Technology Stocks Have Delivered Strong Returns In The Current Bull Market

View from the Observation Deck

1. From 3/9/09-3/31/17 (current bull), all four of the technology-related indices featured in the chart outperformed the S&P 500 Index.
2. The average annualized total returns for the period were as follows: ISE Cloud Computing Index (+29.95%); Dow Jones Internet Composite Index (+27.72%); Philadelphia Semiconductor Index (+23.00%); S&P 500 Information Technology Index (+22.33%); and S&P 500 Index (+19.28%), 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 3/31/17, Information Technology accounted for 22.1% of the S&P 500 Index, the largest weighting of the 11 major sectors that comprise the index, according to S&P Dow Jones Indices. The next largest sector weighting was Financials at 14.4%.
5. In Q1'17, the S&P 500 Information Technology Index posted a total return of 12.57%, compared to 6.07% for the S&P 500 Index, according to Bloomberg.
6. Since 2010, the tech sector has registered a net gain of 864,420 jobs, according to CompTIA, a leading technology association. CompTIA reported that U.S. tech business establishments grew for the 5th consecutive year. Nearly every state (47) added to their base of tech businesses in 2016.

The chart and performance data referenced are for illustrative purposes only and not indicative of any actual investment. The index performance data excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance. The ISE Cloud Computing Index is a modified equal-dollar weighted index designed to track the performance of companies actively involved in the cloud computing industry. The Dow Jones Internet Composite Index is a modified capitalization-weighted index designed to track the performance of companies actively involved in the cloud computing industry. The Philadelphia Semiconductor Index is a modified capitalization-weighted index comprised of companies that are involved in the design, distribution, manufacturing, and sale of semiconductors. The S&P 500 Information Technology Index is capitalization-weighted and comprised of S&P 500 constituents representing the technology sector.