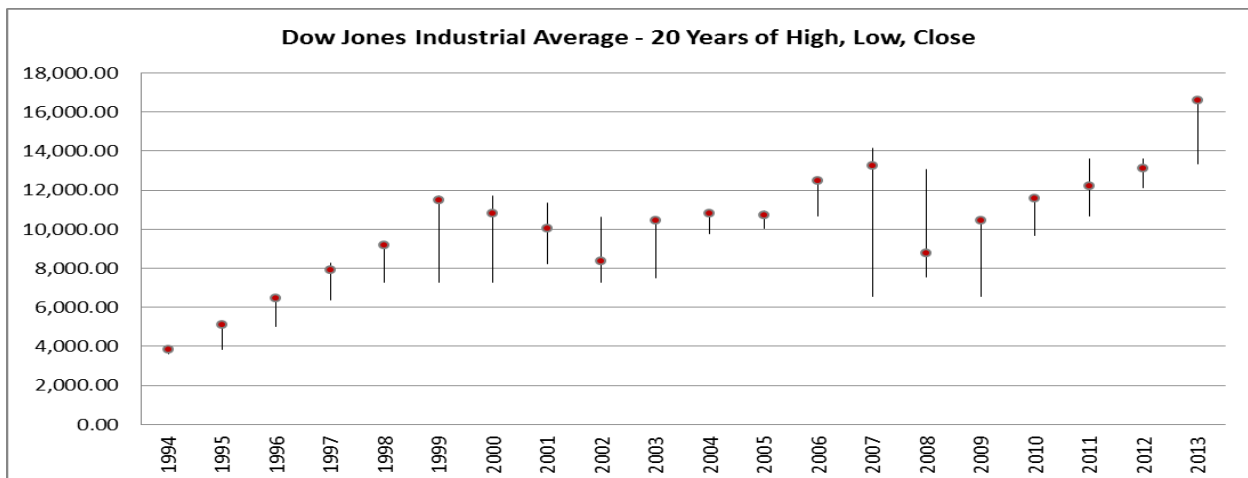
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## HIGH, LOW, CLOSE

- For only the second time in the past 20 years, the annual close was also the yearly high (2013 and 2003).
- Over the past 20 years, the annual close is on average ~6% off of the yearly high – in only 4 instances has that not been the case. The financial crisis in 2008 inflicted the most damage and left the close nearly 33% from that year's high.

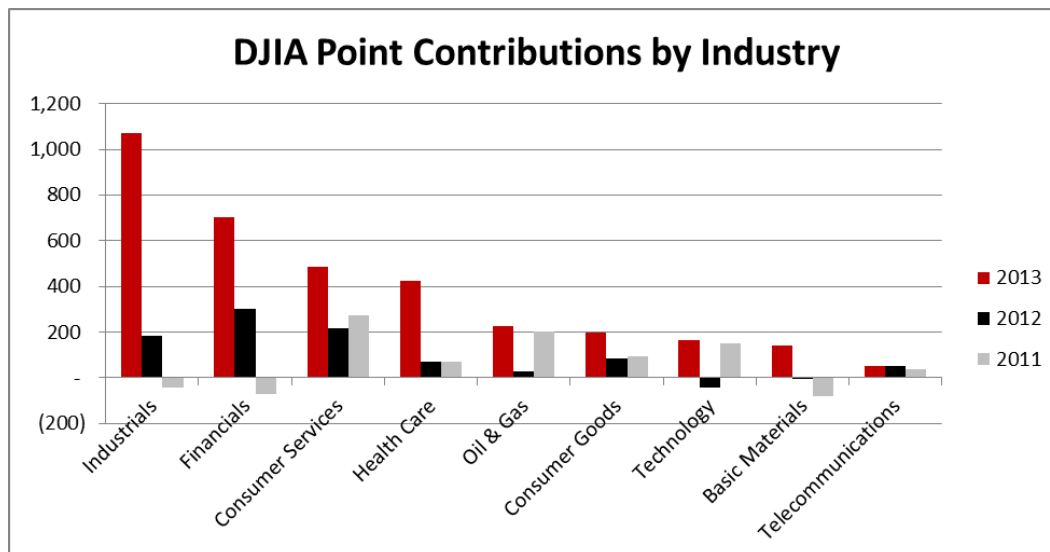


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## WHO HELPED, WHO DIDN'T

### By Industry

- Every industry made a positive contribution in 2013, an improvement over 2012 when Technology and Basic Materials detracted from the Average's advance.
- Industrials contributed the most to the DJIA in 2013, adding over 1,072 points. Financials and Consumer Services were the next in line, contributing ~704 and ~485 points respectively. Over the three-year period from 2011-2013, these industries also held the Top 3 positions, though Consumer Services nudges out Financials for the #2 spot with Industrials firmly in 1<sup>st</sup> place.
- While all ended with gains, Telecommunications (+53.45 points), Basic Materials (+143.62 points) and Technology (+164.55 points) were the least productive industries.

