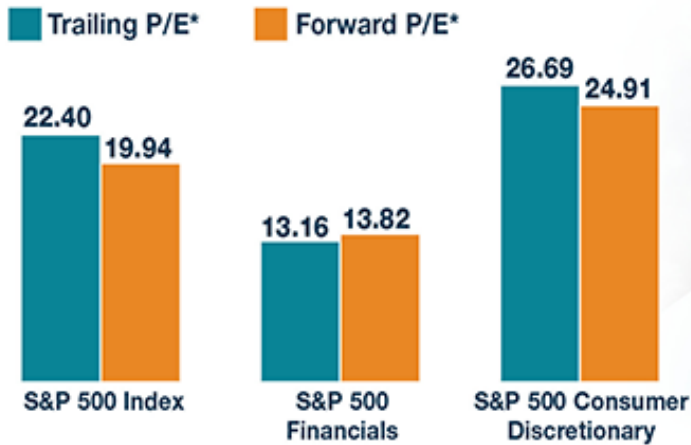

DIFFERENT INDUSTRIES, DIFFERENT RATIOS

Some industries tend to have higher P/E ratios than others over an extended period of time, but ratios can also change as an industry faces challenges, takes advantage of opportunities, or goes in or out of favor with investors.



*Trailing P/E as of September 30, 2019; Forward P/E as of December 31, 2019

Source: S&P Dow Jones Indices, 2020. The S&P 500 is an unmanaged group of securities that is considered to be representative of the U.S. stock market in general. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. A portfolio invested only in companies in a particular industry or market sector may not be sufficiently diversified and could be subject to a significant level of volatility and risk.



Meaningful Comparisons

Knowing a company's P/E ratio is valuable only if you use it to make appropriate comparisons. P/E ratios can vary widely among industries, so it is generally more meaningful to compare ratios of companies in the same industry or one company against the industry average. You might also compare a company's current and past performance, but keep in mind that P/E ratios typically rise and fall with stock prices; if prices rise and earnings stay about the same, P/E ratios increase, and vice versa. So an increase or decrease in a company's P/E ratio that moves with the broader market may not tell you much about the company.

On the other hand, a substantial change in a company's P/E ratio that is not in step with the market could be caused by an unexpected increase or decrease in reported or projected earnings, or by a shift in investor confidence in the company. The same is true of a change in the P/E ratio of an industry that does not reflect broader market trends.

The return and principal value of stocks fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

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