Optimize Wealth Management

Weekly Market Recap

Feb 20, 2025

Our model portfolio returns

	Last Week			Year-to-Date (YTD)		
Model Portfolio	**Optimize**	**Benchmark**	**Outperformance**	**Optimize**	**Benchmark**	**Outperformance**
All Growth Portfolio	**0.50%**	0.03%	**0.47%**	**0.37%**	2.43%	**-2.06%**
Growth Balanced Portfolio	**0.49%**	-0.01%	**0.50%**	**0.36%**	2.25%	**-1.89%**
Balanced Growth Portfolio	**0.47%**	-0.04%	**0.51%**	**0.34%**	2.10%	**-1.76%**
Income Balanced Portfolio	**0.43%**	-0.11%	**0.54%**	**0.33%**	1.71%	**-1.38%**
Income Portfolio	**0.38%**	-0.18%	**0.56%**	**0.32%**	1.39%	**-1.07%**

As of February 14, 2025

Key drivers to our outperformance

- ### Top Company: The Coca-Cola Co

  Coca-Cola remains a cornerstone of the Consumer Staples sector, benefiting from steady demand and a resilient business model that thrives in all market conditions. With a strong global brand, diverse product portfolio, and pricing power, the company continues to generate consistent revenue growth. Last week, Coca-Cola gained 6.71%, significantly contributing to our portfolio performance. Its defensive positioning, stable cash flows, and ability to navigate economic uncertainty reinforce its role as a key driver of long-term value.

- ### Top Sector: Information Technology

  The Technology sector was the best performer last week, gaining 2.83%, as strong earnings and continued investor confidence drove momentum. The sector remains a leader in market performance, benefiting from steady fund inflows, robust earnings growth, and increasing AI adoption. Since the U.S. election, expectations of tax cuts, deregulation, and lower interest rates have further supported growth.

- ### 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

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Weekly insights

- ### USD's YTD Underperformance Signals Tariffs Are a Negotiation Tool.

  The U.S. Dollar has significantly depreciated since its January peak, making it one of the worst-performing asset classes year-to-date. Weakened USD suggests that the market believes Tariffs are being used as a negotiating tool rather than an actual tax. A weaker U.S. dollar bodes well for U.S. Equities and we have seen Growth Equities responding positively last week. The Technology Sector made up of Growth Equities was the best performing sector last week, cementing the market's view.

- ### U.S. Added 143,000 Jobs in January Lowering Unemployment Rate to 4%

  The first monthly jobs report of Donald Trump's second presidency indicates a solid labor market. U.S. employers added 143,000 jobs last month, lower than economists' expectations; however, it was enough to reduce the unemployment rate to 4% at the start of 2025. Additionally, there were upward revisions of 100,000 to the previous months' job data. The hourly wage increase of 0.5% for the month was considerably better than the expected 0.3%. While both employers and economists remain concerned about the tariff issue, most Americans continue to enjoy unusually high job security for now, underscoring the strength of the U.S. labor market.

- ### U.S. 10Y Yield Appears Stabilized at Current Level

  The U.S. 10-year yield appears to have stabilized, remaining in its current range for nearly a year and a half. As of Friday's close, the 10-year yield was at 4.48%, down 32 basis points over the past month. The Federal Reserve began cutting rates in November, and although the 10-year yield initially rose after the rate cuts, it has since stabilized. This follows the Fed's decision to pause further rate cuts in its most recent meeting, coupled with strong economic data, including solid GDP growth, lower unemployment, and increased consumer spending. Despite recent noise around AI, policy uncertainty, U.S. tariffs, and debt concerns, the stable 10-year yield—often seen as a proxy for long-term economic growth—signals reduced rate volatility and bolsters confidence in the U.S. economy's outlook.

What to look for next week

- ### U.S. Building Permits

  The latest building permit data, set for release on Wednesday, will provide insights into future construction activity and housing market trends. With recent shifts in multi-unit and single-family permits, markets will watch for signs of continued housing demand and development momentum.

- ### U.S. Existing Home Sales

  The existing home sales report, out Friday, will provide a key update on housing market activity. With recent signs of recovery despite higher mortgage rates, markets will watch for continued momentum in home sales and inventory trends.

- ### Key Corporate Earnings: Walmart, Occidental Petroleum Corp, and Home Depot

  This week, the focus will be on key companies releasing their earnings reports, including Walmart (before market close on February 20, 2025), Occidental Petroleum Corp (after market close on February 18, 2025), and Home Depot (before market close on February 25, 2025).

Source of All Economic Data: Bloomberg

"In the world of business, the people who are most successful are those who are doing what they love."

- Warren Buffett