TONKINSON FINANCIAL
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QUARTERLY NEWSLETTER 4Q 2018

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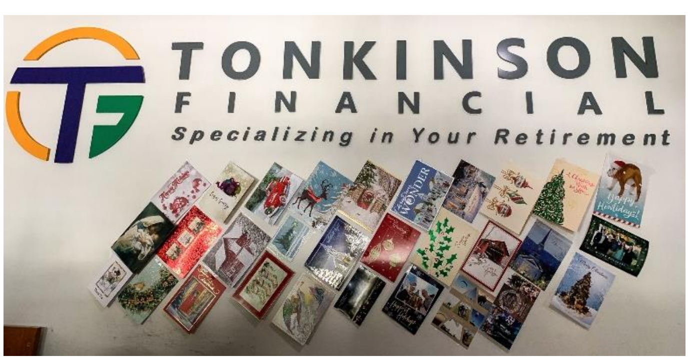
MARKET HIGHLIGHTS:

- Even with increased volatility and investors shunning risk in Q4, the economy generally stayed on solid footing, but appears to be decelerating.
- Housing market growth is slowing.
- The FOMC increased rates 25 basis points to a range of 2.25%–2.50%, the ninth rate hike in the current cycle.
- Treasuries were the primary beneficiary of the risk-off mode. After touching a new multi-year high in November, the 10-year Treasury sharply changed course as a decisive flight to quality drove the yield to its lowest level since April.
- The yield curve finished the year at its flattest slope in a decade with spreads between 2/10-year Treasuries at just 20 basis points.
- Equity markets plummeted in Q4, making 2018 the first negative calendar-year return for the index since 2008.

NEWSLETTER HIGHLIGHTS:

HAPPY NEW YEAR!

Thank you all for your lovely holiday cards, family newsletters and delicious holiday treats! We wish you a happy and prosperous 2019!



INDEX PERFORMANCE *12/31/18*

	Q	YTD	1 Year
Aggressive Allocation	-10.70%	-6.01%	-6.01%
Balanced Allocation	-7.64%	-4.39%	-4.39%
Conservative Allocation	-4.59%	-2.69%	-2.69%
S&P 500 TR	-13.80%	-4.38%	-4.38%
Russell 2000 TR	-18.26%	-11.01%	-11.01%
Barclays US Agg Bond TR	1.61%	0.01%	0.01%
MSCI EAFE NR USD	-11.94%	-13.36%	-13.36%

	As of 12/31/18	As of 12/31/17
10 year Treasury	2.69%	2.40%
Barclays 1-3m Treasury/Cash	2.45%	0.75%
Price of oil	$45.33	$64.39
Real GDP YoY % charge	3.0%	2.3%
US Unemployment Rate	3.9%	4.1%

The aggressive allocation is made up of 50% S&P 500 TR, 8% Russell 2000 TR, 18% Barclays US Agg Bond TR, 22% MSCI EAFE NR USD and 2% cash.

The balanced allocation is made up of 39% S&P 500 TR, 5% Russell 2000 TR, 35% Barclays US Agg Bond TR, 16% MSCI EAFE NR USD and 5% cash.

The conservative allocation is made up of 29% S&P 500 TR, 2% Russell 2000 TR, 53% Barclays US Agg Bond TR, 9% MSCI EAFE NR USD and 7% cash.

All indices are unmanaged and investors cannot actually invest directly into an index. Unlike investments, indices do not incur management fees, charges, or expenses. Past performance does not guarantee future results.

MARKET REVIEW
— By Rick Tonkinson, MBA, MPA, CFP®, CLU, AIF®

The U.S. stock market was down in October, then it bounced back in November. Going into December, the black Friday shopping (November 23rd) was up 28% compared to last year which was a record high creating the expectation for a positive December. Instead, it declined (-9%) and was down (-4.4%) for the year.

The U.S. economy was and remains fundamentally strong; the U.S. stock market only followed the U.S. economy up through the 3rd quarter, at which point they went in different directions. The 4th quarter equity returns were not indicators of the current state of the U.S. economy.