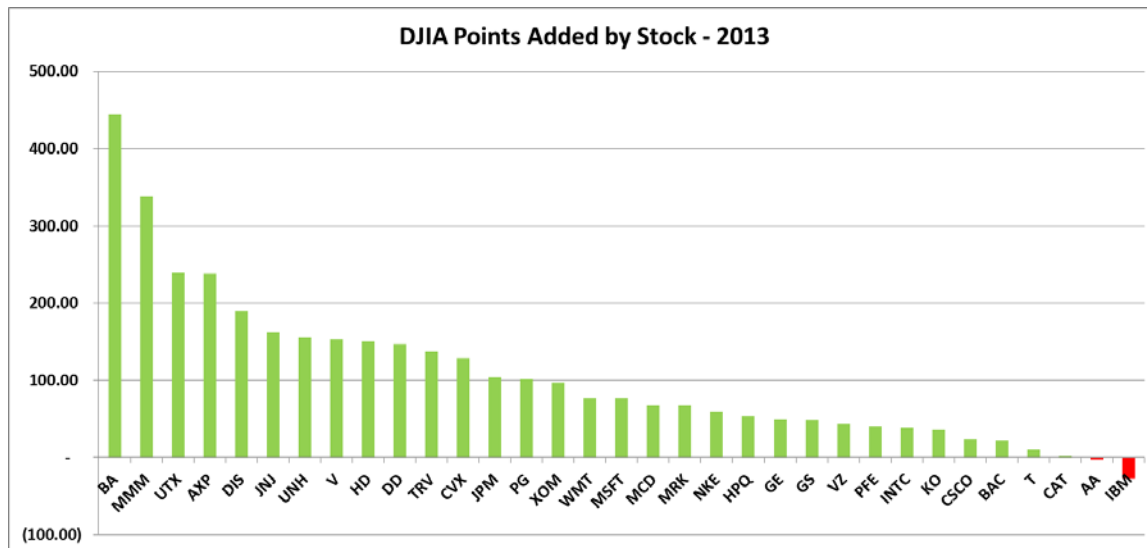


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### By Stock

- Boeing (BA) was the standout performer with a contribution off over 444 points (or 12.8% of the DJIA's advance). IBM, one of only two stocks to take points from the DJIA in 2013, was the worst performer. The other detractor, Alcoa (AA), was removed from the DJIA during the component changes in September.
- 31 of the 33 components added points to the Average (keeping in mind that while the DJIA has only 30 companies and HPQ, BAC, and AA were removed from the Average, we can still account for their contributions from January to September).
- In what could be read as an indicator of a broader market/economic recovery, the positive contributions to the index were much more widely distributed in 2013. This year's Top 5 point producers represented only 15.83% of the advance versus 59.48% in 2012 when the Top 5 shouldered more of the heavy lifting.
- 22 components experienced back-to-back positive point contributions in 2012 and 2013. Driven by its strong 2013 climb, BA was the best contributor over the two-year period with 459 points added; HPQ was the worst, which took away over 34 points, though recall that the stock was removed from the Average in September. Among current components, MCD was the least constructive as it shed ~24 points over 2012 and 2013.

