

Sector Performance Via Market Capitalization In The Current Bull Market

Large-, Mid- & Small-Cap Cumulative Total Returns (3/9/09-5/30/17)

Category	S&P 500 Index	S&P MidCap 400 Index	S&P SmallCap 600 Index
Index	324.41%	381.12%	407.31%
Consumer Disc.	553.40%	398.26%	482.63%
Consumer Staples	268.48%	424.16%	429.63%
Energy	88.80%	30.36%	58.88%
Financials	435.58%	389.73%	352.88%
Health Care	305.12%	547.50%	546.47%
Industrials	422.57%	448.14%	365.32%
Info. Tech.	445.23%	400.93%	536.01%
Materials	263.24%	465.15%	401.88%
Real Estate	352.65%	281.71%	298.62%
Telecom. Services	173.67%	84.03%	74.65%
Utilities	231.39%	337.58%	314.50%

Source: Bloomberg. Past performance is no guarantee of future results.

View from the Observation Deck

1. From 3/9/09 through 5/30/17 (current bull market), small-capitalization (cap) stocks outperformed both mid- and large-cap stocks, as measured by the S&P 500 Index, S&P MidCap 400 Index and S&P SmallCap 600 Index (see "Index" line in table).
2. We are encouraged by the fact that small-cap stocks have outperformed mid-cap stocks, which in turn have outperformed large-cap stocks, because it indicates that the traditional risk-return dynamic (the greater the risk taken the greater the return expected) is alive and well.
3. Sector performance can vary widely by market cap and several of the sectors reflect a huge disparity in performance. A quick glance at the returns in the table should at the very least help the average investor appreciate the merits of asset allocation and diversification, in our opinion.
4. The S&P 500 Index had five sectors (Consumer Discretionary, Energy, Financials, Real Estate and Telecommunication Services) post the highest cumulative total returns, by market cap, for the period captured in the table. The S&P MidCap 400 Index had four (Health Care, Industrials, Materials and Utilities) top-performers, while the S&P SmallCap 600 Index had just two (Consumer Staples and Information Technology).
5. One takeaway from the returns in the table is the significant outperformance of small-cap technology stocks over their mid- and large-cap counterparts. That is somewhat of a surprise considering how much attention the biggest, most influential technology companies garner from the financial media, in our opinion.

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. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P SmallCap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The 11 major S&P 500, S&P MidCap 400 and S&P SmallCap 600 Sector Indices are capitalization-weighted and comprised of S&P 500, S&P MidCap 400, and S&P SmallCap 600 constituents, respectively, representing a specific sector.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.