The roller coaster ride of stock market risk called VIX jumped to 36 in December while the long-term average is 19.6. That does not really press the gut wrenching out-of-control ride in the 4th quarter. We actually saw higher volatility in February when VIX jumped above 40. Historically the stock market would be up or down by 1% a day. As the VIX goes up, the expected move of the market goes up. When the VIX is in the 30s, a 3% daily move is normal.

The stock market unraveled because of geopolitical uncertainty and this was ratcheted up to a higher intensity when the U.S. yield curve became inverted. Bonds, which are typically a safe haven for investors, started to trade in the same direction as the equity markets. Historically, however, bonds are uncorrelated or negatively correlated to the equity market. In the last week of 2018, as the equity markets started to rally, so did the bonds, giving the Barclays Aggregate Bond Index, which spent most of a year in the red, a positive 0.01% return on the year.

The rest of the world followed the U.S. market through June but started its decline earlier and then continued to drop even further as the U.S. had its worst quarter since 2008. MSCI EAFE posted a (-13.4%); China's stock market posted a (-25%).

Of the 11 sectors that make up the S&P 500, Utilities posted 4.65% and FPL (NEE) posted 14.30%. People need to keep the lights and A/C on in Florida regardless of the stock market uncertainty.

What caused this mess?

As market indicators reached all-time highs and things were looking good, the Federal Reserve raised the rates too fast for the market to absorb, causing the yield curve to invert.

Historically, yield curve inversions have been a warning sign prior to recessions. Top this with geopolitical concerns around the world, trade war with China, the bad headline kept piling on, and the market could not get out of its own way as expectation of future growth declined.

The outlook for 2019 is uncertain. Depending on a number of factors, including geopolitical, trade talks and monetary policy, the outcome could be very good or very bad. At this point, we expect to see more swings and volatility in the coming months as these market concerns play out. Our investment strategy is focused on stability of the portfolios to weather whatever storms may come.

Today's Winners Are Tomorrow's Losers and Today's Losers Are Tomorrow's Winners — By Rick Tonkinson, MBA, MPA, CFP®, CLU, AIF®

Apple has been the darling of the tech sector. It recently did not live up to expectations. Its stock lost 10% of its value in one day. Years ago, Apple was written off as a loser, then Steve Jobs saved the day. Who is the new Steve Jobs now?

General Electric was at one time the biggest company in the world. Now it is a faint glimmer of what it was. You can add Sears, Lucent and numerous winners who fell from grace.

Seems that investors are in a constant search for the new wazzle dazzle. What happens when the wazzle dazzle does not sparkle like it was hyped up to be? It drops like a rock.

Give it time; all the winners will be losers. Fortunately, the losers become winners. This is a perfect example of why active money management with monitoring constant changes is critical. We are active money managers.

INTERESTING STATS: Stock Movement Fueled By Market on Auto — By Steven Tonkinson, CFP®, AIF®, CFS®

Roughly 85% of all trading is on autopilot, controlled by machines, models, or passive investing formulas, creating an unprecedented trading herd that moves in unison and blazingly fast.

Among the traders today are computers that buy and sell on models, and passive funds (like an index fund) that seek only to hold the same securities as everyone else does. Meanwhile brokers and bankers, once a ready source of buying and selling, have retreated. Today when the computers start buying, everyone buys: and when they sell, everyone sells.

Markets were remarkably placid in recent years, even as machine trading came to dominate, suggesting that these approaches didn't cause problems during a bull market.

One reason why it might have changed, many of the trading models use momentum as an input. When markets turn south, they are programmed to sell. And if prices drop, many are programmed to sell even more.

Source: The Wall Street Journal 12/26/2018

SOUND ADVICE: 7 Factors to Watch In 2019 — By Steven Tonkinson, CFP®, AIF®, CFS®

The final jobs report of 2018 released Friday, boasting 312,000 jobs added in December, puts the U.S. economy on track for another relatively strong showing in 2019, with economists predicting a slowdown coming toward the end of the year.

Unemployment is one of the factors in the latest data influencing such predictions. The unemployment rate rose to 3.9% in December, but some economists attribute that mostly to more people entering the workforce and more people quitting their jobs—a sign that they believe they can get a job, and possibly higher pay, elsewhere. The forecasters also anticipate real GDP to drop slightly from 2.9%–2.7% before falling further to 2.1% in 2020.

