Commentary | Third Quarter 2024

Investment Research Update

From the desk of

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Director of Quantitative Market Strategy

Performance summary:

All but one of the 11 sectors in the S&P 500® posted a gain for the second quarter. Energy, information technology, and financials outperformed the benchmark index for the three months, whereas real estate, utilities, and consumer discretionary lagged the S&P 500 the most. Information technology posted strong gains in both shorter and slightly longer time frames.

Sector	Performance as of 6/30/24				Weight in S&P 500®
	Latest Quarter	1-Year	3-Year Annualized	Dividend Yield	
Communication Services	9.4%	44.9%	6.4%	0.6%	9.3%
Consumer Discretionary	5.0%	28.7%	4.3%	0.7%	10.0%
Consumer Staples	7.5%	7.2%	8.0%	2.5%	5.8%
Energy	13.7%	17.7%	30.0%	3.1%	3.6%
Financials	12.5%	33.5%	9.5%	1.6%	12.4%
Health Care	8.8%	16.1%	10.0%	1.6%	11.7%
Industrials	11.0%	26.7%	10.4%	1.4%	8.1%
Information Technology	12.7%	46.0%	19.0%	0.6%	32.4%
Materials	8.9%	17.6%	7.9%	1.9%	2.2%
Real Estate	-1.1%	8.7%	3.2%	3.7%	2.2%
Utilities	4.6%	0.4%	4.1%	3.2%	2.3%
S&P 500®	10.6%	29.9%	11.5%	1.3%	

Past performance is no guarantee of future results. Sectors defined by the Global Industry Classification Standard (GICS®); see Index Definitions for details. Performance metrics reflect S&P 500 sector indexes. Changes were made to the GICS framework on 9/24/18; historical S&P 500 communication services sector data prior to 9/24/18 reflect the legacy telecommunication services sector. The top three performing sectors over each period are shaded green; the bottom three are shaded red. It is not possible to invest directly in an index. All indexes are unmanaged. Percentages may not total 100% due to rounding.
Source: Morningstar, FactSet as of 6/30/2024.

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Scorecard: Information technology still appears attractive

Potential for an earnings recovery and the long-term fundamental picture favored information technology. Consumer discretionary showed constructive contrarian indicators. Relative valuations favored financials. Conversely, earnings growth for consumer staples seemed likely to lag in a broader recovery. Looking ahead, the defensive characteristics of utilities could hinder its performance and problematic fundamental trends could offset the low valuations in health care.

Sector	Strategist View (■ Overweight ■ Neutral ■ Underweight)	Time Horizon View (Longer): Fundamentals	Time Horizon View: Valuations	Time Horizon View (Shorter): Relative Strength	Comments
Communication Services	Underweight	+		+	Defensive characteristics may hinder performance.
Consumer Discretionary	Overweight	+			Constructive contrarian indicators.
Consumer Staples	Underweight				Earnings growth may lag in a broader recovery.
Energy	Underweight		+	–	Indicators suggest a negative risk-reward.
Financials	Overweight		+		Relative valuation may limit further deterioration.
Health Care	Underweight	–		–	Problematic fundamental trends offset low valuations.
Industrials	Overweight		–	+	Other predictive valuation indicators still compelling.
Information Technology	Overweight	+	–	+	Earnings increasingly likely to recover.
Materials	Underweight	–			Higher capital expenditures may weigh on the sector.
Real Estate	Overweight	–	–	–	Lower rates and high valuation spreads suggest attractive risk-reward.
Utilities	Underweight		+		Defensive characteristics may hinder performance.

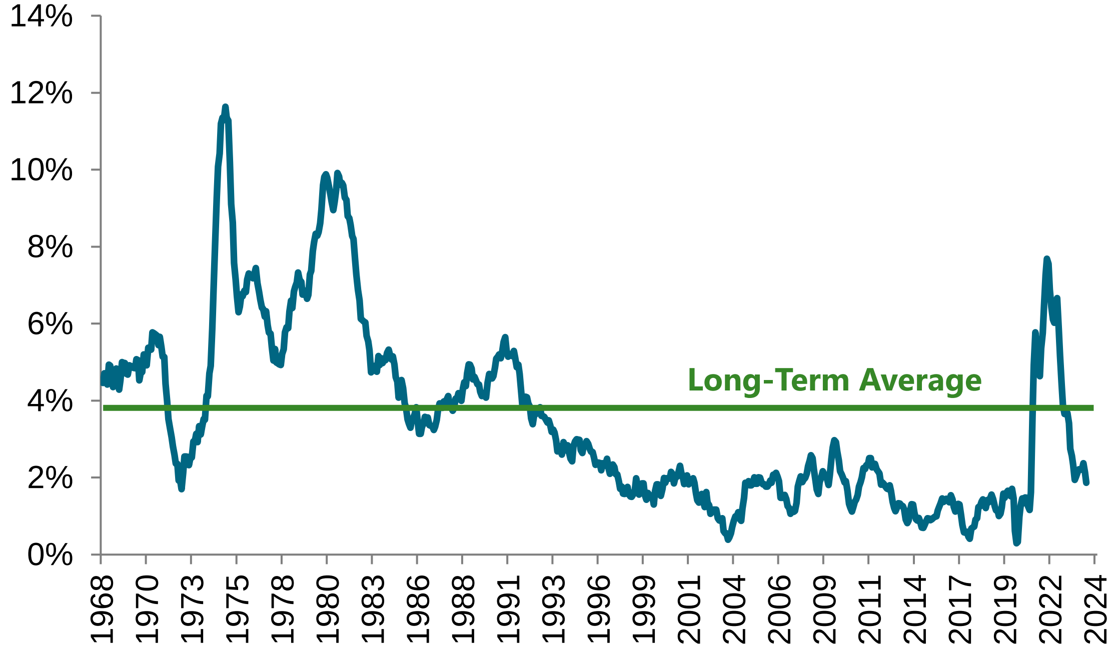
Past performance is no guarantee of future results. Strategist view, fundamentals, valuations, and relative strength are based on the top 3,000 U.S. stocks by market capitalization. Sectors defined by the GICS; see Index Definitions for details. Historical communication services data has been restated back to 1962 to account for changes to the GICS framework made on 9/24/18. **Strategist view** is as of the date indicated based on the information available at that time and may change based on market or other conditions. This is not necessarily the opinion of Fidelity Investments or its affiliates. Fidelity does not assume any duty to update any of the information. Overweight and underweight views represent opportunistic tilts in a hypothetical portfolio relative to broad market sector weights. Sector weights may vary depending on an individual's risk tolerance and goals. Time horizon view factors are based on historical analysis and are not a qualitative assessment by any individual investment professional. The top three sectors based on each time horizon view metric are shaded green; the bottom three are shaded red. See Glossary and Methodology for details. It is not possible to invest directly in an index. All indexes are unmanaged. Source: Haver Analytics, FactSet, Fidelity Investments, as of 6/30/2024.

How widespread is inflation, really?

My analysis suggests we have housing inflation, not broad-based inflation. When you strip out the cost of shelter, food, and energy from the May core Consumer Price Index (CPI), the 12-month change in the inflation rate is lower than both the long-term average going back to 1968 and the U.S. Federal Reserve's 2% target rate (left). Only 58% of the items weighed by CPI increased in price over the three months through April, down from 96% of the items in 2022 (right).

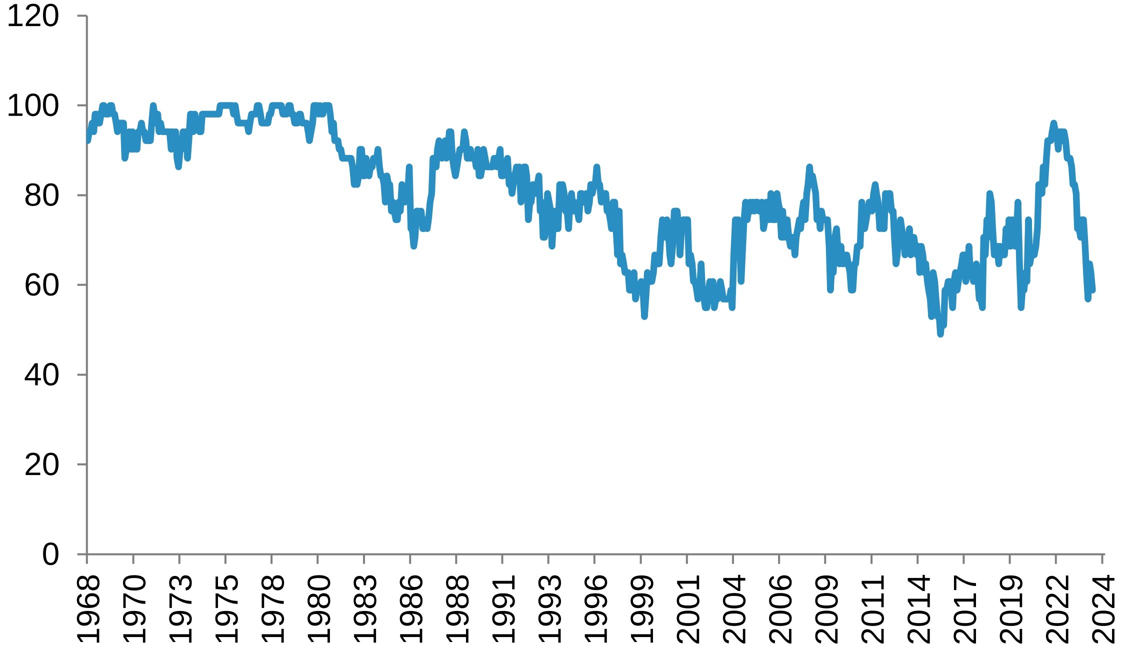
Outside of shelter, core CPI is historically low and below the Fed's target

