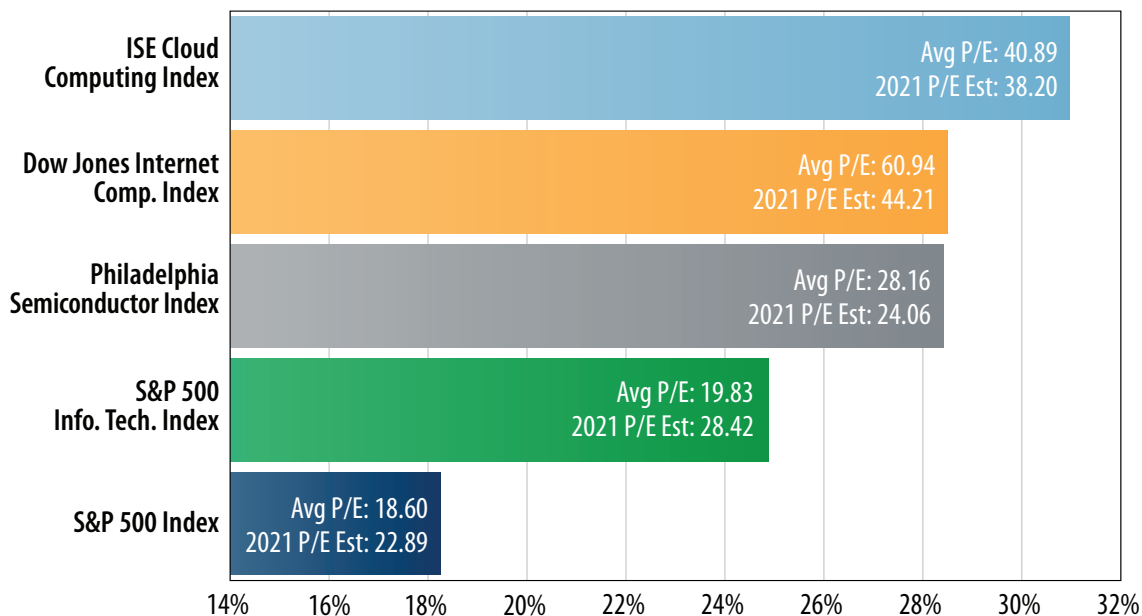


# Technology Stocks Have Delivered Strong Returns Since The End Of The Financial Crisis-Induced Bear Market

Average Annualized Total Returns (3/9/09-2/9/21)



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

## View from the Observation Deck

1. From 3/9/09-2/9/21, all four of the technology-related indices featured in the chart significantly outperformed the S&P 500 Index.
2. The average annualized total returns for the period were as follows: ISE Cloud Computing Index (+30.97%); Dow Jones Internet Composite Index (+28.50%); Philadelphia Semiconductor Index (+28.41%); S&P 500 Information Technology Index (+24.88%); and S&P 500 Index (+18.25%), according to Bloomberg.
3. While we acknowledge that the U.S. stock market, as measured by the S&P 500 Index, did endure another bear market (COVID-19-induced) from 2/19/20 through 3/23/20, it came and went so quickly that it proved little more than a hiccup for the equities markets. A bear market is defined as a 20% or greater decline in the price of a security or index.
4. From 2/19/20-2/9/21, which includes the aforementioned bear market, the S&P 500 Index posted a total return of 17.49%, according to Bloomberg. The top-performing sector was Information Technology, with a total return of 34.64%.
5. As of 2/10/21, Information Technology accounted for 27.84% of the S&P 500 Index, the largest weighting of the major sectors that comprise the index, according to Bloomberg. Health Care came in a distant second with a weighting of 13.20%.
6. Technology mutual funds and exchange-traded funds (ETFs) reported estimated net inflows totaling \$22.08 billion in 2020, accounting for 39.20% of the \$56.32 billion in total estimated net inflows reported by all sector mutual funds and ETFs, according to Morningstar.
7. As indicated within each of the bars in the chart, price-to-earning (P/E) ratios have gotten stretched for some of the indices. That means investors will be paying more in price for a dollar's worth of earnings. The same, however, could have been said back in 2017. [Click here](#) to see where P/Es stood in one of our prior posts.

*The chart and performance data referenced are for illustrative purposes only and not indicative of any actual investment. The index performance data excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The ISE Cloud Computing Index is a modified equal-dollar weighted index designed to track the performance of companies actively involved in the cloud computing industry. The Dow Jones Internet Composite Index is a modified capitalization-weighted index designed to track companies involved in Internet-related activities. The Philadelphia Semiconductor Index is a modified capitalization-weighted index comprised of companies that are involved in the design, distribution, manufacturing, and sale of semiconductors. The S&P 500 Information Technology Index is capitalization-weighted and comprised of S&P 500 constituents representing the technology sector.*

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