U.S. Equity Performance: Dow Jones Industrial Average—2013 Year in Review



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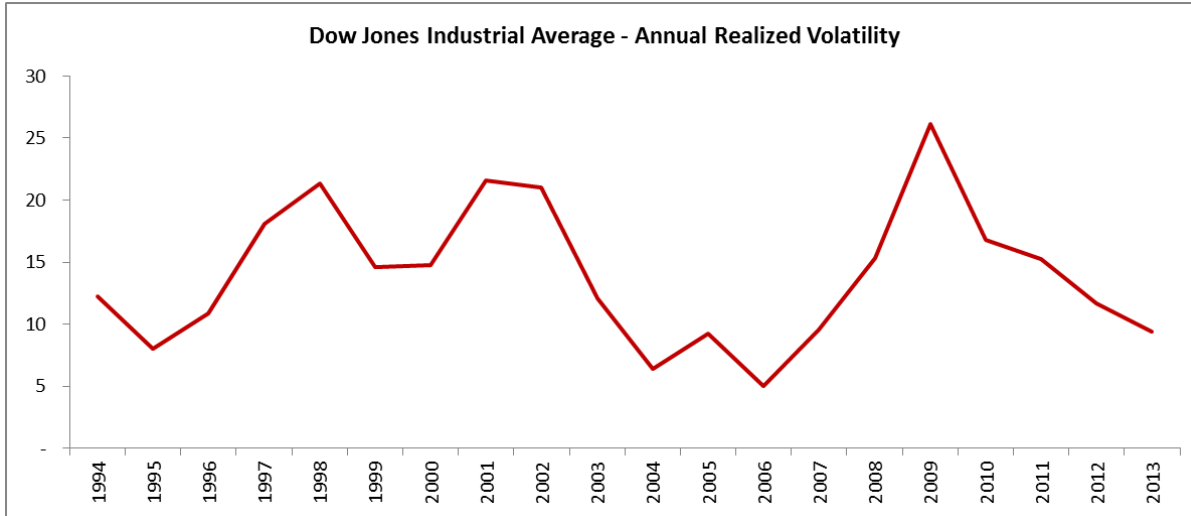
The monthly leader is highlighted in green, the laggard in red:

Ticker	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
BA	(11.44)	23.27	68.73	42.70	58.44	26.26	20.43	(9.06)	103.19	83.49	24.08	14.39	444.47
MMM	59.13	26.49	17.74	(12.29)	42.70	(7.07)	62.05	(29.57)	45.53	41.36	49.19	43.28	338.56
UTX	42.70	22.89	22.12	(16.43)	27.72	(15.05)	96.99	(42.01)	61.50	(10.08)	29.61	18.88	238.83
AXP	10.21	25.65	40.78	7.30	56.06	(7.30)	(7.60)	(14.28)	29.99	40.33	25.69	31.66	238.48
DIS	31.41	5.45	16.97	46.38	1.84	0.54	11.52	(29.34)	28.76	26.33	12.52	37.63	190.03
JNJ	29.34	16.82	41.62	28.41	(8.06)	12.90	58.67	(54.45)	5.91	38.02	13.17	(19.72)	162.63
UNH	7.45	(13.52)	28.88	20.89	20.73	21.89	56.60	(8.52)	(2.31)	(21.51)	39.94	5.27	155.78
V	NA	NA	NA	NA	NA	NA	NA	NA	(49.64)	35.77	43.61	123.43	153.16
HD	38.94	12.13	9.83	27.42	40.78	(9.14)	11.98	(34.87)	11.89	13.10	17.85	10.72	150.64
DD	19.05	3.46	9.68	41.09	9.83	(25.27)	39.86	(8.22)	15.98	16.95	1.16	23.05	146.61
TRV	50.99	15.05	28.95	9.37	(12.98)	(29.18)	27.88	(28.03)	39.02	9.83	28.51	(1.28)	138.13
CVX	53.83	15.36	12.82	24.50	5.68	(33.87)	57.98	(41.93)	12.52	(9.89)	15.93	15.86	128.80
JPM	23.65	14.36	(11.21)	11.90	42.85	(13.82)	22.58	(39.93)	10.30	(0.96)	36.48	8.09	104.29
PG	55.83	7.83	6.76	(2.23)	(0.08)	1.77	25.42	(18.51)	(12.88)	33.14	22.28	(18.05)	101.29
XOM	26.26	(3.23)	4.30	(8.60)	11.37	(0.92)	26.11	(50.61)	(5.31)	22.99	24.79	49.58	96.73
WMT	13.21	6.37	31.10	22.19	(22.12)	(2.69)	26.49	(38.09)	9.88	17.92	27.36	(14.90)	76.73
MSFT	5.68	2.53	6.22	34.48	13.67	(2.69)	(20.73)	12.06	(1.46)	13.10	17.85	(4.50)	76.22
MCD	54.37	4.68	29.11	18.81	(42.78)	18.66	(7.07)	(28.57)	15.07	1.99	5.46	(2.18)	67.57
MRK	17.74	(3.99)	11.52	21.27	(2.30)	(1.92)	13.21	(6.76)	2.96	(16.18)	30.44	1.41	67.40
NKE	NA	NA	NA	NA	NA	NA	NA	NA	21.00	20.04	21.71	(3.21)	59.53
HPQ	17.36	27.88	28.41	(24.88)	29.34	2.92	6.76	(25.65)	(8.60)	NA	NA	NA	53.53
GE	9.91	7.22	(0.77)	(6.37)	7.91	(1.00)	9.06	(9.45)	5.91	14.45	3.34	8.80	49.01
GS	NA	NA	NA	NA	NA	NA	NA	NA	(74.11)	17.02	51.89	53.43	48.23
VZ	2.61	22.42	20.12	36.55	(41.70)	14.28	(6.60)	(16.13)	(4.12)	24.72	(5.72)	(3.08)	43.37
PFE	16.90	0.69	11.44	1.61	(14.13)	5.99	9.37	(7.83)	4.17	12.65	6.74	(7.06)	40.53
INTC	3.15	(1.46)	7.68	16.13	2.53	(0.46)	(7.07)	(10.14)	8.31	9.70	(3.79)	13.61	38.20
KO	7.60	11.37	13.21	14.51	(17.97)	0.92	(0.23)	(14.59)	(0.39)	10.85	3.98	7.19	36.46
CSCO	7.07	2.15	0.46	0.08	24.27	1.77	9.52	(17.20)	2.20	(5.91)	(8.03)	7.71	24.08
BAC	(2.15)	(0.69)	7.30	1.00	10.37	(6.14)	13.36	(3.69)	2.46	NA	NA	NA	21.81
T	8.29	8.60	5.99	5.91	(18.97)	3.15	(1.00)	(11.06)	0.55	15.28	(6.36)	(0.32)	10.08
CAT	67.66	(46.23)	(41.47)	(17.66)	8.68	(25.42)	3.23	(2.84)	8.11	(0.06)	7.96	39.88	1.83
AA	1.23	(2.46)	-	(0.15)	-	(5.22)	1.00	(1.92)	4.53	NA	NA	NA	(3.00)
IBM	88.47	(17.20)	95.76	(82.63)	42.08	(129.86)	30.18	(98.07)	28.43	(38.34)	3.02	50.67	(27.48)
TOTAL	756.44	193.91	524.05	261.26	275.77	(205.97)	589.94	(689.24)	319.36	416.08	540.66	490.25	3,472.52

