

Sector Performance Via Market Capitalization Since The Presidential Election

Large-, Mid- & Small-Caps Total Returns (11/8/16-12/12/16)

Category	S&P 500 Index	S&P MidCap 400 Index	S&P SmallCap 600 Index
Index	5.73%	11.37%	17.04%
Consumer Disc.	6.11%	11.98%	18.57%
Consumer Staples	-0.92%	3.65%	9.22%
Energy	10.59%	29.74%	27.44%
Financials	17.62%	18.24%	24.54%
Health Care	1.23%	6.29%	10.87%
Industrials	9.35%	16.01%	18.54%
Info. Tech.	1.58%	8.24%	11.97%
Materials	8.55%	12.23%	24.05%
Real Estate	1.95%	4.83%	11.43%
Telecom. Services	9.55%	12.91%	9.86%
Utilities	-1.45%	3.85%	6.99%

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

View from the Observation Deck

1. From 11/8/16 through 12/12/16, small-capitalization (cap) stocks outperformed both mid- and large-cap stocks, as measured by the S&P 500 Index, S&P MidCap 400 Index and S&P SmallCap 600 Index (see top line of table).
2. As indicated in the table, there were two sectors in the S&P 500 Index that posted negative total returns in the period. All of the sectors in the S&P MidCap 400 Index and S&P SmallCap 600 Index posted positive total returns.
3. Sector performance can vary widely by market cap. In the relatively brief period captured in the table, nearly all of the sectors reflect a huge disparity in performance based on market cap.
4. A quick glance at the returns in the table should at the very least help the average investor appreciate the merits of asset allocation and diversification, in our opinion.
5. One possible explanation for the significant outperformance of small-caps is the reaction to Donald Trump's pro-growth, pro-U.S. agenda, in our opinion.
6. The National Federation of Small Business (NFIB) reported that its NFIB Small Business Optimism Index rose 3.5 points to a reading of 98.4 in November, according to its own release. That pushed the index slightly above its 42-year average for just the third time since 2007. The NFIB states that federal taxes, regulations and the Affordable Care Act ("Obamacare") are the three biggest impediments to operating a small business in the U.S.

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 a capitalization-weighted index comprised of 500 stocks 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 11 major S&P 500, S&P MidCap 400 and S&P SmallCap 600 Sector Indices are capitalization-weighted and comprised of S&P 500, S&P MidCap 400, and S&P SmallCap 600 constituents, respectively, representing a specific sector.