

Despite markets being down overall for the year, there are a few bright spots. When breaking down the markets by sector, those companies that aren't deeply impacted by the economic cycle (i.e. expansions and contractions) have held up reasonably well. It's not surprising that technology and healthcare have led the way. The top holdings in the technology sector are Microsoft and Apple, both of which are up roughly 17% and 10% year-to-date, respectively (combined, they represent approximately 40% of the sector). The reason the consumer discretionary sector has outperformed on a relative basis is due to the weighting of Amazon, which is up roughly 32% for the year.

- Energy and financials have taken the brunt of the downturn. With depressed interest rates, banks are having a tough time. Likewise, with weak overall demand, energy companies have seen a wave of downgrades. Year-to-date, the energy and financials sectors are lower by roughly -32% and -24%, respectively.
- The outperformance of the technology sector might be a bit stretched. When looking at the sector overall, the price-to-earnings ratio is roughly 28, compared to a corresponding ratio of 21 for the total S&P 500 Index. Still, consumer demand for technology services is robust.