Percent Change Year to Year of CPI-U, All Items Less Food, Shelter and Energy



Almost half of prices have been stable recently

Fraction of CPI Items with Price Increases, Three-Month Moving Average



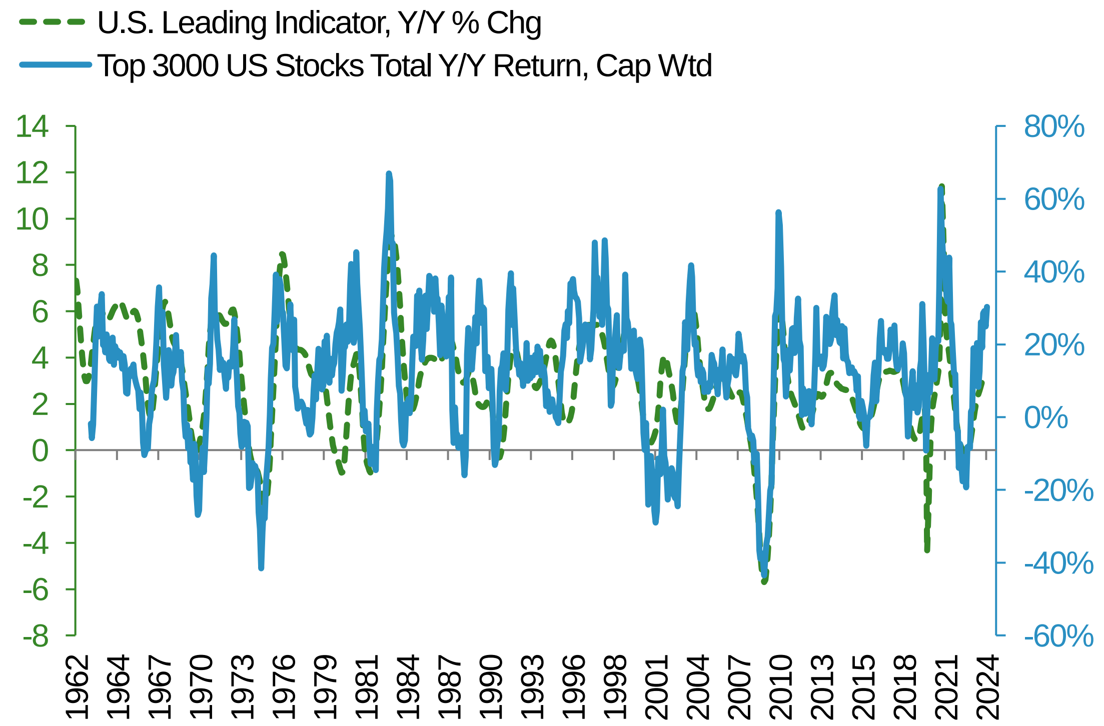
Past performance is no guarantee of future results. Sources: Haver Analytics, FactSet, Fidelity Investments, as of 5/31/24. Data analyzed monthly since January 1968. **LEFT**: CPI: Consumer Price Index. CPI-U: Consumer Price Index for All Urban Consumers.

Stock returns have tracked fundamentals

Any worries that stock gains have outpaced fundamentals may be misplaced. Since December 2022, stock returns and the OECD U.S. Composite Leading Indicators (CLI) have accelerated at about the same rate—typical of most bullish periods since the early 1960s (left). Returns also have been mostly in line with forward earnings growth since 2022 (right). After leading indicators and earnings growth accelerated comparably in the past, the market returned about 10% over the next 12 months, on average.

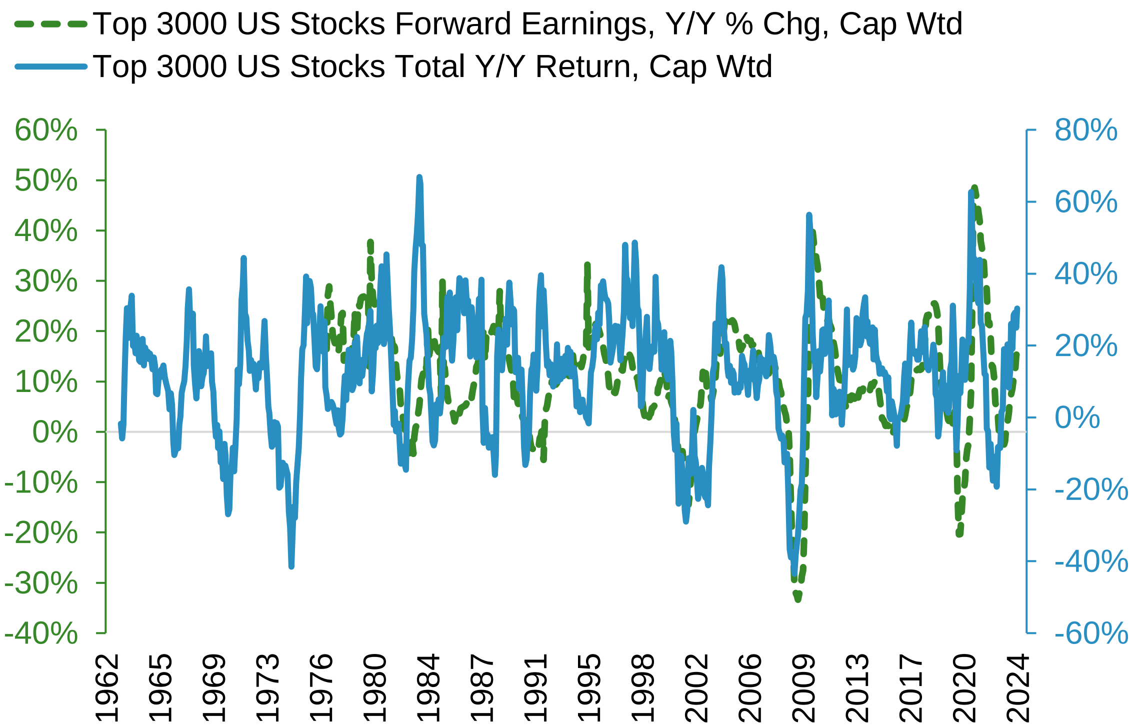
Stocks and OECD leading indicators have accelerated together

Stocks vs. Leading Indicators, Year Over Year



So have stocks and earnings growth

Stocks vs. Forward Earnings Growth, Year Over Year



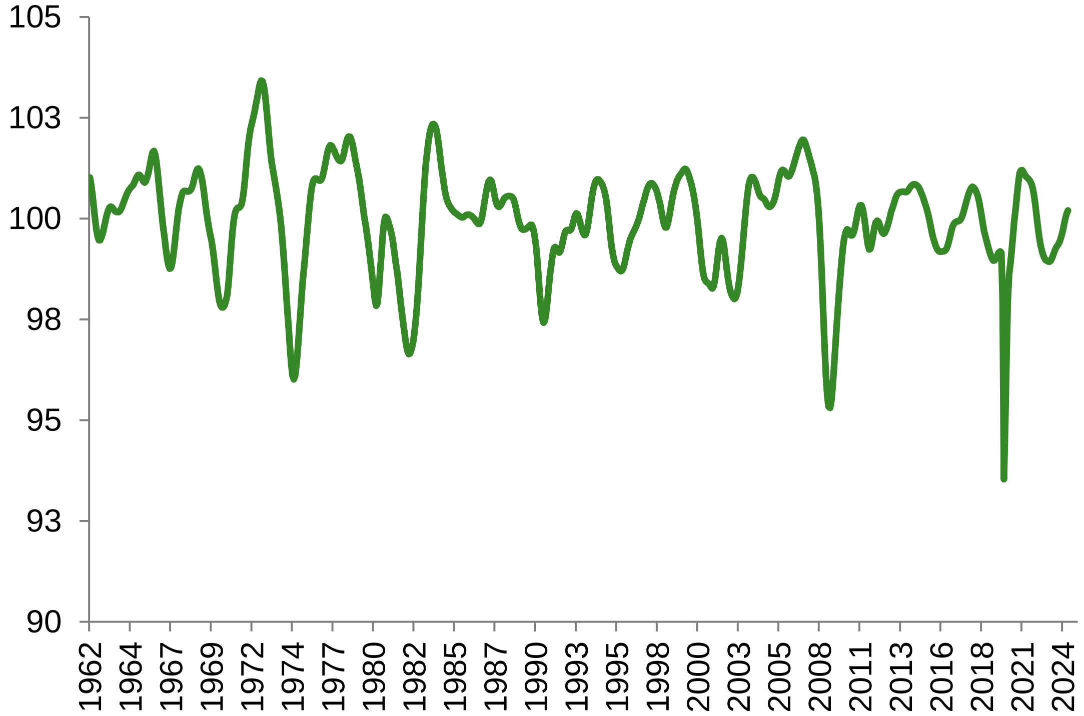
Past performance is no guarantee of future results. Sources: Haver Analytics, FactSet, Fidelity Investments, as of 5/31/24. Analysis based on Fidelity top U.S. 3,000 stocks by market capitalization. Data analyzed monthly since January 1962. **LEFT:** OECD U.S. CLI: Organisation for Economic Co-operation and Development Composite Leading Indicator for the United States. **RIGHT:** Cap Wtd: Capitalization weighted. Capitalization-weighted indices assign weight to components based on total market value.

Leading economic indicators’ recent levels have been bullish

The OECD CLI (or just CLI) recently has risen (left). In the past, a rise in the CLI has tended to be a contrarian signal, as investors appeared to look past the good economic news and anticipated a downturn for stocks. That said, the recent CLI increase might not be bearish this time. As of May, the CLI was still in just the second quartile of its range since 1962, which historically has been followed by 13% average returns over the next 12 months (right).

