

Consumer Stocks Have Delivered Strong Performance Over The Past 25 Years

Consumer Stocks vs. the S&P 500 Index
(YTD, 1-Year and Average Annualized Total Returns thru 4/28/17)

Period	S&P 500 Consumer Discretionary Index	S&P 500 Consumer Staples Index	50% Disc./ 50% Staples	S&P 500 Index
YTD	11.09%	7.45%	9.27%	7.16%
1-Year	15.78%	8.64%	12.21%	17.92%
3-Year	14.07%	10.62%	12.35%	10.48%
5-Year	16.52%	13.07%	14.80%	13.68%
10-Year	10.60%	10.33%	10.47%	7.15%
15-Year	9.19%	8.65%	8.92%	7.61%
20-Year	9.92%	8.25%	9.09%	7.60%
25-Year	10.24%	10.11%	10.18%	9.43%

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

View from the Observation Deck

1. Today's blog post compares total returns for the S&P 500 Index (broader market) versus a 50/50 split between the S&P 500 Consumer Discretionary Index and the S&P 500 Consumer Staples Index.
2. The 50/50 split outperformed the S&P 500 Index in 7 of the 8 periods featured in the table. The S&P 500 Consumer Discretionary Index also outperformed the S&P 500 Index in 7 of the 8 periods, while the S&P 500 Consumer Staples Index outperformed in 6 of the 8 periods.
3. The one occasion in which the S&P 500 Index outperformed the 50/50 split was for the 12-month period ended 4/28/17 (see chart).
4. For the 25-year period ended 4/28/17, the 50/50 split posted an average cumulative total return of 1,028.43%, 175.73 percentage points higher than the 852.70% cumulative total return posted by the S&P 500 Index, according to Bloomberg.
5. Why target consumer stocks? Historically, consumer spending has been credited with generating as much as 67% to 70% of U.S. gross domestic product (GDP). That stat is derived from U.S. personal consumption expenditures, which stood at 68.7% at the end of 2016, according to Haver Analytics.

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 500 Consumer Discretionary Index is a capitalization-weighted index comprised of companies spanning 31 subsectors in the consumer discretionary sector. The S&P 500 Consumer Staples Index is a capitalization-weighted index comprised of companies spanning 12 subsectors in the consumer staples sector.