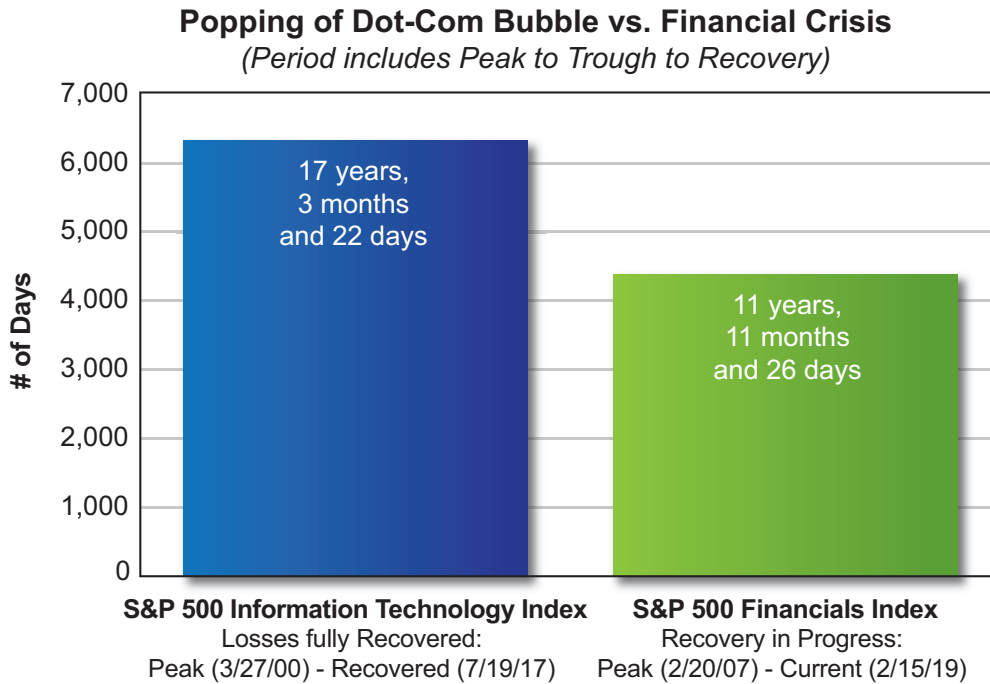


Comparing Two Major Recoveries: Technology vs. Financials



Source: Ibbotson Associates/Morningstar, Bloomberg and Nareit. Returns are total returns except Gold, which is price-only return. Past performance is no guarantee of future results.

View from the Observation Deck

1. The S&P 500 Index has never failed to fully recover the losses sustained from a bear market (price decline of 20% or more). We know this because it reached an all-time high on 9/20/18.
2. On a sector level, Financials and Information Technology have both endured crushing bear markets in the new millennium, and they were similar in scope.
3. On a price-only basis (does not include dividends), the S&P 500 Information Technology Index declined by 82.51% from 3/27/00 through 10/9/02 (peak-to-trough), according to Bloomberg. The S&P 500 Financials Index declined by 83.96% (peak-to-trough) from 2/20/07 through 3/6/09, according to Bloomberg.
4. As indicated in the chart, the losses sustained from the bear market in tech stocks took 6,323 days to fully recover, as measured by the S&P 500 Information Technology Index. Since then (7/19/17-2/15/19), the index posted an aggregate price-only return of 22.93%, according to Bloomberg.
5. The rebound in Financials is still a work in progress. As of 2/15/19, the recovery effort from the 2008-2009 financial crisis had lasted 4,378 days, as measured by the S&P 500 Financials Index. As of 2/15/19, the index stood 14.09% below its all-time high set on 2/20/07.
6. We know that the banks, particularly the largest institutions, were at the epicenter of the financial crisis. Here is a link to our latest take on the banks ([click here](#)).
7. The U.S. stock market has demonstrated its ability to heal itself. The X-Factor is time. So far, Financials appear to be healing at a much faster clip than Technology did.

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 Information Technology Index and the S&P 500 Financials Index are capitalization-weighted and comprised of S&P 500 constituents representing those specific sectors.

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