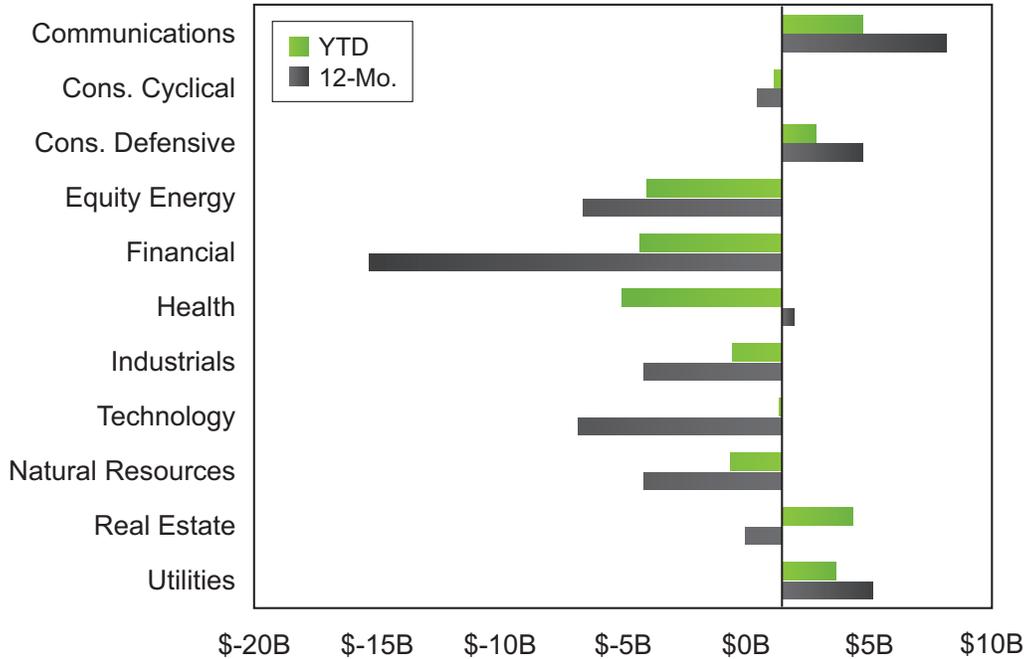


A Snapshot Of Sector Investing

Estimated Net Flows For Sector Mutual Funds & ETFs (In Billions, USD)



Source: Morningstar. Data as of 6/30/19.

View from the Observation Deck

1. Today's chart shows estimated net capital flows to and from Morningstar's sector mutual fund and exchange-traded fund (ETFs) categories that mirror the 11 sectors that comprise the S&P 500 Index.
2. Year-to-date through 6/30/19, four of the 11 sector categories reported positive estimated net inflows. They were as follows: Communications (\$3.32 billion); Real Estate (\$2.87 billion); Utilities (\$2.22 billion); and Consumer Defensive (\$1.36 billion).
3. For the 12-month period ended 6/30/19, four of the 11 sector categories reported positive estimated net inflows. They were as follows: Communications (\$6.72 billion); Utilities (\$3.74 billion); Consumer Defensive (\$3.35 billion); and Health (\$537 million).
4. In each of the time periods, investors largely favored defensive sectors over cyclical sectors. Despite relatively strong economic growth over the past year, the Trump administration's use of tariffs as leverage in renegotiating trade agreements, particularly with China, has clearly made some investors more cautious than they ordinarily might be, in our opinion.
5. For the 12-month period ended 6/30/19, the top-performing S&P 500 sectors, as measured by total return, include the five sectors noted in points 2 and 3. They were as follows: Utilities (+19.03%); Real Estate (+16.80%); Consumer Staples (+16.39%); Information Technology (+14.34%); Communication Services (+13.66%); and Health Care (+12.99%), according to Bloomberg.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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