

A Snapshot of Health Care Stocks

S&P 500 Health Care Sector/Subsector Indices
(Y-T-D, 1-Year and Average Annualized Total Returns thru 6/16/20)

	YTD	1-Year	3-Year	5-Year	10-Year	15-Year
Health Care	-1.18%	12.63%	10.91%	8.02%	15.08%	10.07%
Biotechnology	10.60%	31.87%	10.65%	4.00%	19.16%	13.38%
Equipment	-3.72%	8.58%	15.13%	15.33%	15.63%	9.70%
Managed Health Care	-1.24%	18.44%	16.43%	15.92%	23.92%	12.86%
Pharmaceuticals	-3.61%	6.28%	7.24%	5.52%	12.86%	8.57%

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

View from the Observation Deck

1. Of the 30 total returns referenced in the table, only four (13.33%) were negative. All four were year-to-date total returns. Biotechnology is the standout so far in 2020.
2. As we have often noted, from 1926 through 2019, the S&P 500 Index posted an average annual total return of 10.20%, according to Ibbotson Associates/Morningstar.
3. Of the 18 double-digit total returns (60%) in the table, all but one topped the 10.20% long-term average of the S&P 500 Index.
4. For comparative purposes, the S&P 500 Index posted the following total returns for the same periods featured in the table: -2.37% (Y-T-D); 10.40% (1-Year); 10.86% (3-Year); 10.54% (5-Year); 13.18% (10-Year); and 8.76% (15-Year), according to Bloomberg.
5. The top-performers in the table are Biotechnology and Managed Health Care. Each outperformed for three time periods.
6. As of 6/17/20, Health Care carried a weighting of 14.46% in the S&P 500 Index, the second-highest behind the 26.82% weighting in Information Technology, according to Bloomberg.
7. The Centers for Medicare & Medicaid Services estimates that U.S. health spending will grow at an average annual rate of 5.4% from 2019 through 2028 and reach \$6.2 trillion by 2028.
8. There appears to be some buzz for health care stocks in 2020, at least when it comes to IPOs. Year-to-date through 6/17/20, Health Care IPOs accounted for 56% of all the IPOs launched, according to Renaissance Capital.

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. The S&P 500 Health Care Index, S&P 500 Biotechnology Index, S&P 500 Pharmaceuticals Index, S&P 500 Managed Health Care Index and S&P 500 Health Care Equipment Index are all capitalization-weighted indices focused on either the health care sector or its subsectors. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

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