Inflation is not expected to take off any time soon, despite the tightened labor market. Core inflation will likely tick up to 2.4% from 2.2% in 2018, according to the forecast. And despite the recent decline in the stock market, consumer confidence remains high, which economists say is a good sign that the economy will keep running at a steady pace in the near-term.

So if things look good now, why are forecasters predicting slower times ahead? There are signs of economic headwinds. Higher interest rates, economic slowdowns abroad and concerns over trade battles between the U.S. and other nations, including China, could hamper growth later in the year.

Here are 7 other factors we are keeping an eye on:

Wage growth: Average hourly wages are now 3.2% higher than they were a year ago, rising 11 cents since last month. That's significantly higher than inflation (2.2%).

What could temper wage increases? Factors like the government shutdown, the volatile financial market, a slowing global economy and uncertainty around monetary policy mean employers may exercise caution in raising wages in fear of another economic downturn.

More workers coming off the sidelines: The percentage of able-bodied, working-age people who have a job or are looking for one—known as the labor force participation rate—rose to 63.1% in December. That's better than it has been in recent months and near the long-term average, but it's significantly lower than the 67.3% peak seen in the 2000s.

The labor force participation rate went down during the Great Recession when people became too discouraged to look for work. A higher labor force participation rate also means more people are participating in the economy, and, therefore, generating economic growth for the nation. As wages rise in 2019, more people who aren't currently trying to get hired might be encouraged to enter the labor market.

Interest rate hikes: The Federal Reserve is expected to raise interest rates only once or twice in 2019. Fed Chair Jerome Powell said recently that the central bank will be flexible when determining whether to raise interest rates in the coming year. The Fed uses interest rates to help keep the economy moving at a steady pace. Raising interest rates can keep inflation in check. Lowering them can give an added boost to a sluggish economy.

The Federal Reserve raised interest rates four times last year. Fears that the Fed was raising rates too quickly, in part, led to a selloff in the stock market. But the Fed's goal is not to keep the stock market afloat. It is to monitor the broader economy, which is why Powell has made it clear he will keep a close eye on economic indicators when making policy decisions for 2019.

Any more interest rate hikes in the new year would likely push credit card and auto loan interest rates higher, meaning it will cost more for consumers to borrow, which could button up spending.

Mortgage rates: The 30-year fixed income mortgage rate, which is based on the bond market, has declined recently. Experts see the rate remaining volatile, rising above 5.25% before dropping sharply later in the year. While every region's housing market is different, in general, if mortgage rates go back up, it could slow the national housing market, and, conversely if they drop, it could give it another boost.

Corporate debt: Corporate debt has ballooned since the 2008 financial crisis to $9 trillion. Low interest rates over the past several years have made it easy for companies to borrow cheaply.

Last month, Powell said the corporate debt level is not yet high enough to be alarming, but he did take notice, as other economists have.

China and the slowdown in global growth: U.S. businesses will also have to account for what's happening overseas. The World Bank predicts economic growth will slow throughout much of the world as central banks pull back on some of the policies they used to prop up their economies after the 2008 financial crisis.

The U.S. trade battle with China is also complicating matters. The U.S. and China have a self-imposed March deadline to agree how to address tariffs and other economic issues. If they fail to make a deal, that could create added uncertainty and hurt both Chinese and U.S. businesses throughout 2019.

Companies too big to fail: Economists are keeping a close eye on several of the major tech companies to see how they fare with uncertainty in the global market, but also how they address criticism for how they handle customer data privacy, as well as geopolitical matters (like foreign election interference on social media).

In 2008, we saw the emergence of banks that were too big to fail. Now companies like Amazon, Apple, Facebook and Google play an outsized role in the U.S. economy in terms of retail, advertising and data. With their new control in the House, Democrats are likely to push for greater scrutiny of Silicon Valley in terms of antitrust enforcement, data privacy and the industry's role in elections.

Increased oversight and potential regulation may introduce some uncertainty to the sector. If these companies falter, that could shake consumers and business confidence and have serious ramifications for the economy.

Planning RMD Withdrawals during the Year — By Kristina Shamonina, CFP®

If you are age 70½ and over and you own an IRA, you must comply with the Required Minimum Distribution (RMD) requirement each year. Depending on the size of the account, the RMD amount may be a few hundred dollars, or a few thousand.

