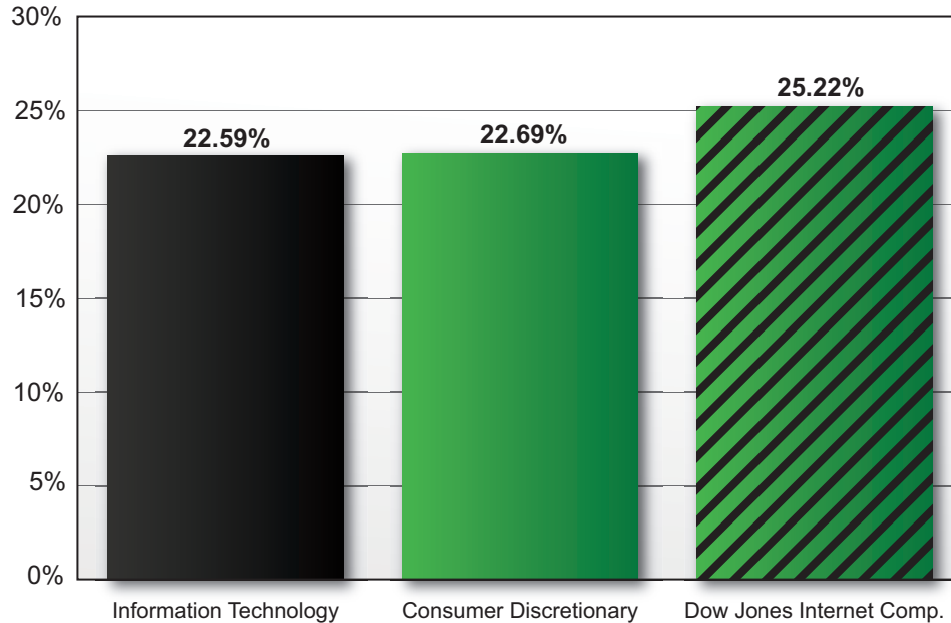


Information Technology + Consumer Discretionary = E-commerce

Two Top-Performing S&P 500 Sectors vs. Dow Jones Internet Composite Index
(Average Annualized Total Returns from 3/9/09-11/12/19)



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

View from the Observation Deck

1. The time period featured in today's blog chart (3/9/09-11/12/19) represents the current bull market in U.S. stocks.
2. Merriam-Webster defines e-commerce as commerce conducted via the Internet. Sounds simple enough.
3. The majority of retail-oriented companies in the S&P 500 Index are categorized as Consumer Discretionary.
4. The majority of the companies in the index that help provide the backbone to the internet are categorized as Information Technology.
5. Conceptually speaking, if you were to combine these two sectors you might get something akin to the Dow Jones Internet Composite Index (see definition below).
6. As indicated in the chart, these two sectors have posted nearly identical average annualized total returns at this point in the bull market, but lag the results generated by the Dow Jones Internet Composite Index.
7. The Dow Jones Internet Composite Index may be gaining an edge from less diversification. It is comprised of 41 constituents, compared to 68 for the S&P 500 Information Technology Index and 64 for the S&P 500 Consumer Discretionary Index.
8. That edge can be meaningful over time. The cumulative total returns for the period depicted in the chart are as follows: 1006.15% (Dow Jones Internet Composite Index); 789.36% (S&P 500 Consumer Discretionary Index) and 781.30% (S&P 500 Information Technology Index), according to Bloomberg.

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 stocks used to measure large-cap U.S. stock market performance. The S&P 500 Consumer Discretionary and S&P 500 Information Technology are capitalization-weighted and comprised of S&P 500 Index constituents representing a specific sector. The Dow Jones Internet Composite Index is a modified capitalization-weighted index that tracks companies involved in Internet-related activities.

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