

Checking in on the 10-Largest Stocks in the S&P 500 Index

S&P 500 Index Breadth (Price-Only Returns)

| Period | Top 10 Stocks by Market Cap Avg. % Price Change | S&P 500 Index % Price Change |
|----------------|---|---------------------------------|
| YTD (11/30/18) | 2.05% | 3.24% |
| 2017 | 32.11% | 19.42% |
| 2016 | 15.00% | 9.54% |
| 2015 | 16.52% | -0.73% |
| 2014 | 11.37% | 11.39% |
| 2013 | 28.63% | 29.60% |
| 2012 | 8.90% | 13.41% |

Source: S&P Dow Jones Indices. Past performance is no guarantee of future results.

View from the Observation Deck

1. We continue to receive questions about the degree to which the largest companies in the S&P 500 Index, by market capitalization (cap), are influencing the performance of the index in the current bull market.
2. The price-only returns featured in the table are shaded in either gray or blue. The gray shaded years indicate that a broad number of stocks in the S&P 500 Index were participating in the upside of the market, while the blue shaded years indicate that the top 10 stocks garnered more favor from investors.
3. While the top 10 companies by market cap significantly outperformed the broader market over the past three years (2015-2017), the S&P 500 index has delivered the best results through the first 11 months of 2018.
4. Another way to size up the bull market with respect to market breadth is to compare the S&P 500 Index, which is cap-weighted, to the S&P 500 Equal Weight Index (not depicted in table).
5. From 12/31/11-11/30/18 (period featured in table), the S&P 500 Index posted a cumulative total return of 153.78% (14.40% on an average annualized basis), compared to 150.22% (14.17% on an average annualized basis) for the S&P 500 Equal Weight Index, according to Bloomberg. A slight edge for the S&P 500 Index.
6. The bull market, as measured by the S&P 500 Index, commenced in March 2009. From 3/9/09-11/30/18, the S&P 500 Index posted a cumulative total return of 400.34% (17.99% on an average annualized basis), compared to 490.62% (20.02% on an average annualized basis) for the S&P 500 Equal Weighted Index, according to Bloomberg. A huge win for the S&P 500 Equal Weight Index.
7. Those returns suggest that this bull market has been inclusive, rather than one dominated by the biggest companies, in our opinion.

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 (currently 505) used to measure large-cap U.S. stock market performance. The S&P 500 Equal Weight Index is comprised of the same companies as the capitalization weighted S&P 500 Index, but each company is allocated a fixed weight, or 0.2% of the index total at each quarterly rebalance.

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