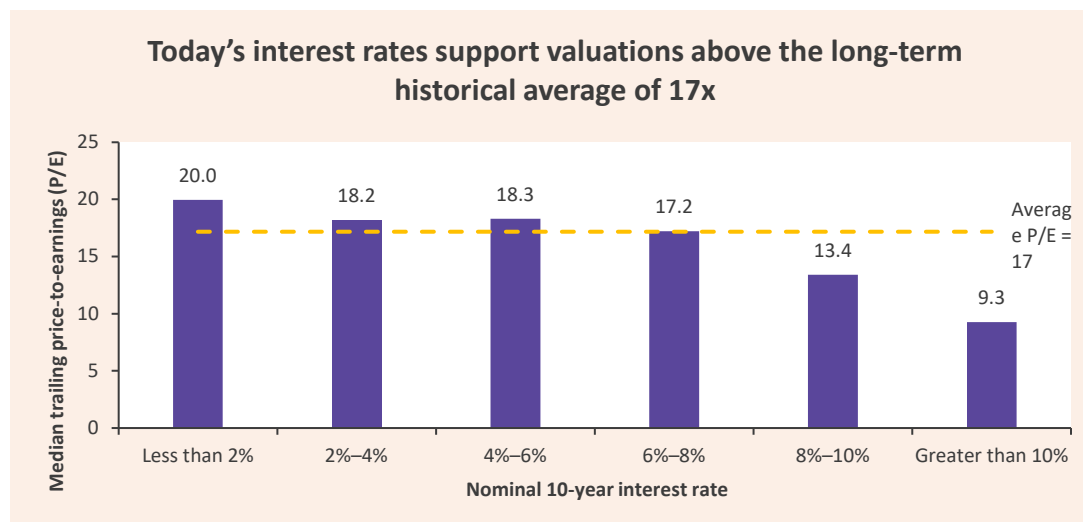


## S&P 500 Index valuations under different interest rate regimes



Nominal 10-year interest rate	Less than 2%	2% – 4%	4% – 6%	6% – 8%	8% – 10%	Greater than 10%
Average inflation	2.34%	1.85%	2.54%	4.62%	6.10%	7.24%

Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 1963 to February 28, 2022. The average price to earnings was calculated using the S&P 500 index from 1963 – 2021. The **S&P 500 Index** is a market-capitalization-weighted index considered representative of the U.S. stock market. Inflation represented by the Consumer Price Index. The Consumer Price Index measures the average price of a basket of goods and services. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

- Higher nominal interest rates have tended to contribute to lower price-to-earnings (P/E) multiples.
- We do not expect meaningful declines in P/E multiples, which have historically not declined until rates have reached significantly higher levels.