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.