

Weekly Market Recap

Feb 25, 2025



Our model portfolio returns

| Model Portfolio | Last Week | | | Year-to-Date (YTD) | | |
|---------------------------|-----------|-----------|----------------|--------------------|-----------|----------------|
| | Optimize | Benchmark | Outperformance | Optimize | Benchmark | Outperformance |
| All Growth Portfolio | -1.33% | -0.72% | -0.61% | -0.96% | 1.69% | -2.65% |
| Growth Balanced Portfolio | -1.24% | -0.64% | -0.60% | -0.89% | 1.60% | -2.49% |
| Balanced Growth Portfolio | -1.15% | -0.55% | -0.60% | -0.82% | 1.54% | -2.36% |
| Income Balanced Portfolio | -0.97% | -0.35% | -0.62% | -0.64% | 1.35% | -1.99% |
| Income Portfolio | -0.78% | -0.18% | -0.60% | -0.46% | 1.20% | -1.66% |

As of February 21, 2025

Key drivers to our outperformance

- Top Company: Novo-Nordisk

Novo Nordisk posted strong Q4 results, with sales rising 30% year-over-year and EPS increasing by 13.33%, reflecting continued momentum in its diabetes and obesity treatments. Demand for Wegovy and Ozempic remains exceptionally strong, positioning the company for sustained growth in 2025. Robust operational leverage and an expanding global market for weight loss and diabetes drugs further support its long-term outlook. With a strong 2025 guidance reinforcing its superior growth prospects, investor confidence was high, and the stock surged 13.42% last week, making it one of the top-performing names in the market.
- Top Sector: Utilities

The Utilities sector was the best performer last week, gaining 1.40%, while most other sectors saw a sell-off on Friday. Known for its defensive business model, the sector benefits from steady demand and stable cash flows, making it a reliable option during market volatility. Amid market volatility, utilities remain well-positioned for resilience and consistent performance.
- Top Asset Class: U.S Equities

U.S. equities remain our top asset class, supported by their unparalleled market depth, stability, and consistent earnings growth that outpaces global peers. Dominating the global equity market, the U.S. attracts investors with leadership in Technology, Financials, and Consumer Goods. Strong consumer spending, a resilient economic environment, and steady corporate profitability reinforce the long-term growth potential of U.S. large-cap equities, making them a cornerstone of our strategy and a reliable source of global investor confidence.

| Model Portfolio | Returns (YTD) | Outperformance (YTD) | Upside Capture | Downside Capture |
|---------------------------|---------------|----------------------|----------------|------------------|
| All Growth Portfolio | 30.78% | 13.96% | 114.50% | 32.33% |
| Growth Balanced Portfolio | 29.70% | 14.69% | 115.87% | 40.93% |
| Balanced Growth Portfolio | 28.56% | 15.46% | 110.92% | 49.12% |
| Income Balanced Portfolio | 25.08% | 16.65% | 158.77% | 59.83% |
| Income Portfolio | 21.65% | 16.83% | 147.89% | 43.61% |

As of December 31, 2024

Weekly Market Recap

Feb 25, 2025



Weekly insights

- S&P 500 Starts the Year with Broadening Participation

As of nearly the first two months of 2025, market participation among the S&P 500 constituents has increased significantly from last year's 30-year lows. The S&P 500 produced a 23.31% return in 2024; however, most of the returns were driven by only a few names. As shown in the chart, 2024 was also the year with the lowest participation from index constituents in a 30-year period, including the dot-com era. With 51% of the index constituents year-to-date outperforming the index, it signals a potential broadening of the U.S. equities rally. Broadening participation helps alleviate concerns about concentration risk, confirming there are attractive opportunities within large-cap stocks.

- Financial Sector Continues to Attract Inflows

The Financial sector continues to attract significant global ETF inflows, leading in cumulative year-to-date net flows and even surpassing the Technology sector over the same period. The sector posted positive netflows in the last four months, ranking first in November, December, and February. In contrast, the Technology sector, its closest counterpart, ranked first in January and saw negative netflows in February. Major banks, including Bank of America, JPMorgan Chase, Morgan Stanley, and Goldman Sachs, reported strong earnings last month, fueled by loan growth and a resurgence in M&A activity expected in 2025. Additionally, easing financial conditions could further benefit the sector and attract even more inflows.

- Historically U.S. Equities Thrive in the First Year of a New Presidential Term

The S&P 500 marked its best start to a presidential term since Ronald Reagan's inauguration in 1985. Reviewing historical performance in the first year of a president's term, U.S. equities have performed quite well. Since Reagan's second term, the S&P 500 posted positive returns in 9 out of 10 post-election years. Since 1961, the S&P 500 has averaged a 10.21% gain in the first year following a presidential inauguration. More recently, since 2001, the index has seen an even stronger average gain of 14.90% in the first year of a new presidential term. With President Trump emphasizing policies aimed at stimulating the economy and lowering taxes, U.S. equities could potentially repeat this strong historical trend in 2025.

What to look for next week

- U.S. Inflation Data: Core PCE Price Index

On Friday, The Core PCE Price Index will provide key insights into inflation trends and the Federal Reserve's policy outlook. With inflation remaining above the Fed's target, markets will watch for signs of continued price stability or renewed upward pressure.

- U.S. Jobs Data: Initial and Continuing Claims

The latest jobless claims report, set for release on Thursday, will provide insights into labour market conditions and unemployment trends. With claims remaining near historically low levels, markets will watch for any signs of softening or continued labour market resilience.

- Key Corporate Earnings: NVIDIA, Home Depot, and Salesforce

This week, the focus will be on key companies releasing their earnings reports, including NVIDIA (after market close on February 26, 2025), Home Depot (before market close on February 25, 2025), and Salesforce (after market close on February 26, 2025).

Source of All Economic Data: Bloomberg

**“You never know who’s swimming naked
until the tide goes out.”**

- Warren Buffett