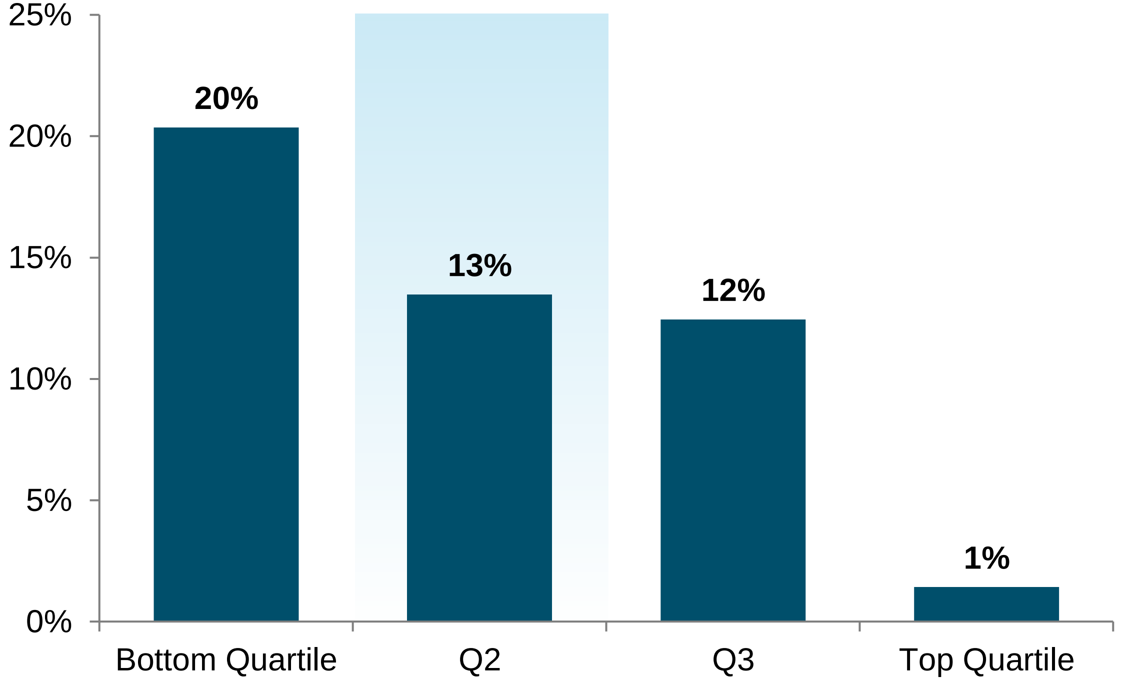
Leading indicators have risen

U.S. Total OECD Composite Leading Indicators



Leading indicators remain in historically bullish territory

Next-Twelve-Month Total Return in Quartiles of Absolute Level of OECD U.S. CLI, 1962–Present



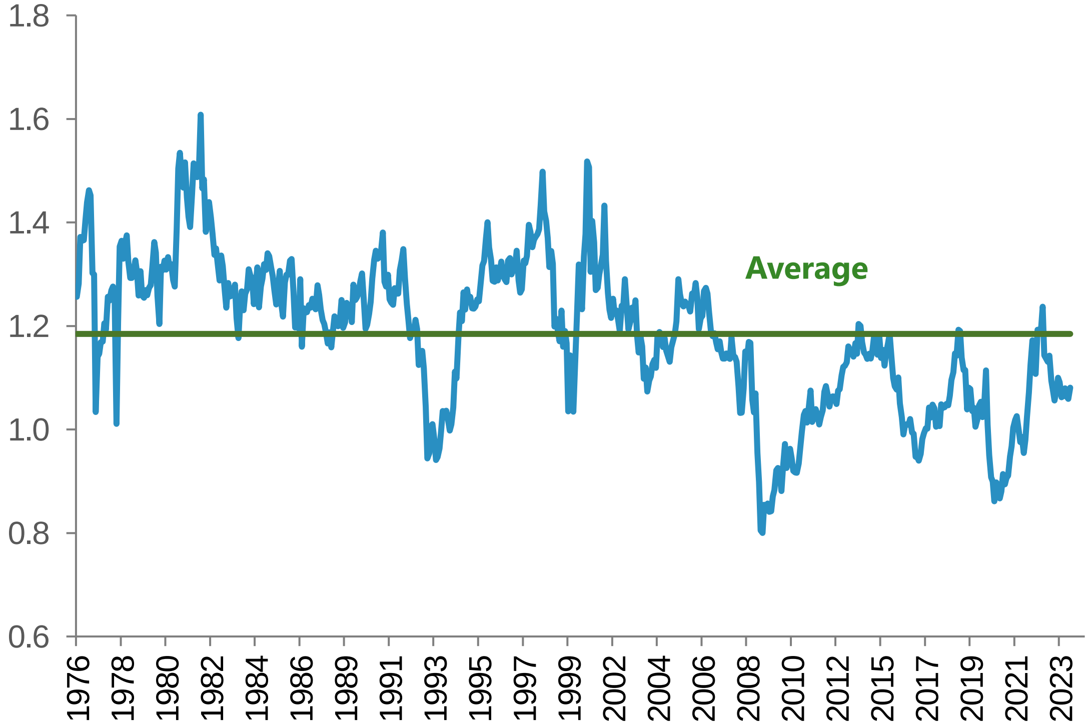
Past performance is no guarantee of future results. OECD U.S. CLI: Organization for Economic Co-operation and Development Composite Leading Indicator for the United States. Sources: Haver Analytics, FactSet, Fidelity Investments, as of 5/31/24. Data analyzed monthly since January 1962. **RIGHT:** NTM: Next twelve months.

Health care stocks' valuations are low for good reason

Health care stocks appear inexpensive based on the sector's forward price-to-earnings ratio versus that of the broad market going back to 1976 (left). In fact, the sector's relative valuation recently fell into the second quartile of its historical range. That said, historical cheapness might not be a reason to buy right away. After reaching comparable valuations in the past, the sector had only 54% odds of outperformance over the next 12 months (right).

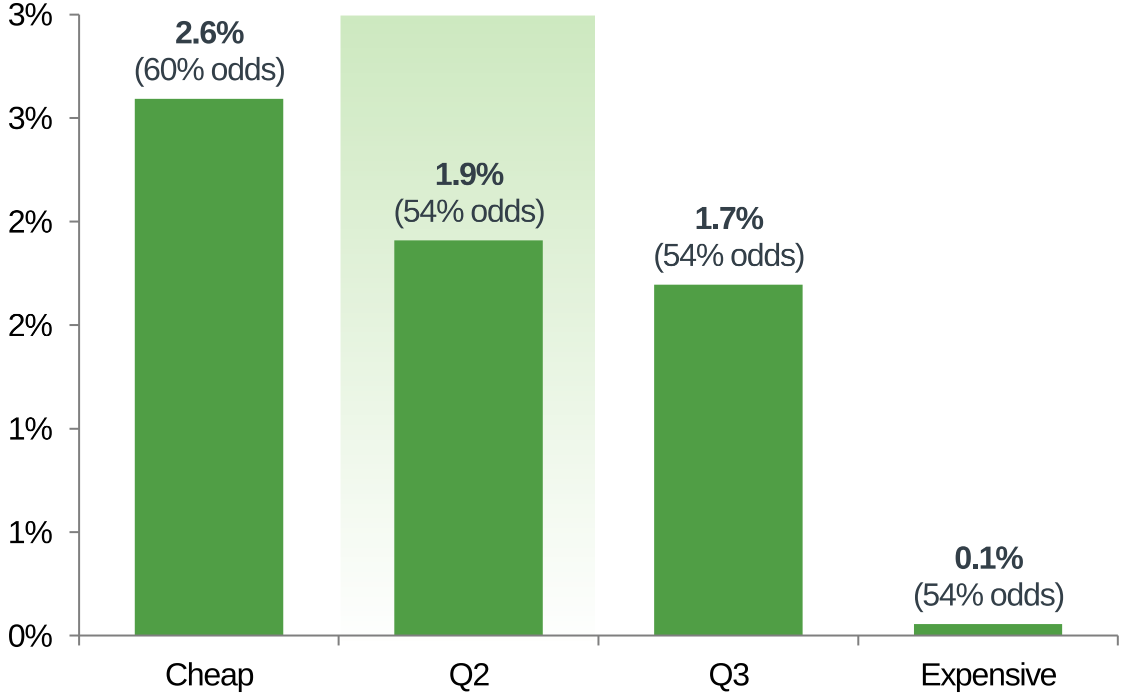
Health care looks cheap

Health Care Relative Forward P/E



But performance has been middling from similar levels in the past

Average Next-Twelve-Month Relative Performance in Quartiles of Relative Forward P/E, 1976–Present



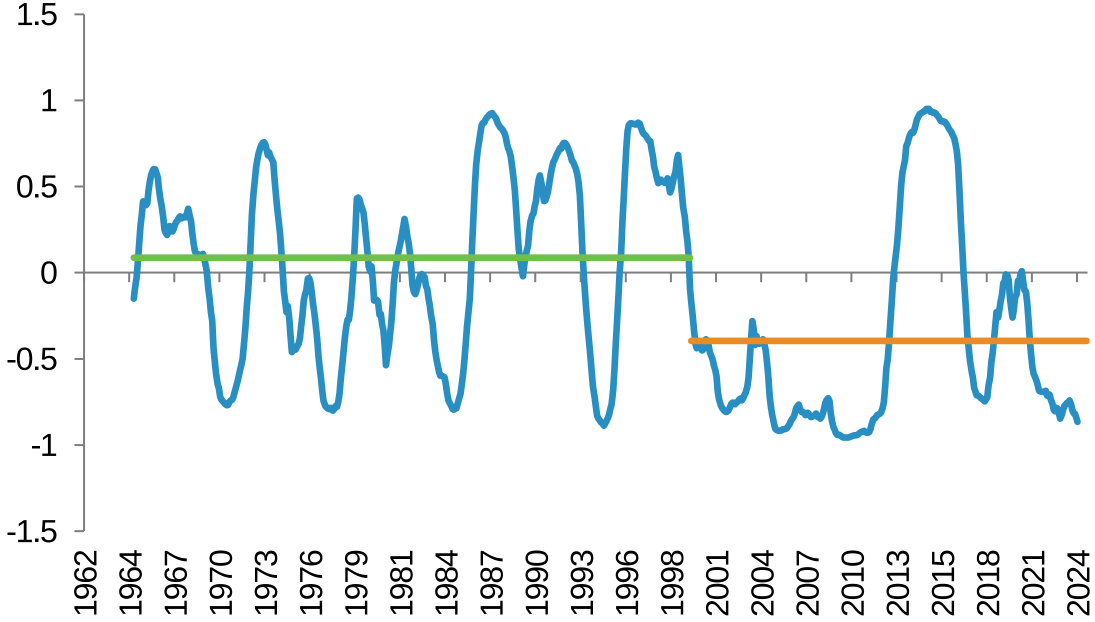
Past performance is no guarantee of future results. Forward P/E: Forward price to earnings. A forward P/E ratio typically uses an average of analysts' published earnings estimates for the next 12 months. Sources: Haver Analytics, FactSet, Fidelity Investments, as of 4/30/24. Data analyzed monthly since February 1976.