Source: S&P Dow Jones Indices. Past performance is not an indication of future results.

VOLATILITY

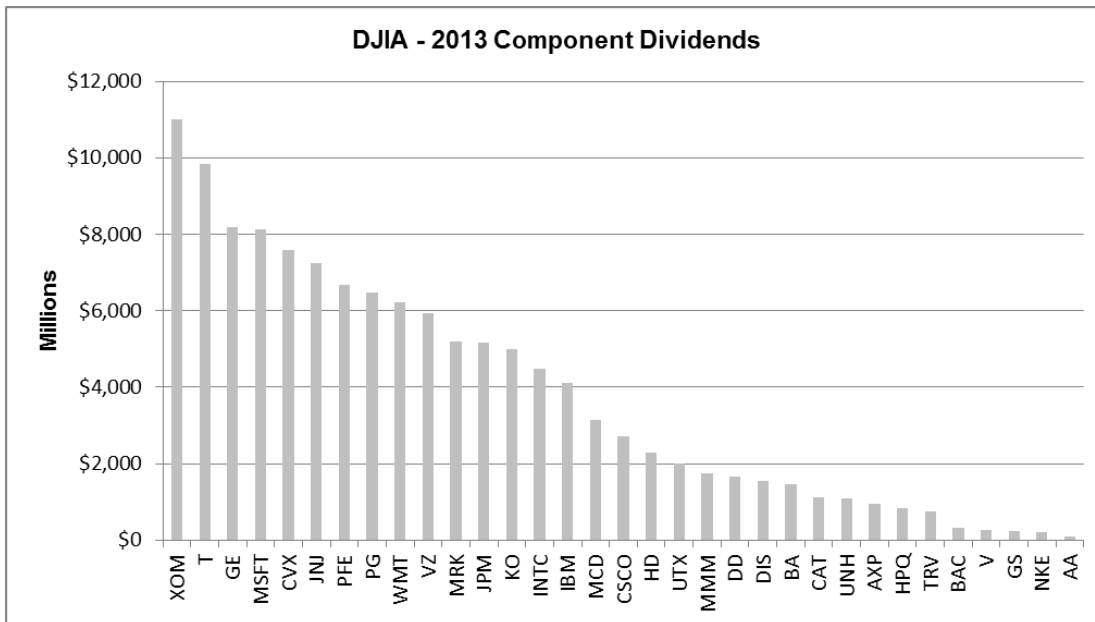
- The annual realized volatility for 2013 was 9.40, which is a post-financial crisis low.
- That level is below both the 20-year average of 13.46 and the 20-year peak of 26.16.



