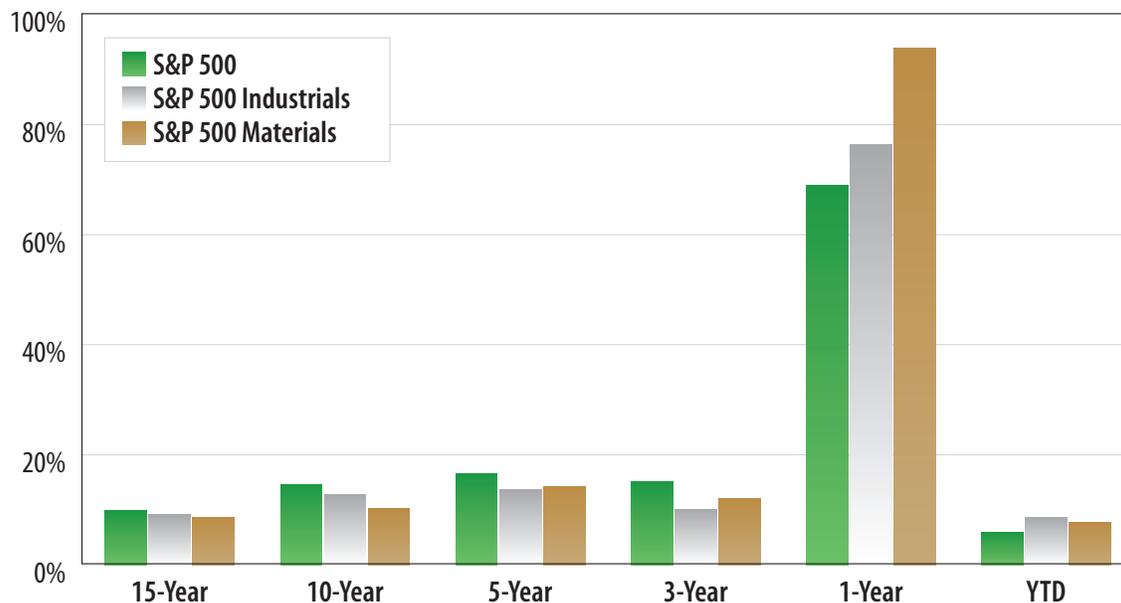


A Snapshot Of Two Cyclical Sectors

S&P 500 Index vs. S&P 500 Industrials Index vs. S&P 500 Materials Index
(YTD, 1-Year and Average Annualized Total returns thru 3/16/21)



Source: Bloomberg. As of 3/16/21. **Past performance is no guarantee of future results.**

View from the Observation Deck

1. Industrials and Materials are two cyclical areas of the market garnering some attention in the financial media these days.
2. The anticipation of the U.S. economy fully reopening in the months ahead thanks to the COVID-19 vaccines plus the potential for an infrastructure bill from the Biden administration has caught the attention of investors, in our opinion.
3. As indicated in the chart above, the S&P 500 Index outperformed both Industrials and Materials in four of the six periods. It has lagged both of them, however, over the past year and year-to-date.
4. The total returns through 3/16/21 were as follows (500 vs. Industrials vs. Materials): 15-year avg. annualized (9.93% vs. 9.10% vs. 8.54%); 10-year avg. annualized (14.48% vs. 12.69% vs. 10.21%); 5-year avg. annualized (16.60% vs. 13.73% vs. 14.29%); 3-year avg. annualized (15.07% vs. 10.04% vs. 12.03%); 1-year (68.96% vs. 76.32% vs. 93.83%); and year-to-date (5.85% vs. 8.58% vs. 7.72%).
5. As of 3/17/21, the sector weightings for Industrials and Materials in the S&P 500 Index were 8.70% and 2.70%, respectively, according to Bloomberg. The weightings are modest enough that it might entice some equity investors to overweight these two sectors in the current climate, in our opinion.
6. The outlook for U.S. economic growth is robust, according to the Federal Reserve ("Fed"). On 3/17/21, the Fed raised its forecast for real GDP this year from 4.2% to 6.5%, largely due the passage of the \$1.9 trillion American Rescue Plan Act of 2021, according to Brian Wesbury, Chief Economist at First Trust Advisors L.P.
7. Bloomberg's 2021 year-over-year earnings growth rate estimates for the S&P 500 Industrials, S&P 500 Materials and S&P 500 Indices were 59.3%, 36.5% and 24.16%, respectively, as of 3/12/21.
8. The U.S. Dollar Index (DXY) stood at a reading of 91.44 on 3/17/21, just above its 30-year average reading of 91.25, according to Bloomberg. This indicates that the U.S. dollar is not poised at this time to act as a potential headwind impacting the demand for industrial products or raw materials, in our opinion.

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 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The S&P 500 Industrials Index is capitalization-weighted and comprised of S&P 500 Index stocks representing the industrials sector. The S&P 500 Materials Index is capitalization-weighted and comprised of S&P 500 Index stocks representing the materials sector. The U.S. Dollar Index (DXY) indicates the general international value of the U.S. dollar relative to a basket of major world currencies.

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