



By the Numbers

1. **JUST THREE STOCKS** - 37% of the S&P 500's YTD performance of +6.5% (total return) through 7/31/18 was driven by just 3 tech stocks in the index. The S&P 500 consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value weighted index with each stock's weight proportionate to its market value (source: S&P Dow Jones Indices).
2. **LAST QUARTER** - The 3 months of October-November-December rank 2-3-5 in terms of average monthly performance for the S&P 500 index (i.e., October is 2nd best, November is 3rd best and December is 5th best) over the last 25 years. The 3 months have jointly gained + 5.0% per year (total return) over the last 25 years (1993-2017) or 51% of the index's total return over the entire 25-year period (source: BTN Research).
3. **BULL MARKET** - The S&P 500 closed at a record high last Friday (8/24/18). The index finished the week at 2875, its 15th record close in 2018 and 203rd closing high since this bull market began on 3/10/09. During this bull run, the index has gained +418% (total return), an average of +19.0% per year (source: BTN Research).
4. **UP AND UP** - 17 stocks in the S&P 500 gained at least +70% in calendar year 2017. 6 of the 17 stocks have gained at least +40% YTD through last Friday 8/24/18 (source: BTN Research).
5. **MEDICARE IS NOT ENOUGH** - 62% of American seniors (at least age 65) that file for bankruptcy do so because they are overwhelmed by medical expenses (source: "Graying of U.S. Bankruptcy: Fallout from Life in a Risk Society," Deborah Thorne, University of Idaho).
6. **NEED WORK?** - 52% of the 2.4 million new jobs created in the United States in the 12 months ending 7/31/18 were produced in just 6 states – Texas (377,100 jobs), California (332,700), Florida (210,600), New York (117,000), North Carolina (106,900) and Washington (102,500) (source: Department of Labor).
7. **RISK INVOLVED** - Historically, holders of defaulting "junk" bonds that are unsecured by specific physical assets receive back just 40 cents on the dollar through a bankruptcy proceeding. "Junk" bonds are debt offerings of companies rated Ba or lower (by Moody's) and involve investment risks which may include the loss of principal invested because of default (source: Moody's).
8. **STILL A MESS** - 48% of the outstanding loans made by Greek banks are "non-performing" today, including mortgage loans, commercial loans and construction loans. "Non-performing" typically indicates no principal and interest payments have been made on a loan for at least 90 days (source: Bank of Greece).
9. **ROLL THE DICE** - Between 6/30/17 and 6/30/18, average home prices increased in all 50 US states. Nevada's +17.0% average home price gain led the nation over the last year (source: Federal Housing Finance Agency).
10. **LATE** - Just 1 out of every 23 home mortgages in America (4.36%) was at least 1 payment past due as of the 2nd quarter 2018. That result is an improvement from the 1 out of every 10 home mortgages (9.85%) that was at least 1 payment past due as of the 2nd quarter 2010 or 8 years earlier (source: Mortgage Bankers Association).
11. **TOUGH TO BE YOUNG** - American households headed by individuals under the age of 35 were split 44/56 between homeowners and renters in the 2nd quarter 2004, i.e., 14 years ago. American households headed by individuals under the age of 35 were split 36/64 between homeowners and renters in the 2nd quarter 2018 (source: Census Bureau).
12. **PONZI UPDATE** - Bernie Madoff has been incarcerated in federal prison in North Carolina for more than 9 years (he began serving his sentence on 7/14/09). Madoff, 80 years old, is scheduled to be released in 121 years on 11/14/2139 (source: Federal Bureau of Prisons).
13. **LARGEST FIRE EVER** - The ongoing and growing Mendocino Complex fire, the largest in California history, has burned 422,396 acres. Since an average golf course covers 150 acres, the Mendocino fire has consumed the equivalent of 2,816 golf courses (source: Cal Fire).
14. **FUNDING THE MILITARY** - The Senate began debate last week on a \$675 billion defense budget for fiscal year 2019, i.e., the 12 months that begin 10/01/18. Actual defense outlays were \$661 billion in 2009, i.e., 10 years ago, and \$275 billion in 1999, i.e., 20 years ago (source: Office of Management and Budget).
15. **SAME OL' SAME OL'** - 8 of the top 10 college football teams in the writers' (AP) poll for the upcoming 2018 season finished in the top 10 of last year's final writers' poll. Only Washington (picked # 6 this year) and Miami (picked as # 8) are new top 10 names for the 2018 preseason poll (source: AP).

No forecasts can be guaranteed. Past performance is not a guarantee of future results. This has been provided for informational purposes only, reflects the current opinion of the author which is subject to change without notice, as are statements of financial market trends, which are based on current market conditions. Michael Higley is not affiliated with MFS' Investment Management nor any of its subsidiaries. Copyright © 2018 Michael A. Higley. All rights reserved. Reproduction Prohibited without Express Permission.

Issued in the United States by MFS Institutional Advisors, Inc. ("MFSI") and MFS Investment Management. Issued in Canada by MFS Investment Management Canada Limited. No securities commission or similar regulatory authority in Canada has reviewed this communication. Issued in the United Kingdom by MFS International (U.K.) Limited ("MIL UK"), a private limited company registered in England and Wales with the company number 03062718, and authorized and regulated in the conduct of investment business by the U.K. Financial Conduct Authority. MIL UK, an indirect subsidiary of MFS, has its registered office at One Carter Lane, London, EC4V 5ER UK and provides products and investment services to institutional investors globally. This material shall not be circulated or distributed to any person other than to professional investors (as permitted by local regulations) and should not be relied upon or distributed to persons where such reliance or distribution would be contrary to local regulation. Issued in Hong Kong by MFS International (Hong Kong) Limited ("MIL HK"), a private limited company licensed and regulated by the Hong Kong Securities and Futures Commission (the "SFC"). MIL HK is a wholly-owned, indirect subsidiary of Massachusetts Financial Services Company, a U.S.-based investment advisor and fund sponsor registered with the U.S. Securities and Exchange Commission. MIL HK is approved to engage in dealing in securities and asset management-regulated activities and may provide certain investment services to "professional investors" as defined in the Securities and Futures Ordinance ("SFO"). Issued in Singapore by MFS International Singapore Pte. Ltd., a private limited company registered in Singapore with the company number 201228809M, and further licensed and regulated by the Monetary Authority of Singapore. Issued in Latin America by MFS International Ltd. For investors in Australia: MFSI and MIL UK are exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 in respect of the financial services they provide to Australian wholesale investors. MFS International Australia Pty Ltd ("MFS Australia") holds an Australian financial services licence number 485343. In Australia and New Zealand: MFSI is regulated by the SEC under US laws and MIL UK is regulated by the UK Financial Conduct Authority under UK laws, which differ from Australian and New Zealand laws. MFS Australia is regulated by the Australian Securities and Investments Commission