The RMD amount is calculated on each IRA account, by dividing the IRA value at the end of the previous year by the divisor from Uniform Distribution Table which corresponds to the IRA owner's age at the end of the current year. The higher the IRA's value and the higher the account owner's age, the higher the RMD amount is.

Does it matter how (lump sum, periodically) or when during the year you take the RMD? To the IRS, no; the only requirement is that your total IRA withdrawals for the year equal or exceed the RMD amount. To your IRA account, yes, the timing can make a difference, depending on the type of investments in your IRA portfolio.

If your IRA is a savings account, or other fixed-income investment, then it makes sense to wait until the end of the year to withdraw the RMD, so that maximum interest has been collected.

If your IRA is invested into stocks and mutual funds, which fluctuate in value and do not earn a fixed interest rate, then waiting until December to take the RMD may not be the best idea. In a scenario where the market drops towards the end of the year (as we've seen in 2018), you will be forced to sell part of your portfolio to free the cash for the distribution in a down market, not only taking substantial losses at that moment but also negatively impacting your overall portfolio in the long run.

Ideally, the RMDs should be withdrawn at the highest point in the market when you realize gains from the liquidation. However, it is very difficult to time the market for that perfect moment. What may help to average out the risk is spreading the RMD throughout the year and taking monthly, bi-monthly or quarterly distributions.

The RMD amounts for the current year are calculated in January and are reflected on the monthly brokerage statements. Most investment companies also mail separate RMD notices and reminders throughout the year. It is advisable to be aware of your yearly RMD amount at the beginning of the year and have a distribution strategy that best fits your investments. Please let us know how we can help you with your RMD planning.

What Happens to Fixed Income Investments When the Yield Curve Inverts? — Presented by Tom Saul, Analyst

Stories seem to appear in the financial media almost weekly warning that an inverted yield curve signals an approaching recession. The reports often wrap up by claiming things will—or will not—be different this time. Typically, however, what's missing from the stories is a discussion of what really happens to assets when the yield curve inverts.

If an inverted yield curve pre-stages a recession, is it good news for the so-called "safe" assets—government bonds, investment-grade corporate credit, agency mortgages? Is it bad news for the riskier assets—high-yield, bank loans, non-agency mortgages? And is an inverted yield curve even as calamitous as we've been led to believe? If so, in terms of duration and maturity, where is the best place to invest? Before we can answer these questions, let's define the term.

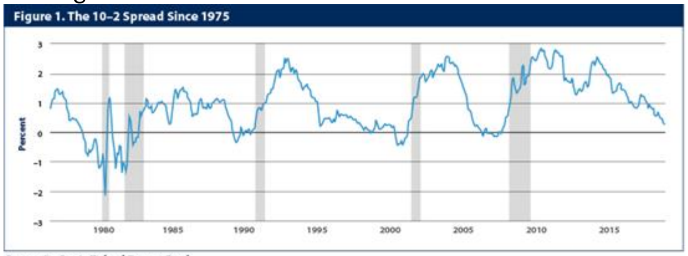
What Is an Inverted Yield Curve?

An inverted yield curve happens when the difference between long- and short-term interest rates is negative. On average, it occurs 18 months before the start of a recession. During this time frame, instead of seeing higher yields for longer maturities (i.e., the investments with more interest rate risk), shorter maturities offer the higher yield. Typically, the 10-year Treasury serves as a proxy for long-term rates and the 2-year Treasury as a proxy for short-term rates. That's why the steepness of the yield curve is often referred to as the 10–2 spread.

Why does the curve invert? For several reasons. The front or short end of the curve is affected by Federal Reserve monetary policy, in particular by rate hikes, which are common later in an economic cycle. On the long end, long-term growth expectations—and technical factors such as pension purchasing and foreign investment—affect yield. As the long-term portion of the curve becomes anchored by the technical factors, and the short end is pushed up, the spread collapses.

The yield curve has inverted five times since 1975, with each occurrence followed by a recession starting 10 to 30 months after the first negative 10–2 spread (see Figure 1; shaded areas represent recession). Each inversion period lasted between 2 (June – July 1998) and 46 (September 1978 – June 1982) months, for an average of 15 months.

