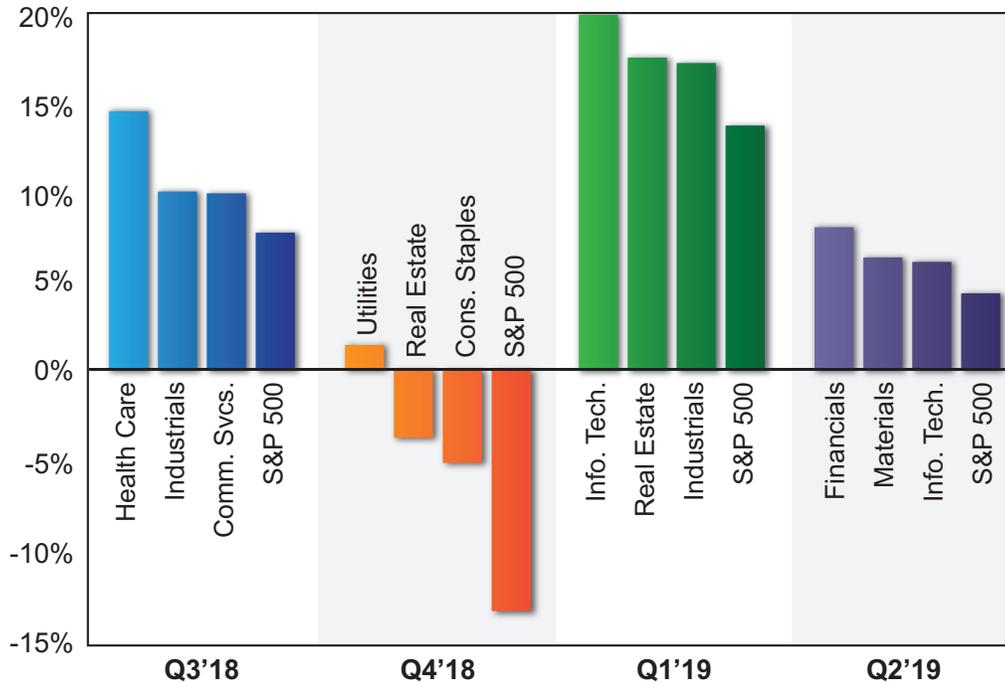


# The Only Constant Is Change

Top Three S&P 500 Index Sectors In Each Of The Past Four Quarters



Source: Bloomberg. Returns are total returns. Past performance is no guarantee of future results.

## View from the Observation Deck

1. One of the most common questions we field on an ongoing basis is the following: What are your favorite sectors?
2. Sometimes the answer is more evident than at other times, in our opinion.
3. You didn't need much of a crystal ball to tout Information Technology in 1998 and 1999 (top-performing S&P 500 sector both years by a wide margin), as was the case with Energy in 2004 & 2005, according to performance data from Bloomberg.
4. From 2006-2018, however, no sector in the S&P 500 Index was able to repeat as the top-performer on a calendar year basis.
5. S&P 500 Index sector returns were mostly strong for the 12-month period ended 6/28/19. While the S&P 500 Index posted a total return of 10.41% for the period, six of the 11 sectors outperformed the broader index, according to Bloomberg.
6. Despite the strong showing, investors were net sellers over the 12-month period ended May 2019 (most recent data). Sector Equity mutual funds and exchange-traded funds (ETFs) reported estimated net outflows totaling \$42.5 billion, according to Morningstar. For comparative purposes, U.S. Equity mutual funds and ETFs reported estimated net inflows totaling \$49.3 billion.

*This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. Past performance is no guarantee of future results. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The respective S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents 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, the Internal Revenue Code or any other regulatory framework. Financial advisors are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.*