Since 1999, health care has tended to lag in up markets

Before 2000, the health care sector outperformed in up and down markets alike, on average. The correlation between its relative returns and the S&P 500 was near zero (the green line below), because, on average, relative returns were positive both when market returns were positive (positive correlation) and when market returns were negative (negative correlation). After 1999, health care tended to outperform only during market declines, on average (negative correlation). The change may be explained partly by the long-term decline in the sector's profit margins (right).

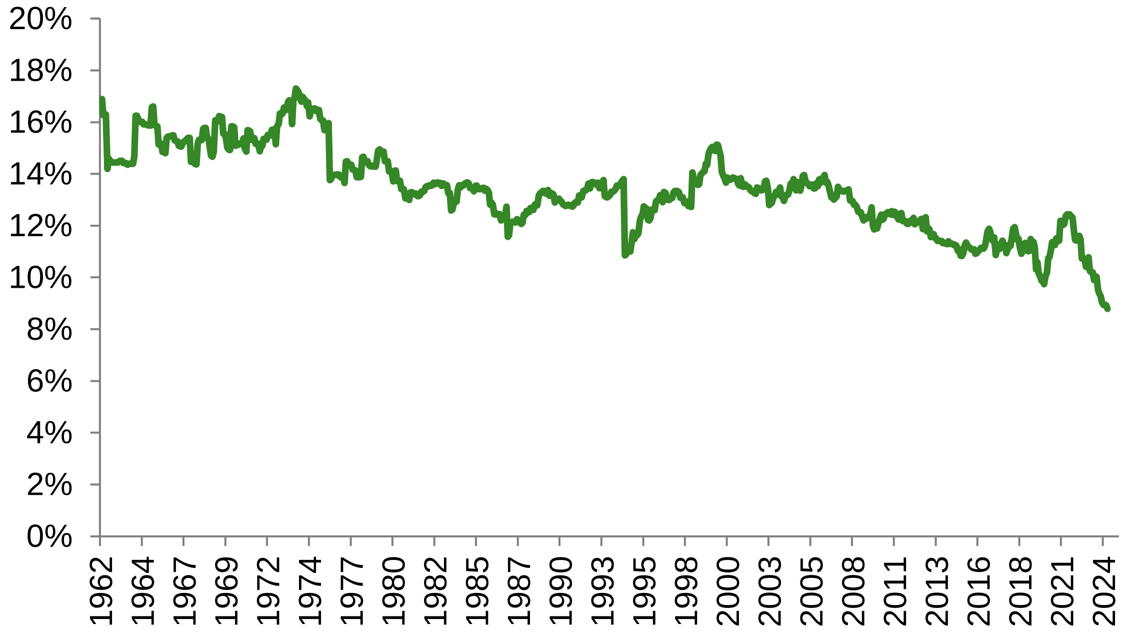
Health care hasn't played much offense since 1999

Rolling Three-Year Correlation of Health Care Relative Performance and the S&P 500



Falling margins may be the reason

Health Care EBIT/Sales



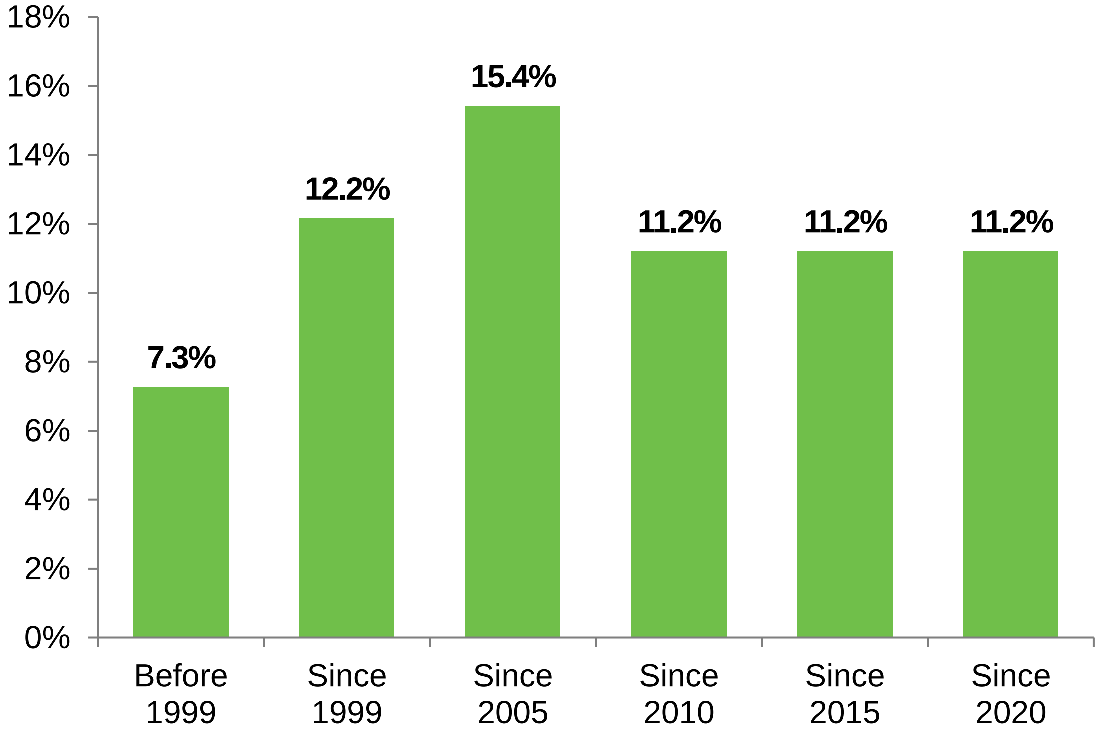
Past performance is no guarantee of future results. Analysis based on the S&P 500. Sources: Haver Analytics, FactSet, Fidelity Investments, as of 4/30/24. Data analyzed monthly since January 1962. **LEFT:** Correlation between health care's performance relative to the S&P 500 and the return of the S&P 500. In up markets, positive correlation indicates health care outperformed and negative correlation indicates health care lagged. In down markets, negative correlation indicates health care outperformed and positive correlation indicates health care lagged. The orange line notes a near-zero correlation. The gray line notes a negative correlation.
RIGHT: EBIT: Earnings before interest and taxes. EBIT/Sales is a gauge of company profit margins.

Health care has helped a lot in down markets, hurt a lot in up markets

Here's more evidence of health care's long transition to a mainly defensive sector: In multiple past time frames, health care stocks have outperformed, on average, when the S&P 500 fell more than 10% year-over-year (left). From 1963 to 1999, the sector tended to outperform when the market gained more than 10%, although it since has lagged considerably during strong up markets in the time frames we studied—especially in recent years (right).

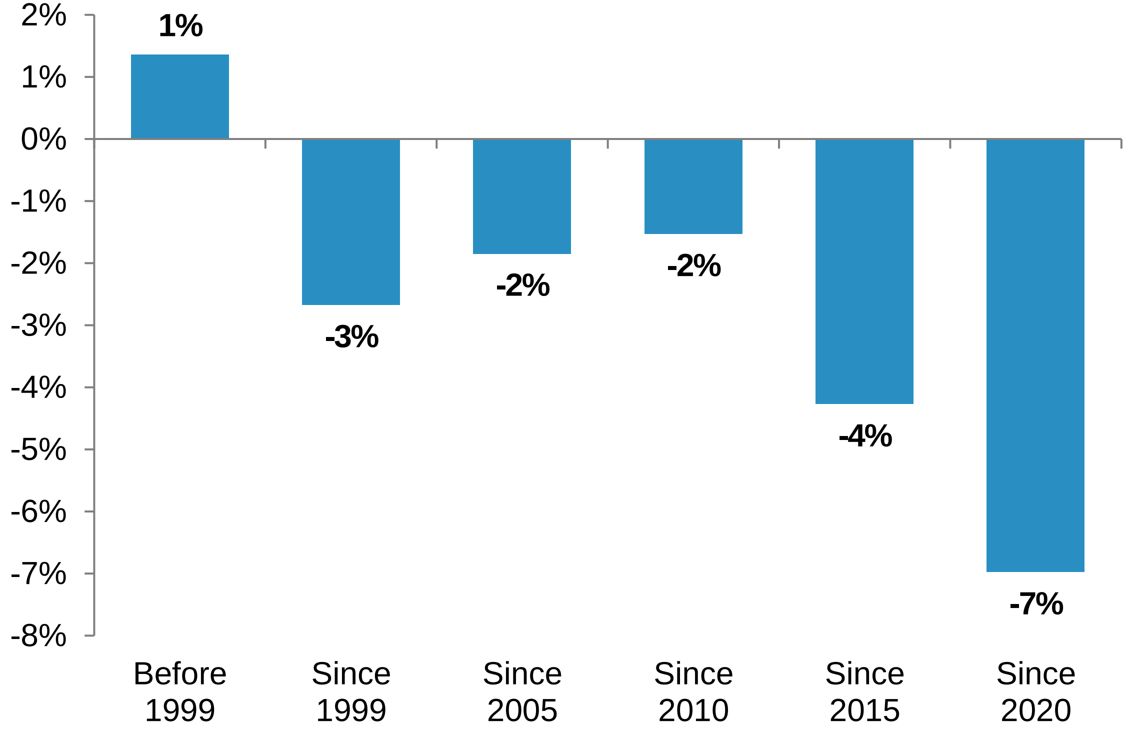
Health care has shined in down markets

Average Health Care Relative Performance When the Market Was Down 10% Year Over Year, 1963–Present



But it has lagged in strong markets by increasingly wide margins

Average Health Care Relative Performance When the Market Was Up 10% Year Over Year, 1963–Present



Past performance is no guarantee of future results. YoY: Year over year. Analysis based on the S&P 500. Sources: Haver Analytics and Fidelity Investments, as of 4/30/24. Data analyzed monthly since January 1963.

