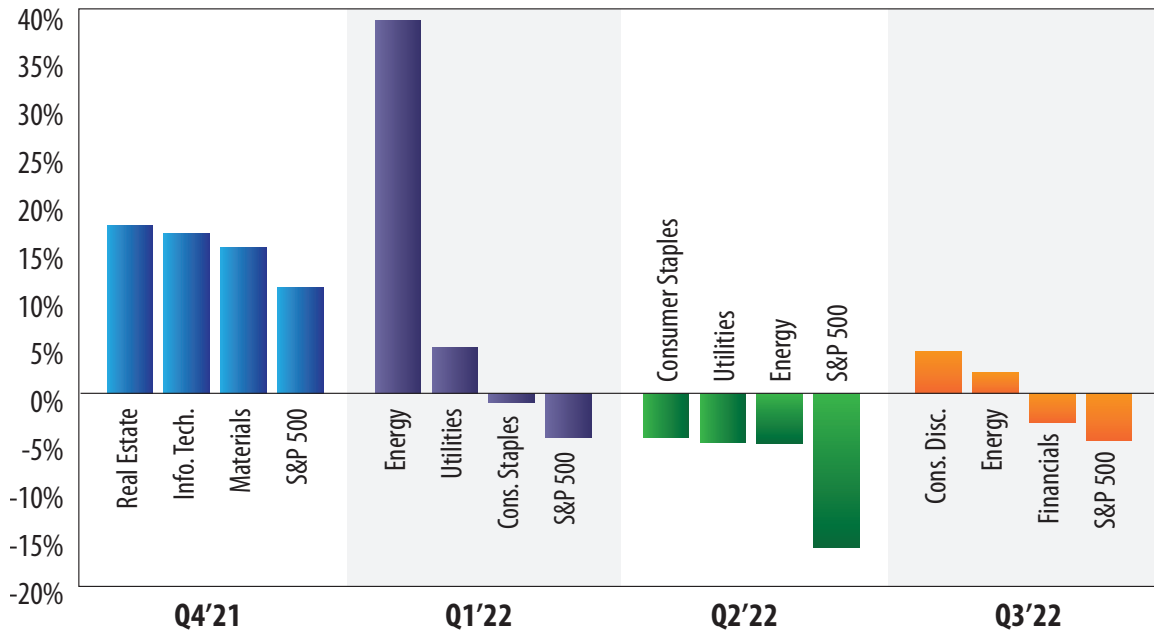


# The Only Constant Is Change

**Top Three S&P 500 Index Sectors In Each Of The Past Four Quarters**



Source: Bloomberg. Returns are total returns. **Past performance is no guarantee of future results.**

## View from the Observation Deck

1. One of the most common questions we field on an ongoing basis is the following: What are your favorite sectors?
2. Sometimes the answer is more evident than at other times, such as Energy's outperformance in the current climate, in our opinion
3. For the first time since 2005, a sector in the S&P 500 Index was able to repeat as the top-performer on a calendar year basis. Information Technology posted the highest total return in 2019 (+50.29%) and 2020 (43.89%), according to Bloomberg.
4. Energy is on pace to accomplish this feat. Energy posted the highest total return in 2021 (54.35%) and year-to-date through 9/30/22 (34.39%). Energy is the only sector in positive territory so far this year.
5. The top-performing sectors in Q3'22 were as follows (total returns): 4.36% (Consumer Discretionary), 2.16% (Energy) and -3.10% (Financials). The total return on the S&P 500 Index was -4.89%. The other eight sectors generated total returns ranging from -4.72% (Industrials) to -12.71% (Communication Services).
6. Here is how many times each of the major sectors have made it into the top 3 on a quarterly basis since the start of the COVID-19 pandemic (12/31/19-9/30/22): 7 (Energy); 4 (Information Technology); 4 (Financials); 3 (Industrials); 3 (Consumer Staples); 3 (Utilities); 3 (Consumer Discretionary); 2 (Materials); 2 (Real Estate); 1 (Communication Services); and 1 (Health Care), according to Bloomberg.
7. For comparative purposes, the following shows the cumulative total returns for these sectors over that same period: 37.67% (Energy); 32.69% (Information Technology); 24.37% (Health Care); 17.17% (Materials); 16.28% (Consumer Discretionary); 15.84% (Consumer Staples); 10.59% (Utilities); 6.62% (Industrials); 4.35% (Financials); 1.62% (Real Estate); and -8.40% (Communication Services), according to Bloomberg. The S&P 500 Index posted a cumulative total return of 15.96% during the period.
8. [Click here](#) to access the post featuring the top-performing sectors in Q4'20, Q1'21, Q2'21 and Q3'21.

*This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or 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 respective S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.*