Technology Stocks Have Delivered Strong Returns In The Current Bull Market

Average Annualized Total Returns (3/9/09-2/10/15)

View from the Observation Deck

1. From 3/9/09-2/10/15 (current bull), all four of the technology-related indices featured in the chart outperformed the S&P 500.

2. The average annualized total returns for the period were as follows: ISE Cloud Computing (+35.44%); Dow Jones Internet Composite (+31.36%); Philadelphia Semiconductor (+26.23%); S&P 500 Information Technology (+24.95%); and S&P 500 (+23.32%), according to Bloomberg.

3. The so-called "new tech" (cloud computing) subsector posted the best showing since the bull began, followed by the Internet subsector, which happened to be the last major "new tech" wave back in the mid-1990s.

4. As of 2/12/15, technology stocks accounted for 19.5% of the S&P 500, the largest weighting of the 10 major sectors that comprise the index, according to S&P Dow Jones Indices.

5. In 2014, investors funneled a net $4.1 billion into Technology mutual funds and ETFs, according to Morningstar.

6. There are many vehicles available to investors to participate in the ongoing technological revolution. While some subsectors may be more richly valued on a P/E basis, the broader technology sector does not look expensive using 2015 estimates, in our opinion.