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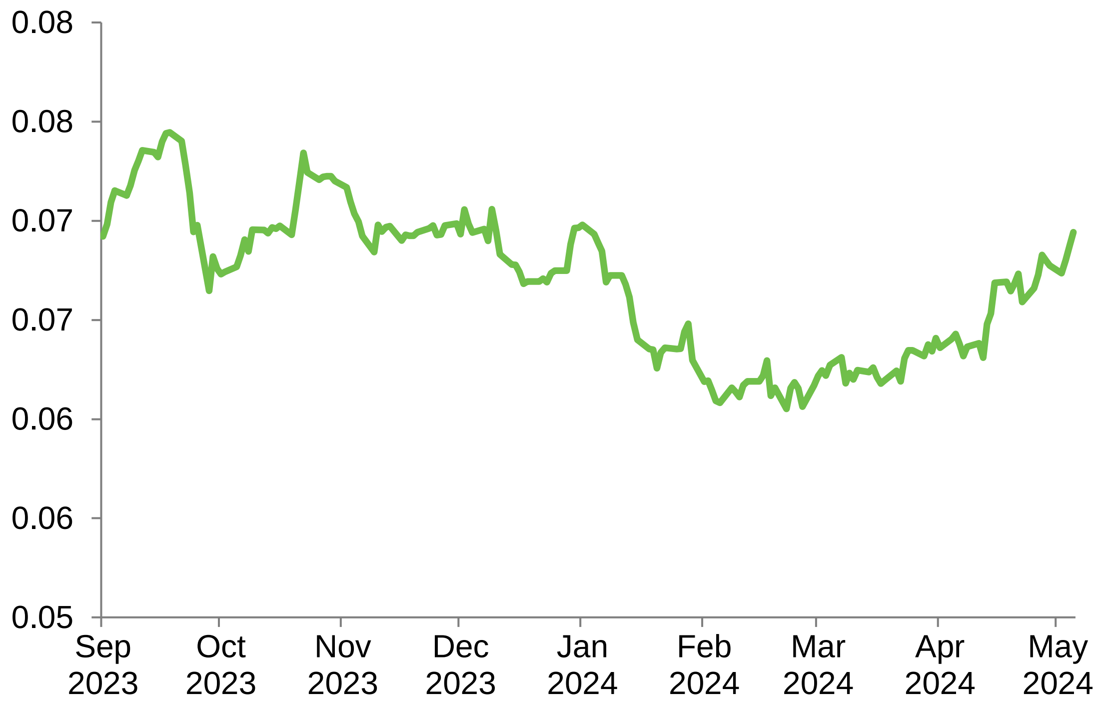
Utilities leadership historically has been fleeting

Since last September, utilities stocks have beaten the broad market in all three-month rolling periods (left), producing relative returns in the top quartile of their historical range. The sector traditionally has not been able to sustain this kind of outperformance, however. Since 1962, utilities trailed the broad market by an average of 2.5% over the next 12 months after they performed in the top quartile of three-month relative returns (right).

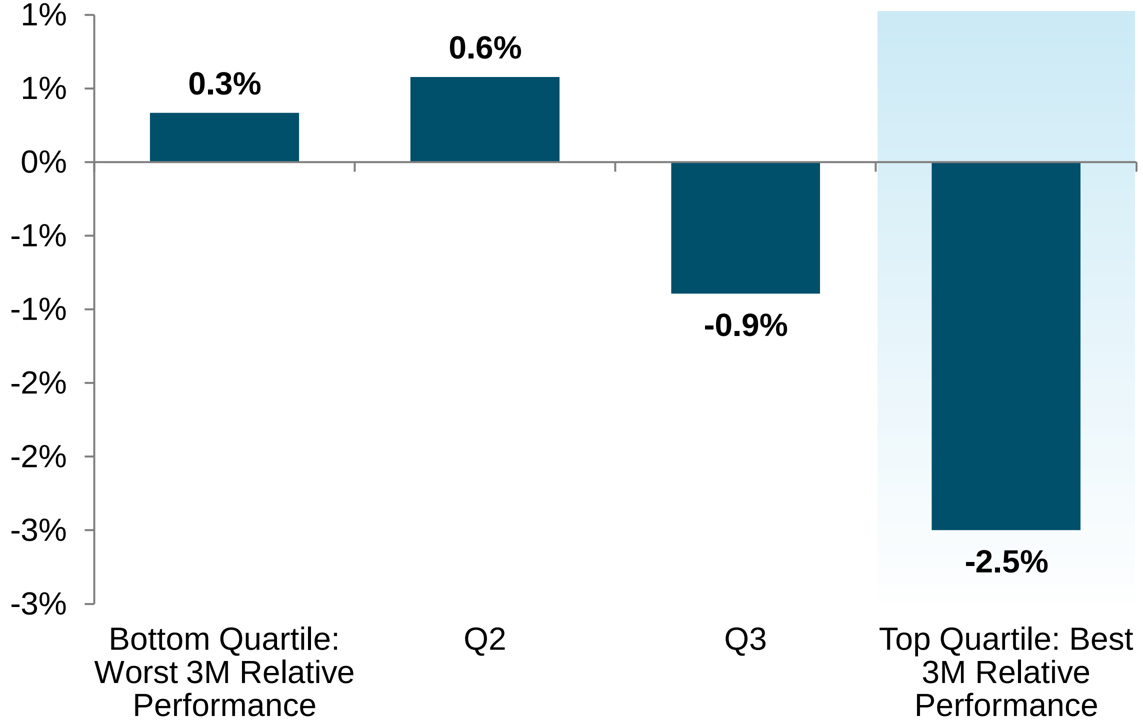
Utilities have outperformed

Utilities' Relative Performance, Three-Month Rolling Periods



After beating the market, utilities have lagged over the next year

Rolling Next-Twelve-Month Utilities Relative Performance in Quartiles of Prior Three-Month Relative Performance, 1962–Present



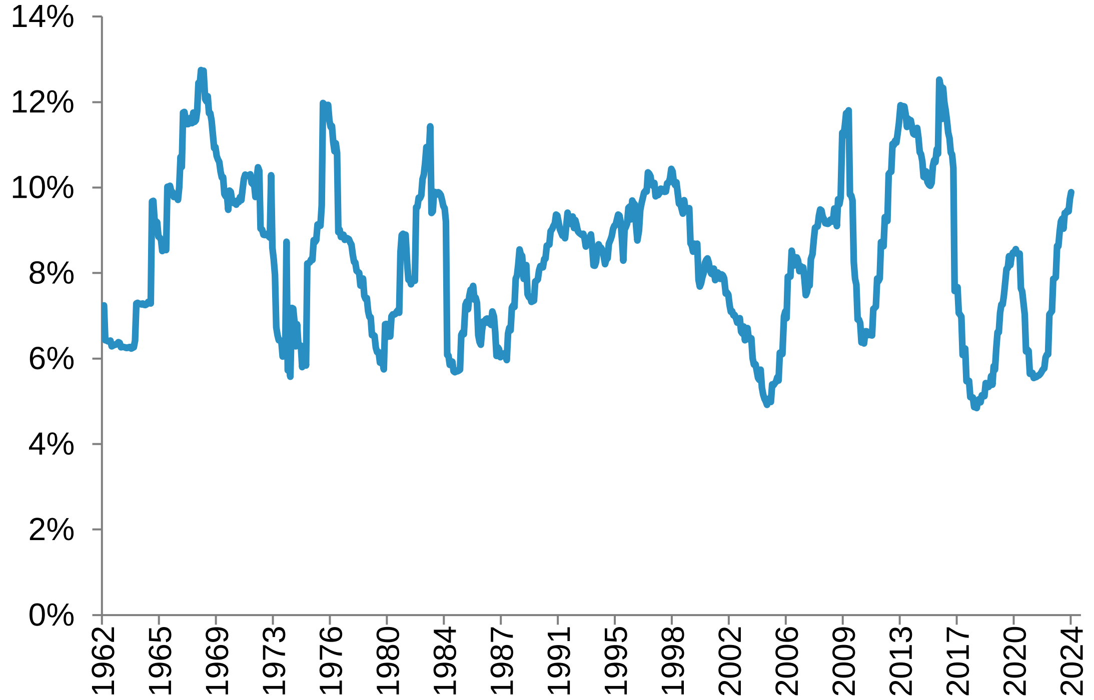
Past performance is no guarantee of future results. LEFT: The numbers at left are three-month rolling index returns for the utilities sector stocks among the top 3,000 U.S. stocks by market capitalization. Sources: Haver Analytics and Fidelity Investments, as of 5/9/24. Data analyzed daily from 9/5/23 to 5/9/24 **RIGHT**: Sources: Haver Analytics and Fidelity Investments, as of 5/31/24. Data analyzed monthly since January 1962.

