

# Cash Flow and Carey



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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 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

■ 12/30/22 – 12/29/23 | ■ 12/29/23 – 12/31/24

Category	S&P 500		S&P MidCap 400		S&P SmallCap 600	
<b>Index</b>	26.26%	25.00%	16.39%	13.89%	15.94%	8.64%
<b>Comm. Services</b>	55.80%	40.23%	-7.48%	3.75%	13.91%	16.86%
<b>Consumer Disc.</b>	42.30%	30.14%	24.28%	9.42%	32.54%	6.74%
<b>Consumer Staples</b>	0.52%	14.87%	15.70%	17.79%	14.96%	1.19%
<b>Energy</b>	-1.42%	5.72%	7.44%	13.12%	4.41%	-5.24%
<b>Financials</b>	12.10%	30.50%	8.05%	25.21%	5.15%	18.95%
<b>Health Care</b>	2.06%	2.58%	0.52%	5.26%	-2.38%	3.92%
<b>Industrials</b>	18.08%	17.30%	31.32%	13.44%	31.54%	17.03%
<b>Info. Tech.</b>	57.84%	36.61%	28.69%	24.38%	20.95%	-0.81%
<b>Materials</b>	12.55%	-0.04%	16.53%	-2.47%	19.88%	1.02%
<b>Real Estate</b>	12.27%	5.23%	8.60%	5.15%	7.38%	7.91%
<b>Utilities</b>	-7.08%	23.43%	-13.21%	31.45%	-7.49%	1.98%

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. As of the close on 12/31/24, the S&P 500 Index stood at 5,881.63, 3.43% below its all-time high of 6,090.27 set on 12/6/24, according to data from Bloomberg. The S&P MidCap 400 and S&P SmallCap 600 Indices stood 7.94% and 8.84% 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).
- Sector performance can vary widely by market cap and have a significant impact on overall index returns. Two of the more extreme cases in 2023 were the Communication Services and Technology sectors. The Communication Services, Information Technology, and Utilities sectors exhibited significant variability in performance across market capitalizations in 2024.
- Communication Services and Information Technology, the two top-performing sectors in the S&P 500 Index in 2024, represented 9.9% and 30.7%, respectively, of the weight of the S&P 500 Index on 1/31/25. By comparison, those sectors represented 1.4% and 11.2% of the S&P MidCap 400 Index, and 3.4% and 11.9% of the S&P SmallCap 600 Index, respectively, as of the same date.
- As of the close on 12/31/24, the trailing 12-month price-to-earnings (P/E) ratios of the three indices in today's table were as follows: S&P 500 Index P/E: 24.82; S&P MidCap 400 Index P/E: 17.46; S&P SmallCap 600 Index P/E: 17.35.
- The year-to-date total returns for each of the Indices presented in today's table (thru 2/7/25) were as follows: S&P 500: 2.55%, S&P MidCap 400: 2.82%, and S&P SmallCap 600: 1.72%.

### Takeaway

As we see it, small and mid-sized companies make up a historically narrow portion of the broader U.S. equity market. Combined, the S&P MidCap 400 and SmallCap 600 Indices comprised just 8.00% of the total market capitalization of the S&P 1500 Index as of 1/31/25. For comparison, the metric averaged 10.51% over the previous 25-year period. Notably, the last time (pre-COVID) that small and mid-sized companies accounted for 8.00% or less of the S&P 1500 Index's market capitalization was on 4/28/00. Since then, the S&P MidCap 400 and S&P SmallCap 600 Indices notched average annual total returns of 9.48% and 9.46%, respectively, (4/28/00 thru 2/7/25). For comparison, the average annual total return of the S&P 500 Index was 7.90% over the same period.