Figure 1. The 10–2 Spread Since 1975



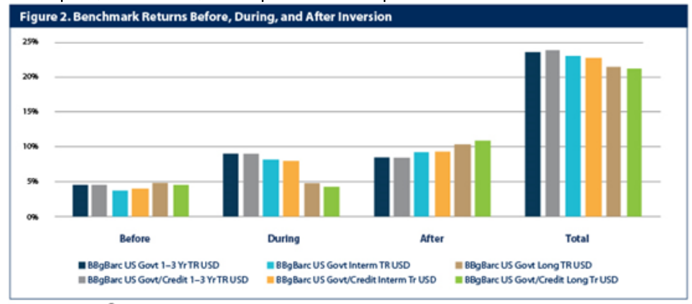
Source: St. Louis Federal Reserve Bank

To see what would happen to different groups of fixed income investments when the yield curve inverts we looked at a series of tests.

Benchmark Return Test: Which Part of the Curve Is Affected Most?

The first test was to see, in the broadest sense, which part of the yield curve was most affected by an inversion. To simplify the test, the Bloomberg Barclays U.S. Government and Gov't/Credit indices were used for short-, intermediate-, and long-term portions of the curve, applying the indices' monthly returns for three time frames—the before the 10–2 spread went negative, the period during which the curve was inverted, and finally after the 10–2 spread went positive. Then the inversion period was annualized to create a comparable sample; in total, the periods represented 36 months.

Figure 2. Benchmark Returns Before, During, and After Inversion



Source: Morningstar®

Before inversion, maturities performed the same. In terms of sequence, before the curve inverts, it flattens (i.e., the long end falls in relation to the short end). On average, the three maturities in our test behaved roughly the same over the preceding year. Conceptually, this makes sense. During this period, the curve would be flat, and bonds across the maturity spectrum would yield the same return.

Short performed best during inversion. Once the curve inverted, the short end had the best performance, with the longer indices lagging. The trend reversed once the curve normalized. This, too, makes sense. The curve is inverted when shorter-maturity bonds yield more than longer-dated paper; therefore, investing in the highest yield would achieve the highest return.

Category Returns Test: How Did Morningstar® Maturity Categories Do?

But you can't directly invest in benchmarks. To explore whether a more diversified approach would produce higher returns, the Morningstar short, intermediate, and long categories are used with the addition of multisector, high-yield, and bank loans categories. This approach introduced credit risk and manager ability—though manager ability was somewhat mitigated by using the entire category.

As you can see in Figure 3, short again outperformed long during the inversion.

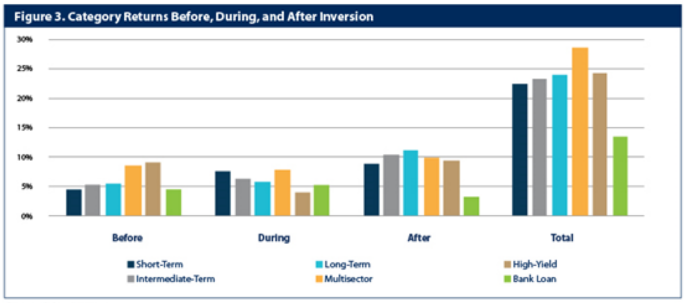


Figure 3. Category Returns Before, During, and After Inversion

Source: Morningstar

Spread sectors fared differently. Multisector—with its flexibility in terms of duration and its ability to allocate to asset classes that would benefit in different yield environments—was consistently among the top performers. It returned 5 percent more than any other category during the 36-month campaign. Despite its typical quarterly resets and low duration, the bank loan category couldn't capitalize on higher front-end rates. It produced the lowest return among the six categories tested.

Quality outperformed. One main takeaway from this test, however, is that all three quality holdings—short, intermediate, and long—performed nearly as well as high-yield and far better than bank loans. This was another indication that, in fixed income investing, interest rate sensitivity (measured as duration) isn't the only major risk. We also need to be cognizant of credit risk. Because inversions precede recessions—in which lower-quality credit sectors typically struggle—the introduction of a negative 10–2 spread can be a signal to move up in quality along a fixed income portfolio.