Metals & mining companies are spending more—historically a bad sign

The ratio of capital expenditures (capex) to sales among metals and mining companies has risen since early 2022 (left). This ratio recently reached the third quartile of its range since 1962, which has been a bearish signal in the past. Stocks in this industry underperformed the broad market by 6%, on average, in the 12 months after the aggregate capex-to-sales ratio reached the third quartile (right).

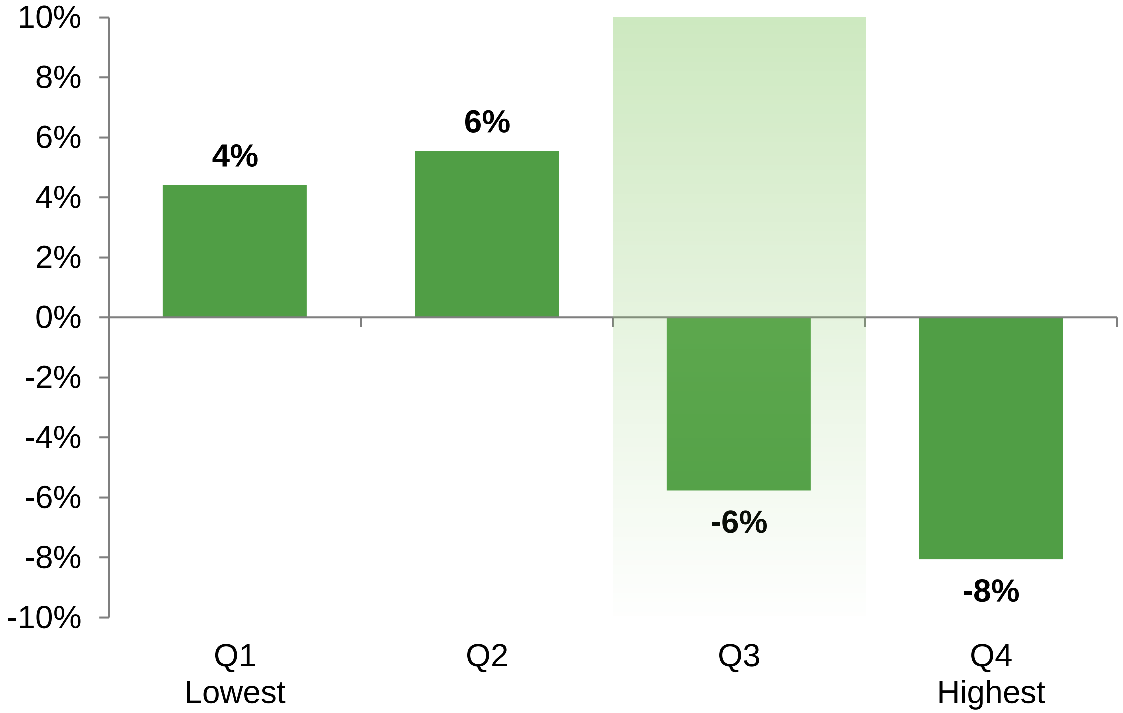
Capex-to-sales has increased for metals and mining

Metals and Mining CAPEX/Sales



High capex-to-sales has spelled underperformance

Average Next-Twelve-Month Relative Performance in Quartiles of Capex/Sales



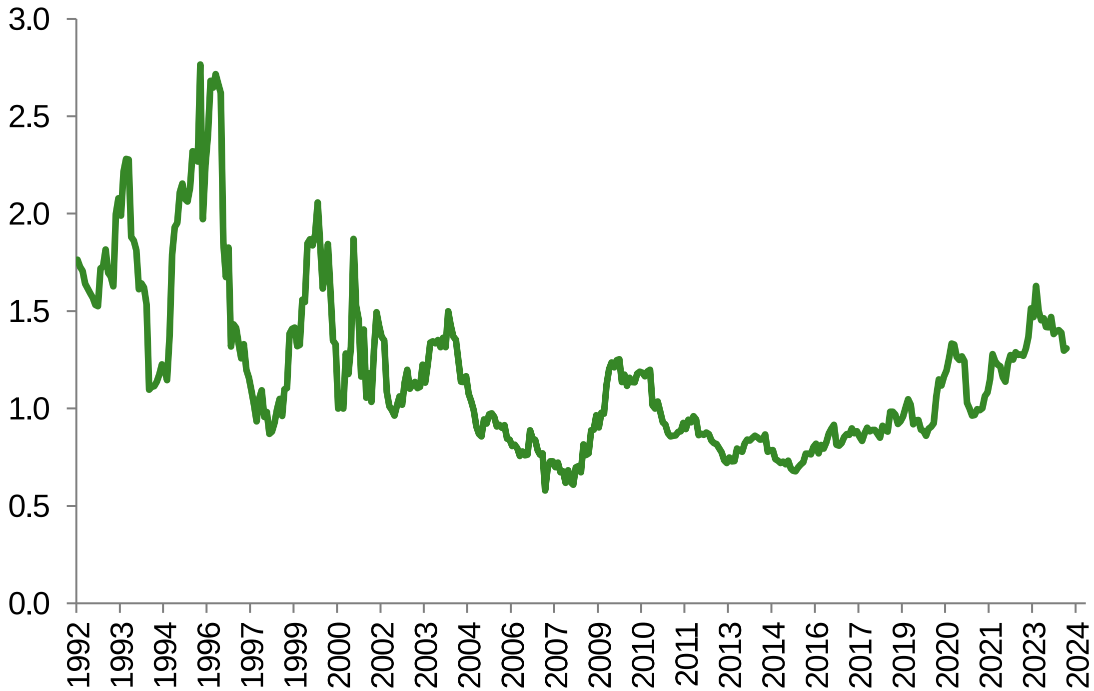
Past performance is no guarantee of future results. Sources: Haver Analytics, FactSet, Fidelity Investments, as of 5/31/24. Data analyzed monthly since January 1962. **LEFT**: Capex: Capital expenditures. Capital expenditures is the money spent by a business on acquiring or maintaining fixed assets.

Is tech overvalued? Not based on free cash flow.

Some technology stocks look expensive based on price-to-earnings multiples. That said, the sector overall does not look pricey relative to the cash it generates. On average, technology companies have produced enough free cash flow to help the sector's price-to-free cash flow ratio fall to the second quartile of its range since 1992 (left). Since 1962, reaching these levels has been associated with strong forward relative returns (right).

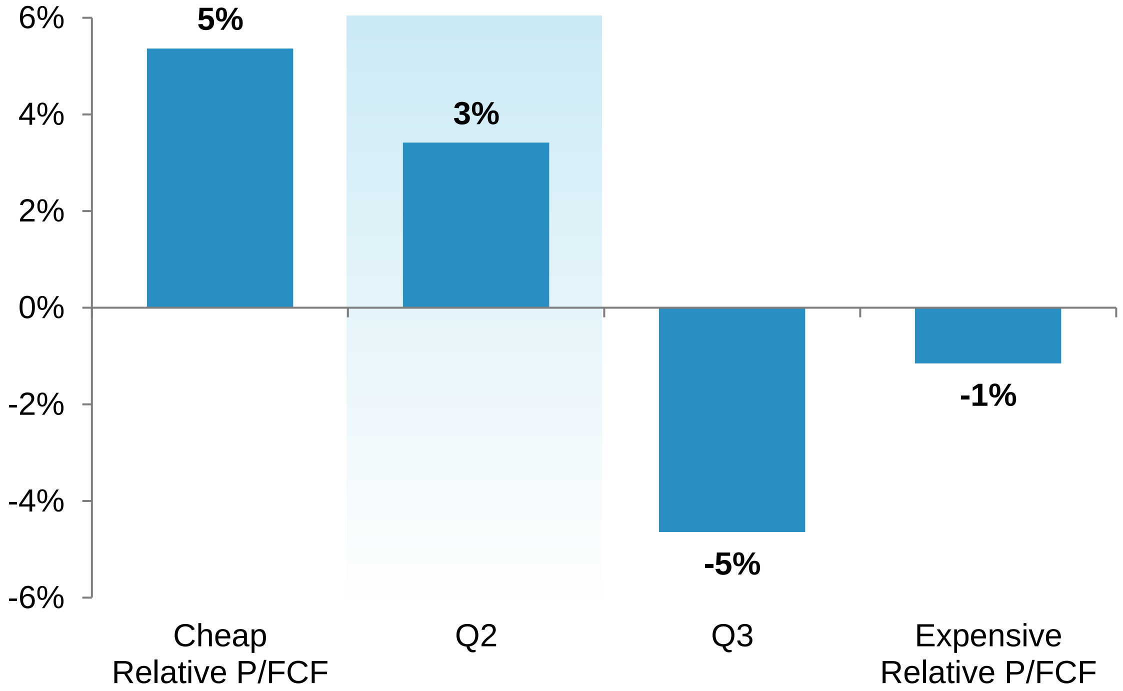
Tech's price-to-free cash flow recently fell relative to the market

Technology Relative P/FCF



The sector has outperformed from comparable relative P/FCF levels

Next-Twelve-Month Relative Performance in Quartiles of Relative P/FCF, 1970–Present



