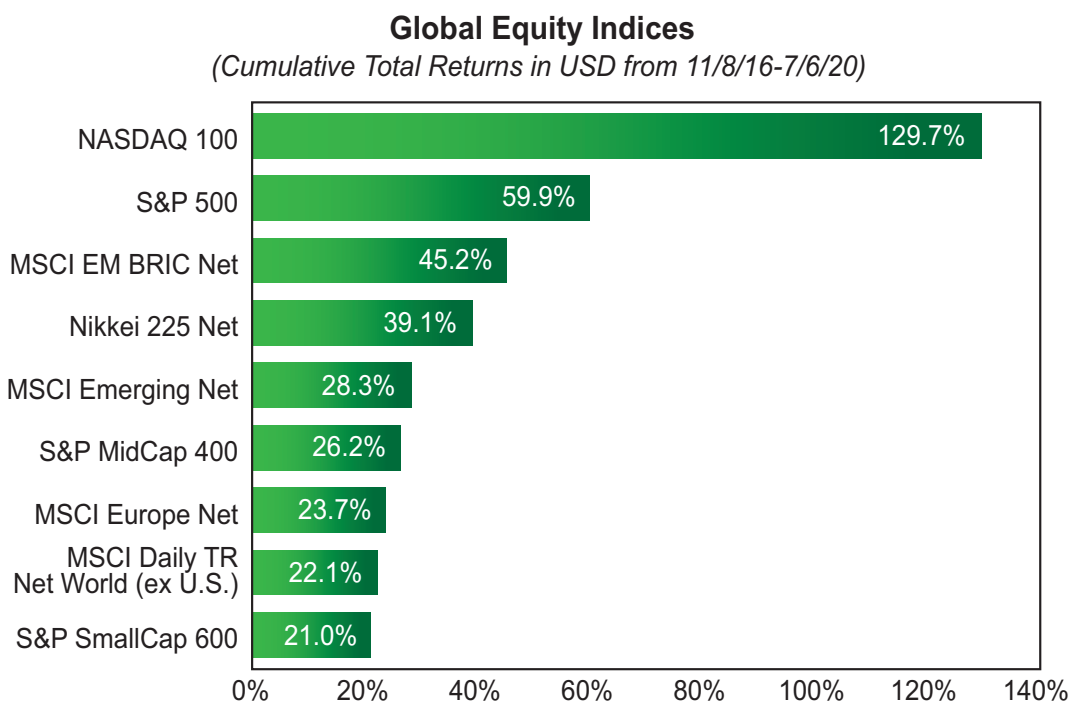


U.S. Stocks Have Outperformed Foreign Stocks Since President Trump Was Elected



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

View from the Observation Deck

1. Today's blog post indicates that equity investors have prospered since Donald Trump won the presidential election on 11/8/16.
2. President Trump campaigned on the promise that his administration would put America's interests first.
3. The Trump administration's use of trade tariffs (March 2018 to present) and the onset of the COVID-19 pandemic (2020) have provided some notable headwinds for the equities markets, in our opinion.
4. Overall, fund investors were net sellers of both U.S. and international stock portfolios over the past year. For the 12-month period ended 5/31/20, investors liquidated an estimated net \$115.18 billion from U.S. Equity mutual funds and exchange-traded funds (ETFs), compared to estimated net outflows totaling \$35.18 billion from International Equity mutual funds and ETFs offered in the U.S., according to Morningstar.
5. We would like to point out, however, that investors were comfortable investing in passive equity funds. The net liquidations were exclusively from active funds. Passive U.S. Equity funds reported estimated net inflows totaling \$128.24 billion in the period, while International Equity funds took in an estimated net \$45.64 billion.
6. From 11/8/16 through 7/6/20, the U.S. dollar declined by 1.15%, as measured by the U.S. Dollar Index (DXY), according to Bloomberg. The slight decline in the U.S. dollar likely had a negligible impact on the performance of the foreign stock indices, in our opinion.
7. The shining star in the chart above is the NASDAQ 100 Index, which is highly exposed to the technology sector. As of 6/30/20, technology stocks accounted for 56.8% of the NASDAQ 100 Index, according to Nasdaq. For comparative purposes, Information Technology accounted for 27.5% of the S&P 500 Index on 6/30/20, according to S&P Dow Jones Indices.

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 NASDAQ 100 Index includes 100 of the largest domestic and non-financial companies listed on The NASDAQ Stock Market based on market capitalization. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The S&P 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The S&P 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The MSCI BRIC Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of Brazil, Russia, India and China. The Nikkei 225 Index is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The MSCI Europe Index is a free-float weighted index designed to measure the equity market performance of the developed markets in Europe. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI World (ex U.S.) Index is a free-float weighted index designed to measure the equity market performance of developed markets.

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