

## Timely Insights from JAG's Research Team

Total reading time = 2 minutes

### XLC Communications SPDR

Moving from XLK (Tech) to XLC>>>				XLC: Communications Sector			<<<Moving from XLY (Cons. Discretionary) to XLC			
Ticker	Name	XLK Sector Wgt	MktCap (bil)	Ticker	Name	XLC Sector Wgt	Ticker	Name	XLY Sector Wgt	MktCap (bil)
FB	FACEBOOK INC-A	7.37%	568.574	FB	FACEBOOK INC-A	20.96%	NFLX	NETFLIX INC	5.89%	167.131
GOOG	ALPHABET INC-C	5.34%	392.949	GOOG	ALPHABET INC-C	11.71%	CHTR	CHARTER COMMUN-A	1.83%	77.805
GOOGL	ALPHABET INC-A	5.32%	392.949	GOOGL	ALPHABET INC-A	11.65%	CMCSA	COMCAST CORP-A	5.12%	152.406
*T	AT&T INC	3.50%	232.307	NFLX	NETFLIX INC	5.05%	DIS	WALT DISNEY CO	5.21%	155.291
ATVI	ACTIVISION BLIZZ	0.88%	56.862	T	AT&T INC	4.91%	FOXA	TWENTY-FIRST C-A	1.69%	88.982
*VZ	VERIZON COMMUNIC	3.13%	204.942	CHTR	CHARTER COMMUN-A	4.78%	CBS	CBS CORP-B	0.64%	21.326
EA	ELECTRONIC ARTS	0.66%	43.015	CMCSA	COMCAST CORP-A	4.67%	FOX	TWENTY-FIRST - B	0.70%	88.982
TWTR	TWITTER INC	0.46%	33.245	ATVI	ACTIVISION BLIZZ	4.53%	OMC	OMNICOM GROUP	0.57%	17.029
*CTL	CENTURYLINK INC	0.28%	20.261	DIS	WALT DISNEY CO	4.53%	VIAB	VIACOM INC-B	0.35%	12.291
TTWO	TAKE-TWO INTERAC	0.20%	13.352	VZ	VERIZON COMMUNIC	4.48%	IPG	INTERPUBLIC GRP	0.30%	9.091
	Totals	27.14%	1,958.455	EA	ELECTRONIC ARTS	3.82%	DISCK	DISCOVERY INC-C	0.30%	19.874
				FOXA	TWENTY-FIRST C-A	3.81%	DISH	DISH NETWORK-A	0.26%	15.961
				TWTR	TWITTER INC	2.64%	TRIP	TRIPADVISOR INC	0.20%	7.655
				CBS	CBS CORP-B	1.70%	NWSA	NEWS CORP-CL A	0.20%	9.100
				CTL	CENTURYLINK INC	1.61%	DISCA	DISCOVERY INC -	0.14%	19.874
				FOX	TWENTY-FIRST - B	1.58%	NWS	NEWS CORP-CL B	0.06%	9.100
				OMC	OMNICOM GROUP	1.52%		Totals	23.46%	871.898
				TTWO	TAKE-TWO INTERAC	1.18%				
				VIAB	VIACOM INC-B	0.94%				
				IPG	INTERPUBLIC GRP	0.81%				
				DISCK	DISCOVERY INC-C	0.79%				
				DISH	DISH NETWORK-A	0.70%				
				TRIP	TRIPADVISOR INC	0.53%				
				NWSA	NEWS CORP-CL A	0.53%				
				DISCA	DISCOVERY INC -	0.39%				
				NWS	NEWS CORP-CL B	0.17%				

\*while S&P includes the three stocks in their Telecommunications sector, they are constituents of XLK

Source: [www.sectorspdrs.com](http://www.sectorspdrs.com), JAG Capital Management

This coming September, the Telecommunications Services sector will be renamed to Communications Services. Under this new name, this sector will be broadened to include companies that have historically been included in the Consumer Discretionary and Information Technology sectors. This is (literally) a big deal! We can get a preview of the impact by looking at the holdings of the affected Sector SPDR ETF's. As the table above shows, we can expect almost \$3 trillion of market capitalization will move into the newly-named sector. Roughly \$2 trillion of this total is composed of stocks that will move out of the XLK (Technology) ETF into the XLC (Communications) ETF. Another c. \$870 billion of market cap will move from the XLY (Consumer Discretionary) ETF into XLC. Investors of all stripes – passive, active, and hybrid – will need to pay attention to this reclassification. As active managers, we will be watching closely to evaluate changes to our relative portfolio exposures among the affected sectors. We expect that the new weighting of the Consumer Discretionary and Information Technology sectors will go down, while the weight of the Communications Services sector will obviously increase substantially in the benchmark indexes. It would not be surprising to see some market volatility over the next few months as asset managers, institutional investors and ETF sponsors adjust their portfolios to reflect the modified sector holdings. Longer-term, we think the new GICS sector classification will better reflect the increasing convergence between communications, broadcasters, media content creators, and internet companies.

## Disclosures

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