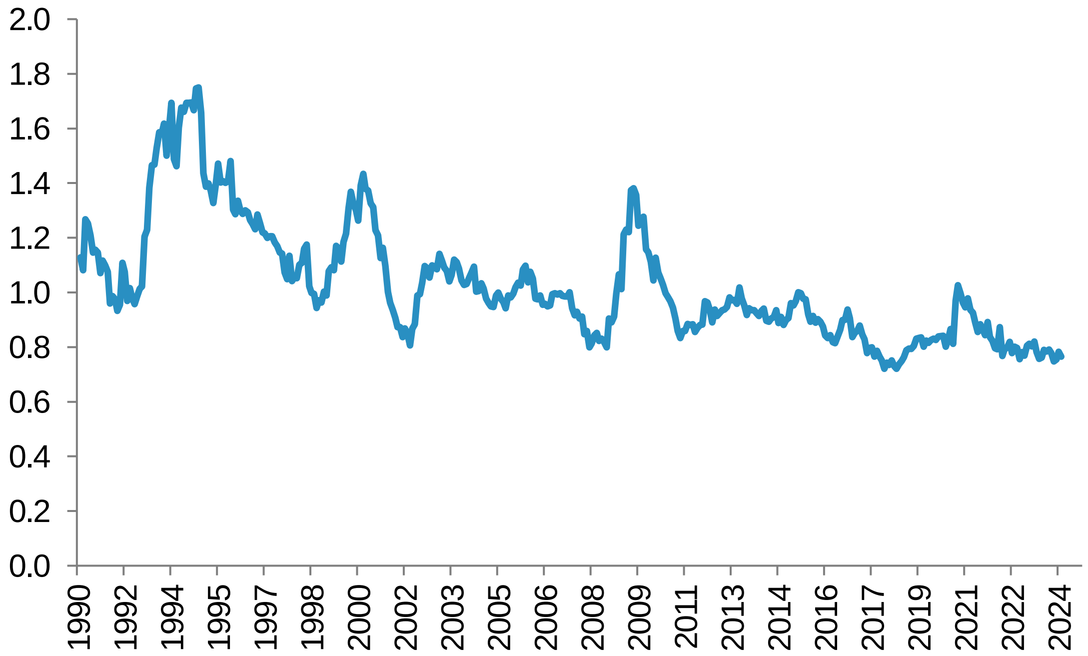
Past performance is no guarantee of future results. P/FCF: Price to free cash flow. **LEFT**: Analysis based on Fidelity top U.S. 3,000 stocks by market capitalization. Sources: Haver Analytics, FactSet, Fidelity Investments, as of 5/31/24. Data analyzed monthly since February 1992. **RIGHT**: Analysis based on Fidelity top U.S. 3,000 stocks by market capitalization. Sources: Haver Analytics, FactSet, Fidelity Investments, as of 5/31/24. Data analyzed monthly since January 1962.

How much value is there in international stocks?

International equities may look like a bargain: The median price-to-earnings (P/E) ratio of the MSCI EAFE index, which represents developed international markets, recently fell relative to the same median for the S&P 500 index, reaching one of its lowest levels in about three decades (left). Yet extreme relative cheapness has not been a buy sign historically. Since 1990, the MSCI EAFE outperformed the S&P 500 only 27% of the time when its relative P/E was in the bottom quartile (right).

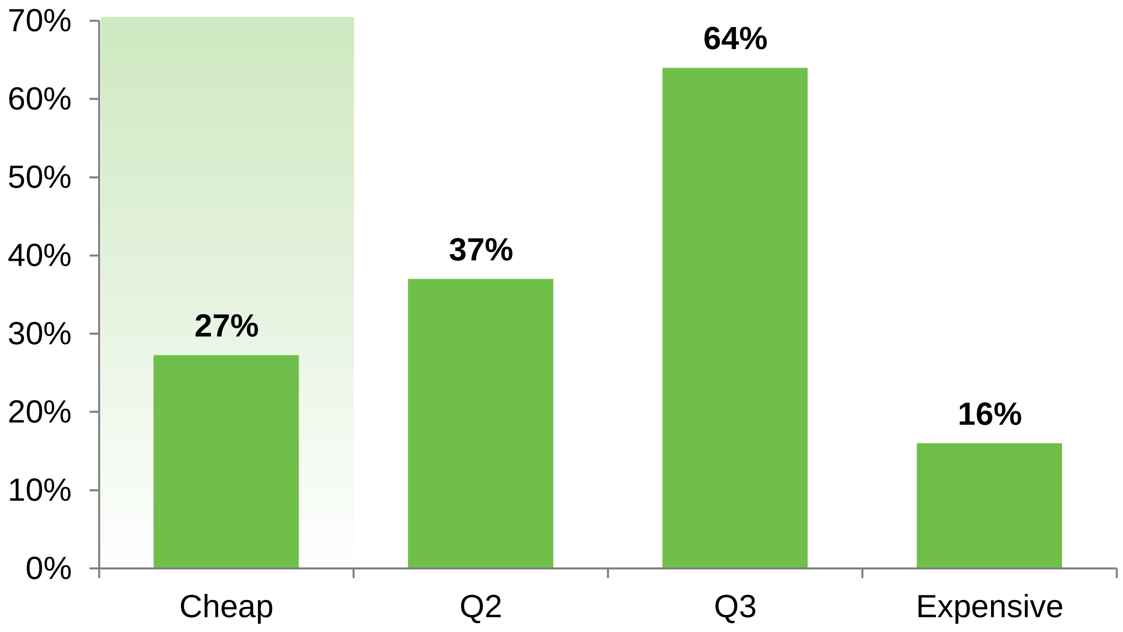
International stocks look cheap

MSCI EAFE vs. U.S. Median Relative P/E



But being cheap hasn't usually led to outperformance

Odds of MSCI EAFE Index Outperforming U.S. Stocks in Quartiles of Relative Valuation, 1990–Present



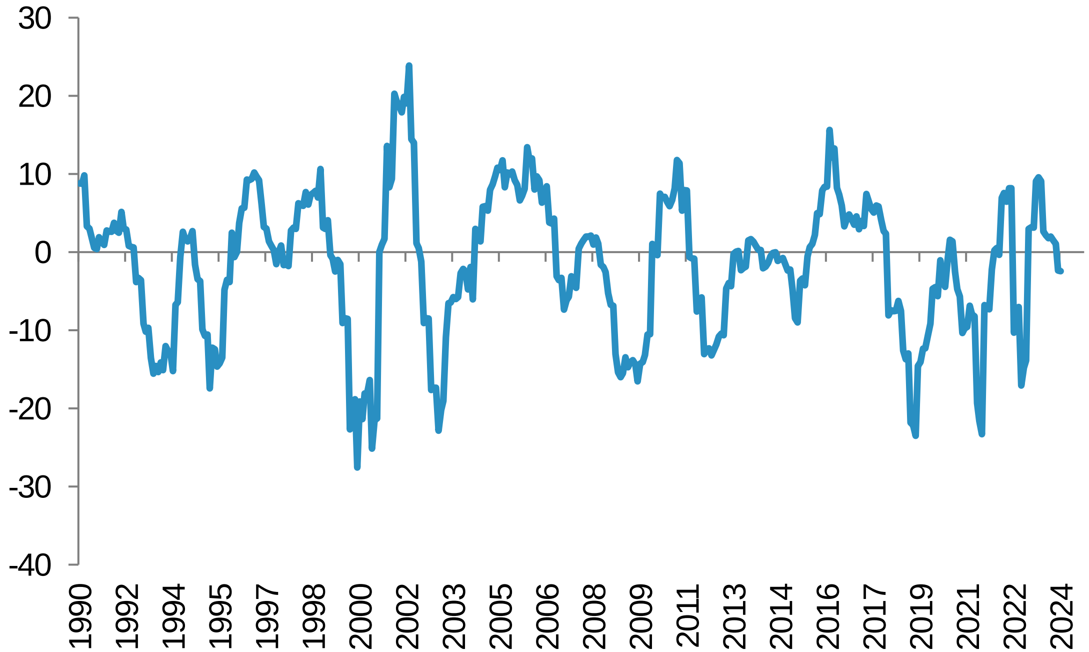
Past performance is no guarantee of future results. MSCI EAFE Index: The MSCI EAFE Index is an equity index that captures large and mid cap representation across 21 developed markets countries around the world, excluding the U.S. and Canada. Analysis based on the S&P 500 and the MSCI EAFE Index. Sources: Haver Analytics, FactSet, Fidelity Investments, as of 3/31/2024. Data analyzed monthly since December 1990. **LEFT**: P/E: Price to earnings. **RIGHT**: Relative valuation based on the relative P/Es of the S&P 500 and MSCI EAFE.

U.S. stocks have led for a simple reason: better earnings growth

There's a straightforward reason the U.S. market has outperformed the rest of the world: U.S. companies have produced faster earnings growth. It's not just because the U.S. has more tech companies. Even after controlling for sector weights, S&P 500 earnings growth has outpaced MSCI EAFE earnings growth by about 2% per year, on average, since 1990 (left). The disparity has increased over time, rising above 3% for the three years through March (right).