Fund Returns Test: What About Individual Funds, both Passive and Active? To determine whether this applied to individual funds, the test was repeated using a well-known index-focused fund family as a proxy for passive investments and a well-known active-management fund family. This would replicate the experience of an actual investor.

Active performed better. Over the span of the test, active outperformed passive. In addition, the intermediate-term active fund was the top performer during all observation periods, as shown in Figure 4. Why? One reason is the active fund's ability to adjust duration and to invest in more sectors. Conversely, the benchmark needed to adhere to its government, mortgage, and investment-grade corporate credit offerings. Of course, this was an insufficient sample size, but the takeaway of holding actively managed funds during times of stress certainly applies.

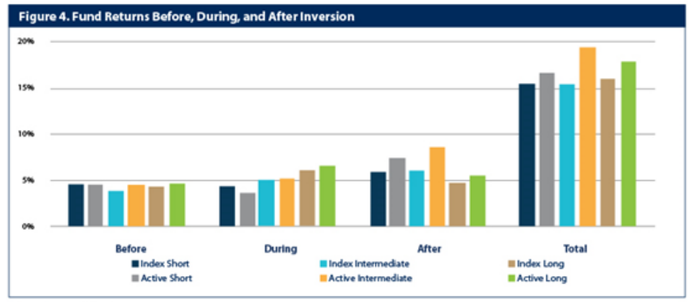


Figure 4. Fund Returns Before, During, and After Inversion

Source: Morningstar

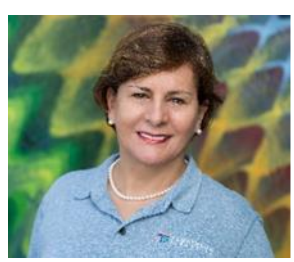
What Have We Learned?

What does this all mean? Should we shorten up duration and load up on unconstrained funds in the face of an inverted yield curve?

If chosen correctly, an investor would hold long-term funds when the spread is tightening, short-term funds during an inversion, and long-term funds once the curve started to steepen again (i.e., after a positive sloping curve had been reestablished). The successful investor, timing everything perfectly, could have a return of 25 percent over three years. However, timing the market is a difficult thing to do. As you can see above, the actively managed intermediate-term fund, which is more diversified than the other categories and keeps its duration near the middle of the curve, ends with a nearly 20% return over the 3-year period. For most investors, giving up a 5% difference in return is the price they are willing to pay for not worrying about the timing and the costs of the trading.

The shape of the yield curve is something of which we need to be cognizant. But during an inversion, even the worst curve positioning yields a positive return and isn't as detrimental a component in fixed income investing as we have been led to believe. As always, it's important to be a balanced and diversified investor. And this time won't be different.

BOOK REVIEW: *America's First Daughter* by Stephanie Dray and Laura Kamoie — By Margarita Tonkinson, MPA



This historical fictional novel of the life of Martha "Patsy" Jefferson Randolph, the oldest daughter of founding father Thomas Jefferson, is on one hand a captivating and compelling story of his life through her eyes, and on the other hand, a fascinating process of how Patsy's personality and character were shaped by family relationships and historical events that impacted the whole country from the time she was a girl until she grew into an older respected lady (1781–1830).

The writers did a thorough research that narrates well through Patsy's voice during her different stages of life; as a girl of only 10 years old who, after her mother died, became a mistress of her father's house; later as a teenager at home when the youngest of her two little sisters died; as a young woman in France falling in love; her presentation in the Parisian society and witnessing the beginning of the French Revolution; as a married woman, a mother, a widow, and finally as a prominent and influential person in American politics.

Her life was always determined by her mission to protect and support her father, to keep the Jefferson name free of any scandal and maintain his legacy as a fundamental figure in the American history. Her personal sacrifices shaped her life as a woman and wife of Thomas Mann Randolph, a complicated man filled with insecurity and aggression.

Patsy's life had great personal difficulties and responsibilities. She felt both the glory and the weight of her father's legacy while he lived and after he died. She lived through two revolutions, the War of 1812, Jefferson's eight years as President during which she presided as a hostess in the absence of a First Lady, survived a difficult, often abusive marriage, bore 12 children and raised several that weren't her own, wrestled with the shame of slavery and preserved Jefferson's legacy.

