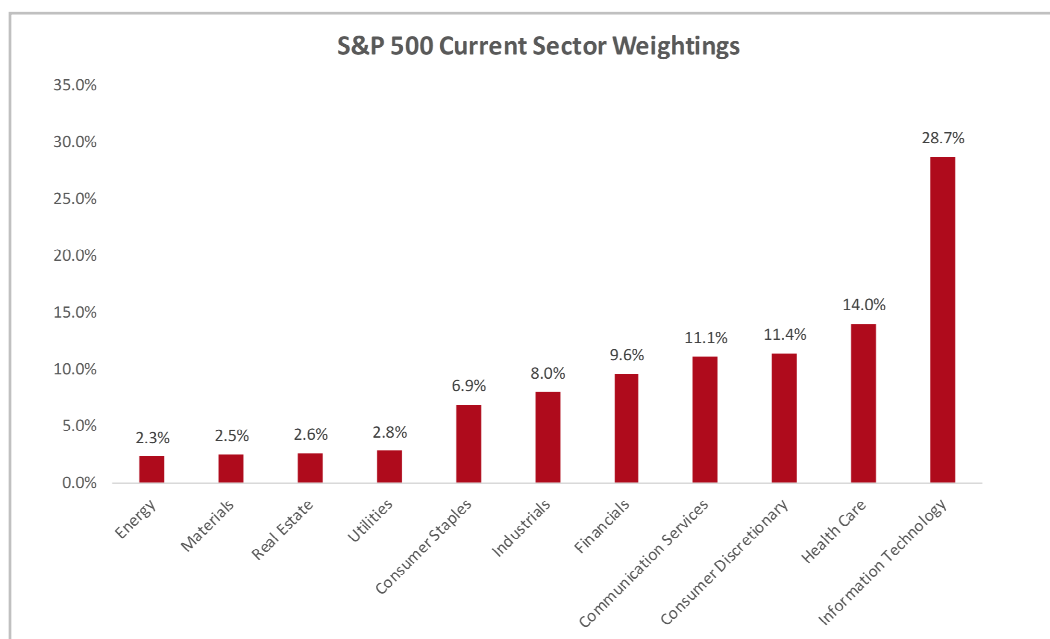




Mean Reversion is a Powerful Force...



Source: S&P Dow Jones Indices | S&P 500 Factsheet. As of August 31, 2020.

Over the last twelve years the energy sector has declined to just 2.3% of the S&P 500 Index (large-cap U.S. equities), as its share of the broad market has fallen steadily since peaking at 13.14%[†] of the index in 2008.

S&P 500 Sector Weightings (%): 1995-2016

Sector	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Technology	9.39	12.31	12.24	17.78	29.18	21.23	17.72	14.63	17.73	16.05	15.10	15.14	16.82	15.40	19.76	18.65	19.02	18.95	18.58	19.83	20.69	20.77
Financials	13.14	15.07	16.91	15.67	13.02	17.34	17.75	20.46	20.63	20.64	21.29	22.27	17.39	12.97	14.38	16.06	13.43	15.63	16.17	16.64	16.47	14.81
Health Care	10.82	10.38	11.35	12.01	9.31	14.36	14.36	14.77	13.31	12.68	13.34	12.03	12.00	14.92	12.64	10.91	11.85	12.05	13.01	14.11	15.16	13.63
Cons. Discret.	12.97	11.70	11.95	12.43	12.70	10.28	13.14	13.26	11.29	11.90	10.81	10.62	8.41	8.39	9.60	10.63	10.67	11.40	12.54	11.94	12.89	12.03
Industrials	12.63	12.75	11.65	9.97	9.91	10.57	11.29	11.50	10.96	11.79	11.35	10.84	11.52	11.06	10.30	10.95	10.69	10.13	10.93	10.45	10.05	10.27
Cons. Staples	12.80	12.62	12.36	11.28	7.17	8.10	8.19	9.48	11.00	10.48	9.45	9.25	10.27	13.06	11.36	10.63	11.54	10.64	9.79	9.87	10.06	9.37
Energy	9.14	9.18	8.51	6.41	5.55	6.57	6.34	5.99	5.79	7.16	9.31	9.82	12.94	13.14	11.51	12.03	12.27	11.04	10.24	8.45	6.50	7.56
Materials	6.05	5.68	4.53	3.11	3.00	2.30	2.61	2.82	3.05	3.09	2.99	2.96	3.36	2.97	3.60	3.74	3.50	3.62	3.50	3.17	2.76	2.84
Utilities	4.53	3.69	3.39	3.04	2.21	3.79	3.09	2.84	2.85	2.94	3.36	3.55	3.62	4.20	3.72	3.30	3.87	3.47	2.93	3.25	2.99	3.17
Real Estate																						2.85
Telecom	8.53	6.62	7.12	8.29	7.94	5.46	5.50	4.25	3.38	3.27	3.01	3.51	3.66	3.88	3.15	3.11	3.17	3.07	2.31	2.29	2.43	2.66

Source: bespokepremium.com

In 1999 the energy sector's share of the S&P 500 had also fallen to a decade low of 5.55%[†], while technology conversely peaked at 29.18%[†], just before the tech bubble burst after the NASDAQ hit, on March 10, 2000, its all-time closing high at the time of 5,048.62. Today technology is 28.7% of the index. Is the tech sector going to burst again? That we do not know.

What we do know is that mean reversion is a powerful force, like a teeter totter. So, we continue to recommend rebalancing, diversification, selling strength and buying weakness, and adhering to your long-term goals.

We welcome your questions at any time.

R&R Investment Partners

[†]As at calendar year end.



Source: buzzfeednews.com

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