

Sector Performance Via Market Capitalization Since Trump Won The Presidential Election

Large-, Mid- & Small-Cap Cumulative Total Returns (11/8/16-11/29/17)

Category	S&P 500 Index	S&P MidCap 400 Index	S&P SmallCap 600 Index
Index	25.41%	26.90%	31.75%
Consumer Disc.	24.10%	27.56%	31.05%
Consumer Staples	8.74%	5.18%	22.26%
Energy	1.29%	-6.25%	-14.33%
Financials	39.07%	35.77%	38.13%
Health Care	23.43%	30.42%	47.36%
Industrials	25.68%	36.23%	35.49%
Info. Tech.	39.19%	36.04%	26.28%
Materials	27.87%	28.17%	32.72%
Real Estate	13.51%	8.78%	20.58%
Telecom. Services	4.58%	-35.70%	19.59%
Utilities	18.74%	20.36%	31.81%

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

View from the Observation Deck

1. From 11/8/16 through 11/29/17, small-capitalization (small-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 "Index" line in table).
2. We are encouraged by the fact that small-cap stocks have outperformed mid-cap stocks, which in turn have outperformed large-cap stocks, because it indicates to us that the traditional risk-return dynamic (the greater the risk taken, the greater the return expected) is alive and well, despite President Donald Trump's unorthodox approach to governing.
3. Sector performance can vary widely by market cap and several of the sectors reflect a huge disparity in performance. We would like to note that the -35.70% total return posted by the S&P 400 Telecommunication Services Index is exaggerated due to the fact that it only has two constituents.
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. The S&P 500 Index had three sectors (Energy, Financials and Information Technology) post the highest total returns, by market cap, for the period captured in the table. The S&P MidCap 400 Index had just one (Industrials) top-performer, while the S&P SmallCap 600 Index had the remaining seven (Consumer Discretionary, Consumer Staples, Health Care, Materials, Real Estate, Telecommunication Services and Utilities).
6. None of the 11 sectors in the S&P 500 Index posted a negative total return in the period, compared to two for the S&P MidCap 400 Index and one for the S&P SmallCap 600 Index.

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.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.