This engrossing novel leaves you not only with a newer perspective of Thomas Jefferson's life as a strong family man, with clear political principles, with strengths and vulnerabilities, but also with a profound admiration and gratitude for Martha "Patsy" Jefferson Randolph and her important role in shaping America's history.

COMMUNITY EVENTS

On October 27th, **Madeline** Mesa-Perdomo, who worked with us for 4 years, married Dr. Kevin Almerico. Maddy's best friend, Amalia, was the maid of honor. Amalia also worked with us for 2 years. Kristina was a bridesmaid in the wedding. The event was wonderful. We wish Maddy and Kevin the best of success.

On November 15th, the 32nd annual FIU Interior Architecture Department **Festival of the Trees** was a big success. We sponsored a tree. This is a fund raiser for scholarships.

On November 15th, the **Woodystock** free concert took place in downtown Miami. This was a thank you for all the donors in the other Woody Foundation fund raisers throughout the year. Tonkinson Financial was a sponsor for this event.

On December 2nd, Steven completed the **Ironman 70.3** for a fourth time. This time in Cartagena, Colombia. Even though the real temperature was over 100 degrees Fahrenheit with the humidity in the 90's, the race was incredible and full of amazing support and scenery.

On December 4th–6th, Rick attended the **IBEW Nuclear Conference** in Atlanta, GA. Mark McNichol, Past President of Local 627 (Fort Pierce) who now works for the IBEW in Washington, DC, coordinated the event. The conference had 150 delegates from all the nuclear power plants in the U.S. and Canada.

ANNOUNCEMENTS

Upcoming Events

Date	Event
January 18th – January 20th	Homestead Rodeo
January 27th	The Miami Marathon
February 23rd	Foundation for New Education Initiatives
February 23rd	MADD – 5K Run at Tropical Park in Miami

REMINDERS

Economic Calendar

Date	Event
January 1st	New Year's Day (Banks and Market closed)
January 21st	Martin Luther King Jr Day (Banks and Market closed)
February 18th	President's Day (Banks and Bond Market closed)

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Investing in individual stock involves principal risk – the chance that you won't get all the money back that you originally invested—market risk, underlying securities risk, and secondary market price. Talk to your financial advisor before making any investing decisions.

Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Past performance is no guarantee of future results.

Certificates of deposits (CDs) typically offer a fixed rate of return if held to maturity, are generally insured by the FDIC or another government agency, and may impose a penalty for early withdrawal.

DJ Industrial Average (DJIA): Computed by summing the prices of the stocks of 30 companies and then dividing that total by an adjusted value—one that has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are invested to reflect the actual performance of the underlying securities. NASDAQ Composite Index: Measures the performance of all issues listed on the NASDAQ Stock Market, except for the rights, warrants, units and convertible debentures. Barclays Capital Global Aggregate Bond: This index provides a broad-based measure of the global investment-grade, fixed-rate debt markets. Citigroup 3-month T-Bill: Measures monthly return equivalents of yield averages that are not marked to market. The 3-month Treasury Bill Indexes consist of the last three 3-month T-Bill issues. MSCI China: This free-float adjusted capitalization-weighted index is designed to measure the performance of China-based equities. MSCI EAFE (Morgan Stanley Capital International Europe, Australia, Far East): This index is a capitalization-weighted index that tracks the total return of common stocks in 21 developed-market countries within Europe, Australia and the Far East. MSCI Emerging Markets EMEA: This index captures large and mid-cap representation across 8 Emerging Markets (EM) countries in Europe, the Middle East and Africa (EMEA). With 139 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Russell 2000: This index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. Standard and Poor's (S&P) 500: This index tracks the performance of 500 widely held, large-capitalization US stocks. S&P Consumer Discretionary: A market capitalization weighted index that tracks the performance of consumer discretionary companies. S&P Consumer Staples: A market capitalization weighted index that tracks the performance of consumer staples companies. S&P Energy: A market capitalization weighted index that tracks the performance of energy companies. S&P Health Care: A market capitalization weighted index that tracks the performance of health care companies. S&P Materials: A market capitalization weighted index that tracks the performance of materials companies. S&P Technology: A market capitalization weighted index that tracks the performance of technology companies. S&P Utilities: A market capitalization weighted index that tracks the performance of utility companies.