

Weekly Market Recap

March 5, 2025

Our model portfolio returns

Model Portfolio	Last Week			Year-to-Date (YTD)		
	Optimize	Benchmark	Outperformance	Optimize	Benchmark	Outperformance
All Growth Portfolio	1.53%	1.71%	-0.17%	0.56%	3.35%	-2.79%
Growth Balanced Portfolio	1.46%	1.64%	-0.18%	0.56%	3.24%	-2.67%
Balanced Growth Portfolio	1.39%	1.57%	-0.18%	0.57%	3.15%	-2.59%
Income Balanced Portfolio	1.23%	1.40%	-0.17%	0.58%	2.93%	-2.35%
Income Portfolio	1.07%	1.28%	-0.21%	0.60%	2.75%	-2.16%

As of February 28, 2025

Key drivers to our outperformance

▪ Top Company: Berkshire Hathaway Inc

Berkshire Hathaway posted solid Q4 earnings. Q4 Net Income of \$14.53 Billion was higher than the market expectation. Weaker Rail Earnings were offset by a favourable improvement in Insurance Earnings at GEICO. There weren't any share buybacks in Q4. Market Capitalization of almost 1Trillion dollars remains close to intrinsic value. Our strategic allocation on Berkshire continues to deliver value. The market reacted positively to the earnings release with the stock gaining 7.33% last week.

▪ Top Sector: Financials

Financials stood out as a strong performer last week, fuelled by robust earnings from major U.S. and global banks. The S&P 500 Financials sector gained 2.80% last week. Earnings reports highlighted strength in loan growth, net interest income, and stable credit quality, reflecting the sector's resilience. The sector continued to attract global fund inflows as well. Our strategic overweight on Financials continues to deliver value, as the sector benefits from a favourable macroeconomic backdrop and consistent performance in key areas like asset management and lending.

▪ Top Asset Class: U.S Equities

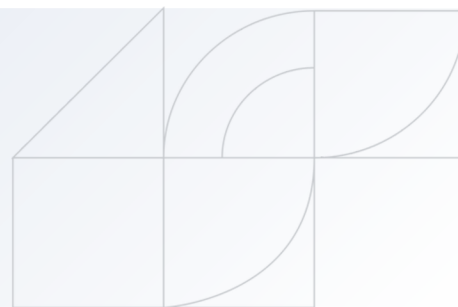
U.S. equities remain our top asset class, supported by their unparalleled market depth, stability, and consistent earnings growth that outpaces global peers. Dominating the global equity market, the U.S. attracts investors with leadership in Technology, Financials, and Consumer Goods. Strong consumer 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	1.44%	-2.09%	111.77%	32.33%
Growth Balanced Portfolio	1.38%	-1.78%	113.42%	40.93%
Balanced Growth Portfolio	1.31%	-1.49%	108.88%	49.12%
Income Balanced Portfolio	1.16%	-0.73%	156.86%	59.83%
Income Portfolio	1.00%	-0.17%	147.21%	43.61%

As of January 31, 2025

Weekly Market Recap

March 5, 2025



Weekly insights

- **S&P 500 Remains in Post-Election Range**

The S&P 500 Index remains within its post-election range. It closed at 5,783 on Election Day, November 5, 2024. Since then, it has rallied as much as 5.41%, reaching 6,144 in mid-February, before closing at 5,954 on Friday. The reversal of much of the index's gains can be attributed to trade uncertainty. Earnings growth remains exceptionally strong, with an expected 11% increase this year. Last week's breadth data showed 51% of S&P 500 constituents outperforming the benchmark, along with a moderate shift from discretionary to staples and from growth to value stocks. This suggests the recent correction is a healthy rotation, not a sell-off. The range-bound S&P 500 indicates that the post-election outlook for the U.S. economy remains intact.

- **Large-Cap Stocks Outperform Small Caps Year-to-Date**

Large-cap stocks have outperformed their small-cap counterparts year-to-date. The S&P 500 Index, representing large caps, gained 1.24%, while the Russell 2000 Index, tracking small caps, dropped 3.01%. Last week's breadth data showed 51% of S&P 500 constituents outperforming the benchmark, alongside a moderate shift from discretionary to staples and from growth to value stocks. This suggests the recent correction in the S&P 500 Index is a healthy rotation, not a sell-off. The outperformance over small-cap stocks suggests there are attractive opportunities within large-cap stocks.

- **Inflation Slowed in January**

U.S. Federal Reserve's preferred inflation gauge, The Personal Consumption Expenditure (PCE), slowed in January. The PCE rose 2.6% year-over-year and increased 0.3% from December, according to data from the Bureau of Economic Analysis released Friday. The year-over-year gain matched economists' expectations and was down from a 2.8% annual increase in December. While the cooler PCE data may aid Fed on inflation efforts, economists expect the U.S. Fed to hold interest rates steady due to the uncertainty around fiscal and trade policy. The market responded positively, with stock futures rising and long-term bond yields dipping following the report.

What to look for next week

- **U.S. Jobs Data: Unemployment Rate**

The unemployment rate data, set for release on Friday, will provide insights into labour market conditions and unemployment trends and any impact from the DOGE related layoffs.

- **U.S. Jobs Data: Non-Farm Payrolls**

The Non-Farm Payrolls report, set for release on Friday, will provide a key update on job growth and labour market conditions. With recent upward revisions to late 2024 employment figures, markets will watch for continued hiring momentum or any indication of slowing job gains.

- **Key Corporate Earnings: Target, Dollar Tree, and Costco**

This week, the focus will be on key companies releasing their earnings reports, including Target (before the market opens on March 04, 2025), Dollar Tree (on March 04, 2025), and Costco (after market close on March 06, 2025).

Source of All Economic Data: Bloomberg

**“The most important thing to do if you find
yourself in a hole is to stop digging.”**

- Warren Buffett