



November 2021

Very Mixed Sector Performance for November

More than half of the 11 S&P 500 sectors retreated and the range was wide

Over every single time period, sector performance will be driven largely by factors one would expect, such as the overall state of the economy, underlying corporate earnings, current and predicted interest rates, and inflation, among other factors.

Reviewing the sector performance for the month of November (a very short time-period), two things become very clear:

- First, sectors do not move in lock-step with one another and will often provide very divergent returns for investors – depending on timing and the current economic climate and
- Second, November continued to see significant divergence in sector performance, with the spread between the best (+5.69%) and the worst (-4.08%) being quite wide.

Sector Highlights Through October 2021

For the month of November, sector performance was mixed, as 6 of the 11 sectors were negative. Contrast that with the previous month which saw all 11 sectors painted green.

Interestingly, September was almost the mirror-opposite of October, as September saw 10 of the 11 sectors record negative returns, while November seemed to be more of a combination of September and October.

In addition, the range in sector-returns was exceptionally wide, with Information Technology

jumping over 5% on the month and Financials losing almost 4%. And unpacking the various sector returns further, we can sense another mini-sector rotation in our midst, as the Energy sector was near the bottom of the chart this month after residing at the top for the previous two months.

Here are the sector returns for the month of November and October (two very short time-periods):

S&P 500 Sector	October 2021	November 2021
Information Technology	+7.28%	+5.69%
Energy	+8.59%	-4.08%
Health Care	+4.53%	-0.29%
Real Estate	+6.44%	-0.03%
Consumer Staples	+2.68%	+1.39%
Consumer Discretionary	+9.34%	+3.34%
Industrials	+4.65%	-1.19%
Financials	+5.44%	-3.88%
Materials	+5.48%	+1.32%
Communication Services	+1.99%	-1.43%
Utilities	+5.18%	+0.18%

Source: FMR

What Does It Mean for Investors?

At a very basic level, the differences in returns for the 11 S&P 500 sectors support two fundamental principles of financial planning – asset allocation and diversification.

At your next portfolio review, let's revisit the differences between asset allocation and diversification. And we can discuss how to ensure that your portfolio is consistent with your risk profile and personal goals.