

# Weekly Market Recap

Dec 17, 2024



## Our model portfolio returns

Model Portfolio	Last Week			Year-to-Date (YTD)		
	Optimize	Benchmark	Outperformance	Optimize	Benchmark	Outperformance
All Growth Portfolio	-0.24%	-1.36%	1.12%	29.97%	18.54%	11.43%
Growth Balanced Portfolio	-0.22%	-1.31%	1.09%	28.83%	16.81%	12.02%
Balanced Growth Portfolio	-0.21%	-1.25%	1.04%	27.68%	14.95%	12.73%
Income Balanced Portfolio	-0.17%	-1.12%	0.95%	24.45%	10.30%	14.15%
Income Portfolio	-0.12%	-1.02%	0.90%	21.22%	6.63%	14.59%

As of December 13, 2024

## Key drivers to our outperformance

▪ Top Company: Broadcom

Red-hot demand for artificial intelligence is benefiting a small subset of semiconductor companies beyond Nvidia, as seen in Broadcom’s momentum heading into 2025. The company exceeded fourth-quarter earnings expectations with revenue up 51% year-over-year, driven by strong AI networking demand and successful VMware integration. Broadcom’s leadership in custom AI accelerators (XPUs) and Ethernet networking positions it to benefit from hyperscaler AI investments. Management expects 65% year-over-year AI revenue growth in the first-quarter, propelling the company toward another record year with free cash flow generation nearing \$30 billion. AI revenue is projected to target a serviceable addressable market of \$60 billion to \$90 billion by 2027.

▪ Top Sector: Information Technology

The S&P 500 Technology sector has gained 39% year-to-date, and the sector as a whole is leading in fund flows for this year. With the exception of September, net flows into the sector have been largely positive. The sector also leads in earnings growth, with an expected 21.7% EPS growth over the next twelve months. Technology, which represents most growth stocks, is on track for its best performance in at least a decade. Since the U.S. election on November 5, the sector has risen 5.82%, driven by expectations of tax cuts, deregulation, and a potential quarter-point rate cut from the U.S. Federal Reserve this week.

▪ Top Asset Class: U.S Equities

U.S. equities continue to lead as our top asset class, driven by their consistent earnings and revenue growth that outpace global peers. The U.S. holds a dominant share of the global equity market, attracting investors with its unmatched depth, stability, and growth opportunities. Key sectors such as Technology, Financials, and Consumer Goods are delivering strong performance, reinforcing the U.S. market’s leadership as a global investment hub. This strength is further supported by a resilient economic backdrop, highlighted by solid consumer spending and robust corporate earnings. With U.S. large-cap equities at the core of our strategy, we remain confident in their ability to capture long-term growth while navigating evolving market dynamics.

Model Portfolio	Returns (YTD)	Outperformance (YTD)	Upside Capture	Downside Capture
All Growth Portfolio	22.81%	8.16%	117.18%	37.65%
Growth Balanced Portfolio	22.08%	9.04%	122.96%	45.18%
Balanced Growth Portfolio	21.29%	9.94%	116.32%	54.20%
Income Balanced Portfolio	18.73%	11.49%	158.59%	65.51%
Income Portfolio	16.19%	12.12%	151.45%	48.61%

As of October 31, 2024



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## Weekly insights

### ▪ Growth Stocks Shine

Growth Stocks are outperforming their Value counterparts. While S&P 500 Value Stocks have been on a losing streak for 10 consecutive trading days as of Friday, Growth Stocks continue to shine. This year, Growth Stocks have risen by 39%, on track for their best performance in at least a decade. Since the U.S. election on November 5, they have gained 7.5%. President-elect Donald Trump's victory has sparked a growth-friendly environment in the world's largest economy, with anticipated tax cuts and deregulation. A widely expected quarter-point rate cut from the US Federal Reserve next week could further fuel this year's seemingly unstoppable rally.

### ▪ Year to Date Fund Flow In Technology Sector Remain Robust

Investor optimism and confidence in the technology sector remain robust, fueling substantial inflows. Year-to-date, the Technology sector has led in net flows, followed closely by Financials. With the exception of September, net flows in the sector have been mostly positive and significant. While market watchers have expressed concerns about valuations, the continued strong inflows further reinforce investors' optimism and confidence in the sector.

### ▪ Equities Volatility Remains Low Indicating Investors Are Feeling Calm

Equity volatility remains low, signaling that investors are feeling calm and confident in U.S. Equities. The CBOE Volatility Index, a measure of implied volatility, closed at 13.81 on Friday, one of its lowest levels year-to-date. Typically, when the S&P 500 approaches all-time highs, volatility increases. However, this was not the case on Friday, as the S&P 500 closed near its record high. While conditions could change, the current low implied volatility suggests that investors are reassured and confident in U.S. Equities.

## What to look for next week

### ▪ U.S. Federal Reserve Interest Rate Decision

The Federal Reserve will announce its interest rate decision on Wednesday, December 18, 2024. Policymakers are optimistic about subsiding inflation and a strong labour market, which could support further gradual rate cuts. Markets will closely watch for signals on the pace of monetary easing and its alignment with evolving economic trends.

### ▪ Canada Inflation Rate (YoY)

Canada's annual inflation data for November will be released on Tuesday, December 17, 2024. October's rate rose to 2%, marking the third consecutive month within the Bank of Canada's target range. The data highlights stability in inflation trends, with easing shelter and food costs offering a positive outlook for consumers and policymakers alike.

### ▪ Key Corporate Earnings: Nike, FedEx, and General Mills.

This week, the focus will be on key companies releasing their earnings reports, including Nike (after market close on December 19, 2024), FedEx (after market close on December 19, 2024), and General Mills (before market close on December 18, 2024).

Source: Refinitiv - as of December 13, 2024

**“Risk comes from not knowing what you’re doing.”**

**- Warren Buffett**