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### DIVIDENDS

- All 30 current components pay dividends.
- The distributions in 2013 – including the 3 component deletions – totaled nearly \$124 billion.
- Exxon Mobil (XOM), with a total payout of nearly \$11 billion, led the list. AT&T (\$9.84 billion) and GE (\$8.17 billion) rounded out the top 3.



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### THOUSAND-POINT MILESTONES

- We experienced two major milestones in 2013 with the DJIA eclipsing both 15,000 and 16,000 about 6.5 months apart. The first milestone, reached 1,460 days after the Average breached 14,000, took much longer than the second – a mere 139 days later, the DJIA passed 16,000.

- 2007, 1999, 1997 and 1995 each saw two 1000-point milestones.
- The climb from inception to the first 1000 points – clocking in at 21,653 trading days – took more than twice as long to reach as all of the subsequent milestones.

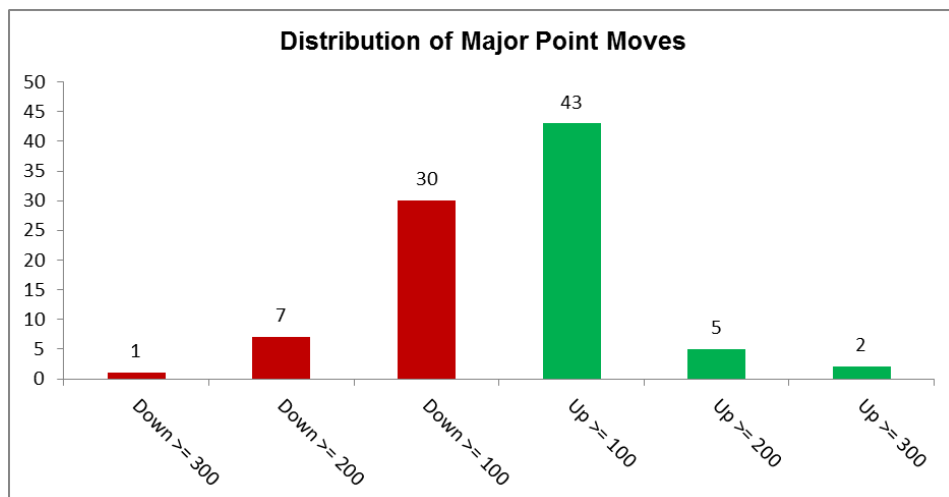
Following are the dates when the DJIA first passed through major 1000-point levels:

Milestone	Date	DJIA Level	Trading Days from Prior Record
Inception	5/26/1896	40.94	
1,000	11/14/1972	1,003.16	21,653
2,000	1/8/1987	2,002.25	3,573
3,000	4/17/1991	3,004.46	1,077
4,000	2/23/1995	4,003.33	971
5,000	11/21/1995	5,023.55	187
6,000	10/14/1996	6,010.00	226
7,000	2/13/1997	7,022.43	84
8,000	7/16/1997	8,038.88	105
9,000	4/6/1998	9,033.22	182
10,000	3/29/1999	10,006.78	245
11,000	5/3/1999	11,014.69	24
12,000	10/19/2006	12,011.73	1,879
13,000	4/25/2007	13,089.89	127
14,000	7/19/2007	14,000.41	59
15,000	5/7/2013	15,056.20	1,460
16,000	11/21/2013	16,009.99	139

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## ODDS & ENDS

- There were 252 trading days in 2013 including 146 up days and 106 down days (versus 123 up and 127 down for 2012).
- The average point movement for the 146 up days was 75.58 and the average point movement for the 106 down days was -71.35.
- There were 4 days where all 30 stocks were up and 4 days when all 30 stocks were down (versus 9 and 4 for 2012).
- MMM was the most likely component to be up on any given day, posting a higher close on 158 days. Ending down in 130 sessions, CAT - a fellow Industrial stock - was the most likely to be down.
- The year launched to an auspicious start as January 3, the first trading day of the year, offered up the second biggest point gain of the year (up 308.41 points).
- Every quarter yielded a positive return.
- There were 52 record closes in 2013 (the most since 1995).
- The DJIA is up 153.19% from its financial crisis low of 6,547.05 hit on March 9, 2009.
- There were 50 trading days with gains of 100 points or more, 38 days of losses of 100 points or more.



Source: S&P Dow Jones Indices. Past performance is not an indication of future results.

*Thanks to Craig Braswell for his invaluable contributions in compiling this analysis.*

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