

# One Way To View Energy-Related Stocks

## Energy-Related Stocks vs. the S&P 500 Index (YTD, 1-Year and Average Annualized Total Returns thru 9/13/22)

Period	S&P 500 Energy Index	S&P 500 Utilities Index	50% Energy/ 50% Utilities	S&P 500 Index
YTD	48.20%	7.88%	27.82%	-16.57%
1-Year	72.22%	14.70%	42.50%	-10.65%
3-Year	16.11%	10.04%	15.20%	11.15%
5-Year	9.07%	10.48%	11.33%	11.46%
10-Year	4.29%	11.42%	8.83%	12.59%
15-Year	3.58%	8.43%	6.89%	8.90%
20-Year	9.09%	11.00%	10.88%	9.87%
25-Year	7.49%	8.49%	8.82%	7.95%

Source: Bloomberg. 50%/50% combination reflects daily rebalancing. **Past performance is no guarantee of future results.**

## View from the Observation Deck

1. Today's blog post compares the performance of energy-related stocks to the broader market, as measured by the S&P 500 Index, over an extended period.
2. Why target energy-related stocks? First, oil/gasoline, natural gas and electricity are basic necessities for most people and they are all relatively expensive at the moment. Second, there is a strong push by the Democrats, in particular, to get consumers to opt for electric vehicles (EVs) over combustible-engine vehicles moving forward. Some car manufactures are gearing up to emphasize EV models as well. If this scenario comes to fruition, one would expect a shift in demand away from Energy (oil and gasoline) to Utilities (electrical grid). We will see.
3. Utilities outperformed Energy in five of the eight periods in the table above, but not the three most recent periods.
4. Utilities outperformed the S&P 500 Index in four of the eight periods, including the two most recent periods.
5. Energy outperformed the S&P 500 Index in three of the eight periods, all of which were recent.
6. The 50/50 split between Energy and Utilities outperformed the S&P 500 Index in five of the eight periods, including the three most recent periods.
7. For the 25-year period ended 9/13/22, the cumulative total return on the S&P 500 Utilities Index was 668.28%, compared to 576.14% for the S&P 500 Index and 507.61% for the S&P 500 Energy Index, according to Bloomberg. The 50% Energy/50% Utilities split posted a cumulative total return of 587.95%, which outperformed the S&P 500 Index over that span.
8. As of 9/14/22, Energy and Utilities had a combined weighting of approximately 8% in the S&P 500 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 companies used to measure large-cap U.S. stock market performance. The S&P 500 Energy Index is a capitalization-weighted index comprised of 21 companies spanning five subsectors in the energy sector. The S&P 500 Utilities Index is a capitalization-weighted index comprised of 29 companies spanning five subsectors in the utilities sector.*

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