

# The Best-Performing Sectors Spanning The Past 12 Months, Brexit Fallout & Post-Brexit Fallout

S&P 500 Index & S&P 500 Sector Index Total Returns

Index	8/3/15-8/3/16	6/23/16-6/27/16	6/27/16-8/3/16
S&P 500	5.45%	-5.34%	8.36%
Consumer Discretionary	2.68%	-5.40%	7.95%
Consumer Staples	10.77%	-2.16%	2.76%
Energy	3.35%	-5.97%	2.82%
Financials	-3.94%	-8.04%	10.23%
Health Care	0.01%	-4.18%	10.10%
Industrials	10.24%	-6.21%	8.48%
Information Technology	10.27%	-6.47%	13.08%
Materials	8.51%	-7.62%	8.83%
Telecom. Services	24.15%	-0.34%	2.21%
Utilities	20.98%	1.38%	0.99%

Source: Bloomberg. Past performance is not an indication of future results.

## View from the Observation Deck

1. Today's blog post is a follow-up to the one we did on 7/21/16 ([click here to view](#)). This version features the United Kingdom's (U.K.) Brexit vote held on 6/23/16. U.K. citizens voted to leave the European Union (EU).
2. The decision to leave the EU resulted in two days (6/24 & 6/27) of very volatile trading in the U.S. The VIX Index, which uses S&P 500 Index options activity to gauge investors' expectations of volatility, spiked from a reading of 17.25 on 6/23/16 to 25.76 on 6/24/16, or a one-day gain of 49.33%, according to Bloomberg. Since the sharp spike on 6/24/16, the index retreated back to 12.86 (8/3/16). The 20-year average for the VIX Index was 21.01 through 8/3/16.
3. As indicated in the first two total return columns in the chart, the top performing sectors for those periods were Telecommunication Services and Utilities, both of which are considered defensive in nature. This suggests that investors may have been looking to mitigate risk, in our opinion. Both sectors also tend to offer attractive dividend yields relative to the S&P 500 Index, in our opinion.
4. The third column of total returns, however, shows that the best performing sector following the two volatile trading days was Information Technology. It also shows that investors bought the other sectors that sold-off hard on 6/24/16 and 6/27/16.
5. Our takeaway is that U.S. equities, in particular, have been able to withstand and recover from a number of recent negative events, such as terrorist attacks, the Brexit vote and a short-lived coup attempt in Turkey.
6. Despite reaching a new all-time high (2,175.03) in the S&P 500 Index on 7/22/16, many investors have turned away from U.S. stocks. Investors liquidated an estimated net \$66.3 billion from U.S. Equity and Sector Equity mutual funds and exchange-traded funds in the first six months of 2016, according to Morningstar.

*This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance, while the 10 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.*