

The Periodic Table of Sector Returns

Annual Returns of S&P 500 Sectors

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
28.77%	29.14%	32.13%	32.38%	-17.66%	59.92%	25.72%	14.84%	26.26%	40.96%
19.60%	12.75%	22.21%	19.99%	-24.48%	45.22%	23.92%	10.53%	21.87%	38.74%
15.97%	4.85%	17.23%	15.81%	-31.55%	38.76%	19.92%	10.18%	15.19%	37.63%
15.95%	3.72%	16.87%	15.53%	-33.61%	17.27%	17.86%	4.41%	13.15%	33.21%
12.14%	2.15%	16.16%	11.60%	-34.72%	17.07%	12.30%	2.77%	12.49%	26.23%
10.79%	1.34%	15.73%	9.83%	-35.93%	14.81%	10.83%	1.33%	12.46%	22.73%
8.23%	0.38%	11.76%	8.45%	-41.52%	11.29%	10.67%	0.84%	12.24%	22.68%
6.04%	0.36%	11.02%	5.39%	-43.68%	11.21%	9.13%	-2.92%	7.52%	22.27%
2.14%	-7.35%	7.70%	-14.32%	-47.05%	6.80%	0.85%	-11.64%	2.33%	8.75%
0.23%	-9.05%	5.78%	-20.84%	-56.95%	2.63%	0.71%	-18.41%	-2.91%	6.49%



Source: Bloomberg, U.S. Global Investors

The domestic stock market is composed of 10 sectors, each of which has an important role in our daily lives. When building a portfolio of investments, it's important to realize that these sectors can have wide fluctuations over time. Looking at 10 years of history of the S&P 500 Index, the average annual difference between the top and bottom performers is 36 percent. Also, depending on the market cycle, a sector could be in or out of favor, and that trend can last for a significant period of time.

Identifying these trends of leading and lagging sectors is an important part of our investment process. We aim to tactically overweight the leaders and underweight the laggards. We believe this approach gives us the opportunity to outperform.

As with all investments, diversification does not protect an investor from market risks and does not assure a profit, and of course, past performance does not guarantee future results.

The S&P 500 Stock Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. 14-171