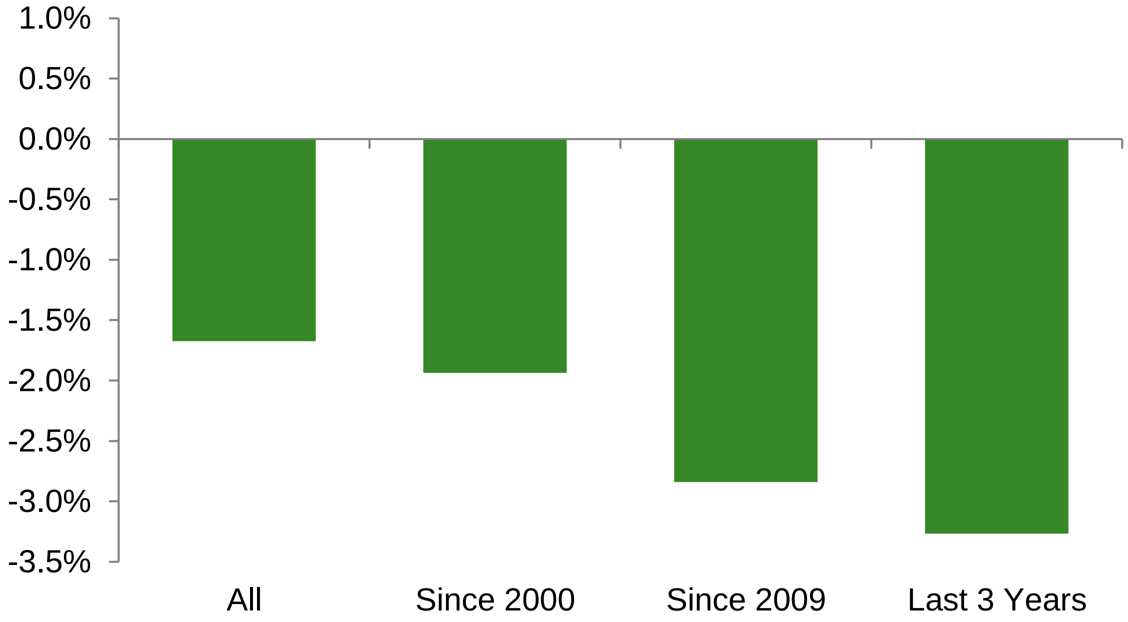
U.S. companies have out-earned international companies

Earnings Growth, Median MSCI EAFE vs. Median U.S., Equal Weighted Across Sectors



U.S. companies' earnings advantage has grown over time

Average Sector-Neutral EPS Growth, MSCI EAFE vs. Median U.S., 1990–Present



Past performance is no guarantee of future results. Analysis based on the S&P 500 and the MSCI EAFE Index. MSCI EAFE Index: The MSCI EAFE Index is an equity index that captures large and mid cap representation across 21 developed markets countries around the world, excluding the U.S. and Canada. Sources: Haver Analytics, FactSet, Fidelity Investments, as of 3/31/24. Data analyzed monthly since December 1990. LEFT: Performance numbers at left are 12-month average returns. **RIGHT**: EPS: Earnings per share.

Glossary and methodology

Glossary

Book Yield: Calculates the yield to maturity, or the coupon return plus amortization, of a fixed-income investment.

Cycle Hit Rate: Calculates the frequency of a sector outperforming the broader equity market over each business cycle phase since 1962.

Dividend Yield: Annual dividends per share divided by share price.

Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA): A non-GAAP measure often used to compare profitability between companies and industries, because it eliminates the effects of financing and accounting decisions.

Earnings-per-Share Growth: Measures the growth in reported earnings per share over the specified past time period.

Earnings Yield: Earnings per share divided by share price. It is the inverse of the price-to-earnings (P/E) ratio.

Enterprise Value: A measure of a company's total value that includes its market capitalization as well as short- and long-term debt and cash on its balance sheet.

Free Cash Flow (FCF): The amount of cash a company has remaining after expenses, debt service, capital expenditures, and dividends. High free cash flow typically suggests stronger company value.

Free-Cash-Flow Margin: The amount of free cash flow as a percentage of revenue. High FCF margin often denotes strong profitability.

Free-Cash-Flow Yield: Free cash flow per share divided by share price. A high FCF yield often represents a good investment opportunity, because investors would be paying a reasonable price for healthy cash earnings.

Full-Phase Average Performance: Calculates the (geometric) average performance of a sector in a particular phase of the business cycle and subtracts the performance of the broader equity market.

Median Monthly Difference: Calculates the difference in the monthly performance of a sector compared with the broader market, and then takes the midpoint of those observations.

Price-to-Book (P/B) Ratio: The ratio of a company's share price to reported accumulated profits and capital.

Price-to-Earnings (P/E) Ratio: The ratio of a company's current share price to its reported earnings. A forward P/E ratio typically uses an average of analysts' published earnings estimates for the next 12 months.

Price-to-Sales (P/S) Ratio: The ratio of a company's current share price to reported sales.

Relative Strength: The comparison of a security's performance relative to a benchmark, typically a market index.

Return on Equity (ROE): The amount, expressed as a percentage, earned on a company's common stock investment for a given period.

Risk Decomposition: A mathematical analysis that estimates the relative contribution of various sources of volatility.

Methodology

Strategist View: Our sector strategist, Denise Chisholm, tracks key indicators that have influenced the historical likelihood of outperformance of each sector. This historical probability analysis informs the Strategist Views.

Fundamentals: Sector rankings are based on equally weighting the following four fundamental factors: EBITDA growth, earnings growth, ROE, and FCF margin. However, we evaluate the financials and real estate sectors only on earnings growth and ROE because of differences in their business models and accounting standards.

Relative Strength: Compares the strength of a sector versus the S&P 500 index over a six-month period, with a one-month reversal on the latest month; identifying relative strength patterns can be a useful indicator of short-term sector performance.

Relative Valuations: Valuation metrics for each sector are relative to the S&P 500. Ratios compute the current relative valuation divided by the 10-year historical average relative valuation, eliminating the top 5% and bottom 5% values to reduce the effect of potential outliers. Sectors are then ranked by their weighted average ratios, weighted as follows: P/E: 37%; P/B: 21%; P/S: 21%; and FCF yield: 21%. However, the financials and real estate sectors are weighted as follows: P/E: 65% and P/B: 35%.

Appendix

Information presented herein is for discussion and illustrative purposes only and is not a recommendation or an offer or a solicitation to buy or sell any securities. Views expressed are as of 6/30/24, based on the information available at that time, and may change based on market and other conditions. Unless otherwise noted, the opinions provided are those of the authors and not necessarily those of Fidelity Investments or its affiliates. Fidelity does not assume any duty to update any of the information.

Information provided in, and presentation of, this document are for informational and educational purposes only and are not a recommendation to take any particular action, or any action at all, nor an offer or solicitation to buy or sell any securities or services presented. It is not investment advice. Fidelity does not provide legal or tax advice.

References to specific investment themes are for illustrative purposes only and should not be construed as recommendations or investment advice. Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk.

This piece may contain assumptions that are "forward-looking statements," which are based on certain assumptions of future events. Actual events are difficult to predict and may differ from those assumed. There can be no assurance that forward-looking statements will materialize or that actual returns or results will not be materially different from those described here.

Past performance is no guarantee of future results.

Investing involves risk, including risk of loss.

All indexes are unmanaged. You cannot invest directly in an index. Index or benchmark performance presented in this document does not reflect the deduction of advisory fees, transaction charges, and other expenses, which would reduce performance.

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.

Because of its narrow focus, sector investing tends to be more volatile than investments that diversify across many sectors and companies. Sector investing is also subject to the additional risks associated with its particular industry. The energy sector is defined as companies whose businesses are dominated by either of the following activities: the construction or provision of oil rigs, drilling equipment, or other energy-related services and equipment, including seismic data collection; or the exploration, production, marketing, refining, and/or transportation of oil and gas products, coal, and consumable fuels. Financials: companies involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, and insurance and investments.

The energy industries can be significantly affected by fluctuations in energy prices and supply and demand of energy fuels, energy conservation, the success of exploration projects, and tax and other government regulations.

The technology industries can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, and general economic condition.

The health care industries are subject to government regulation and reimbursement rates, as well as government approval of products and services, which could have a significant effect on price and availability, and can be significantly affected by rapid obsolescence and patent expirations.

Industrial industries can be significantly affected by general economic trends, changes in consumer sentiment and spending, commodity prices, legislation, government regulation and spending, import controls, worldwide competition, and liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control.

The materials industries can be significantly affected by the level and volatility of commodity prices, the exchange value of the dollar, import and export controls, worldwide competition, liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control.

Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry. The value of securities of issuers in the real estate industry can be affected by changes in real estate values and rental income, property taxes, interest rates, tax and regulatory requirements, and the management skill and creditworthiness of the issuer.

The utilities industries can be significantly affected by government regulation, financing difficulties, supply and demand of services or fuel, and natural resource conservation.

Appendix

Index Definitions: The Russell 3000® Index is a market capitalization-weighted index designed to measure the performance of the 3,000 largest companies in the U.S. equity market.

The Russell 2000® Index is a market capitalization-weighted index designed to measure the performance of the small-cap segment of the U.S. equity market. It includes approximately 2,000 of the smallest securities in the Russell 3000 Index.

The S&P 500® index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. S&P 500 is a registered service mark of Standard & Poor's Financial Services LLC. Sectors and industries are defined by the Global Industry Classification Standard (GICS).

The S&P 500 sector indexes include the standard GICS sectors that make up the S&P 500 index. The market capitalization of all S&P 500 sector indexes together comprises the market capitalization of the parent S&P 500 index; each member of the S&P 500 index is assigned to one (and only one) sector.

S&P 400 Index is a market capitalization-weighted index of 400 mid cap stocks of U.S. companies chosen for market size, liquidity, and industry group representation.
Sectors are defined as follows: **Communication Services:** companies that facilitate communication or provide access to entertainment content and other information through various types of media. **Consumer Discretionary:** companies that provide goods and services that people want but don't necessarily need, such as televisions, cars, and sporting goods; these businesses tend to be the most sensitive to economic cycles. **Consumer Staples:** companies that provide goods and services that people use on a daily basis, like food, household products, and personal-care products; these businesses tend to be less sensitive to economic cycles. **Energy:** companies whose businesses are dominated by either of the following activities: the construction or provision of oil rigs, drilling equipment, or other energy-related services and equipment, including seismic data collection; or the exploration, production, marketing, refining, and/or transportation of oil and gas products, coal, and consumable fuels. **Financials:** companies involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, and insurance and investments. **Health Care:** companies in two main industry groups: health care equipment suppliers and manufacturers, and providers of health care services; and companies involved in the research, development, production, and marketing of pharmaceuticals and biotechnology products. **Industrials:** companies whose businesses manufacture and distribute capital goods, provide commercial services and supplies, or provide transportation services. **Materials**: companies that are engaged in a wide range of commodity-related manufacturing. **Real Estate:** companies in two main industry groups—real estate investment trusts (REITs), and real estate management and development companies. **Technology:** companies in technology software and services and technology hardware and equipment. **Utilities:** companies considered to be electric, gas, or water utilities, or companies that operate as independent producers and/or distributors of power.

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