



Market Coverage

Sector Overview – Information Technology

Information Technology Sector Overview

I. Background

- Sector Definition:
 - i. Provides goods and services relating to software, hardware, and semiconductors.
 - ii. Develops goods and services that support and advance technology and technological architecture throughout the general economy.
- Sector Size:
 - i. As of June 21, 2024, the Information Technology sector is the **largest sector** in the economy:
 - 1. More than \$19.5 trillion in public market capitalization.
 - 2. Representing 26.42% of the total market.
- Sector Composition:
 - i. Artificial Intelligence; Systems Software; Application Software; Data Processing; Technology Hardware and Storage; Semiconductors

II. Players in the Sector

Market Capitalizations as of June 21, 2024

- Apple Inc (NASDAQ: AAPL) // Market Capitalization ~\$3.18 Trillion

- Dell Technologies Inc (NYSE: DELL) // Market Capitalization ~\$102 Billion
- Microsoft Corp (NASDAQ: MSFT) // Market Capitalization ~\$3.34 Trillion
- NVIDIA Corp (NASDAQ: NVDA) // Market Capitalization ~3.11 Trillion
- Tesla (NASDAQ: TSLA) // Market Capitalization ~\$583 Billion

III. Sector Performance

- Return:
 - i. The sector has returned 22.1% throughout 2024 (year-to-date), based on the performance of the ETF SPDR Fund XLK.
 - ii. Relative to the SPY, the Information Technology Sector has outperformed the general market by 6.1% YTD 2024.

IV. Additional Notes

- The Tech Sector is highly cyclical given the volatility around underlying technology companies during times of economic expansion and contraction.
 - i. For example: Technology expenses for customers are partially dependent on the current state of the economy; therefore, technology companies generally do better in times of expansion and worse during times of contraction.
- Technology is becoming more essential for everyday business operations.
 - i. As the general economy becomes more dependent on technology, the sector becomes less volatile as consumers have a more inelastic demand for technology goods and services.
- The general economy is trending towards greater digitization, more connectivity, and more automation.
 - i. The subsectors enhancing digitization, connectivity, and automation will benefit, as well as adjacent subsectors that support its underlying architecture (adjacent companies supporting architecture are known as the “picks and shovels”).

THE WARREN FOX GROUP

The Warren Fox Group does not provide investment advice or legal advice. The information provided above should be used solely for educational purposes.

The material in this document reflects performance based on adjusted close prices for June 21, 2024.

Contact information: admin@thewarrenfoxgroup.com

The Warren Fox Group