

Cash Flow and Carey



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This table 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 S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P SmallCap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The S&P 500 Equal Weighted Index is the equal-weight version of the S&P 500 Index. The 11 major sector indices are capitalization-weighted and comprised of S&P 500, S&P MidCap 400 and S&P SmallCap 600 constituents representing a specific sector.

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Sector Performance Via Market Cap

Large-, Mid-, & Small-Cap Total Returns

■ 12/29/23 – 12/31/24 ■ 12/31/24 – 12/5/25

Category	S&P 500		S&P MidCap 400		S&P SmallCap 600	
Index	25.00%	18.20%	13.89%	7.82%	8.64%	6.70%
Comm. Services	40.23%	35.97%	3.75%	30.16%	16.86%	-9.43%
Consumer Disc.	30.14%	6.14%	9.42%	-4.50%	6.74%	-2.39%
Consumer Staples	14.87%	4.25%	17.79%	-3.74%	1.19%	-16.22%
Energy	5.72%	10.02%	13.12%	11.32%	-5.24%	-3.92%
Financials	30.50%	12.33%	25.21%	5.85%	18.95%	8.07%
Health Care	2.58%	13.02%	5.26%	6.29%	3.92%	2.77%
Industrials	17.30%	18.50%	13.44%	14.55%	17.03%	13.70%
Info. Tech.	36.61%	26.08%	24.38%	14.50%	-0.81%	23.24%
Materials	-0.04%	6.65%	-2.47%	1.97%	1.02%	9.77%
Real Estate	5.23%	3.89%	5.15%	4.91%	7.91%	-0.74%
Utilities	23.43%	16.81%	31.45%	18.91%	1.98%	7.53%

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

View from the Observation Deck

We update today's table on a regular basis to provide insight into the variability of sector performance by market capitalization. The table above presents the total returns of three major U.S. equity indices and their sectors over two distinct time frames: the 2024 calendar year, and year-to-date (YTD) through 12/5/25.

- The S&P 500 Index stood at 6,870.40 on 12/5/25, representing a price-only return of 37.88% from its most recent low (4,982.77 on 4/8/25). For comparison, the S&P MidCap 400 and S&P SmallCap 600 Indices were 2.07% and 4.19% below their respective all-time highs as of the same date. Large-cap stocks, as represented by the S&P 500 Index, posted total returns of 25.00% in 2024, outperforming the S&P MidCap 400 and S&P SmallCap 600 indices, with total returns of 13.89% and 8.64%, respectively, over the period (see table).
- A similar trend is playing out this year, with the S&P 500 Index increasing by 18.20% vs. 7.82% and 6.70% for the S&P MidCap 400 and SmallCap 600 indices, respectively, over the same time frame.
- Sector performance can vary widely by market cap and have a significant impact on overall index returns. Communication Services and Information Technology were two of the more extreme cases last year. This year, Communication Services and Consumer Staples exhibit the largest performance difference between market capitalizations.
- Communication Services and Information Technology are the two top-performing sectors in the S&P 500 Index, with total returns of 35.97% and 26.08%, respectively, YTD. By comparison, those sectors returned 30.16% and 14.50%, in the S&P MidCap 400 Index and -9.43% and 23.24%, respectively, in the S&P SmallCap 600 Index over the period.

Takeaway

As revealed in today's table, mid-cap and small-cap stocks continue to trail their large-cap counterparts in 2025. At the sector level, large-cap stocks outperformed their small and mid-sized peers in seven of the eleven sectors presented today. Consumer stocks have largely underperformed across all size categories. When we last wrote on this topic in May, ([click here](#)) we suggested that investors focus on fundamental drivers of equity returns (earnings growth), rather than short-term conditions (tariff turmoil at that time). Notably, the S&P 500 Index ("Index") surged by a staggering 39.04% between 4/8/25 (the height of tariff concerns) and 12/5/25. Presently, concerns regarding overcapitalization within the AI trade and the Index's lofty valuations have taken center stage. To be clear, we expect the Index's price-to-earnings (P/E) ratio will return to its long-term average at some point, but also believe profit margins (a record 13.1% in Q3'25) and earnings estimates (a record 309.16 in 2026 as of 11/28/25) may lend support to the Index's valuation, for now. For context, FactSet reported that the Index's trailing 12-month P/E stood at 28.3 on 12/5/25, compared to its 10-year average of 22.9. As before, we suggest that investors watch adjustments to year-end earnings estimates closely in the new year.