

Q4 2024

Market Commentary

Quarter in Review

The fourth quarter of 2024 proved volatile, reflecting a shifting geo-political landscape, rising global conflict, and direction changes by central bankers.

October 2024 experienced a strong start for equities and bonds. Still, it was met with downturns by the month's end due to uncertainties around the presidential election and potential Federal Reserve interest rate changes. Tech stocks were particularly impacted, leading to a 2.8% decline for the Nasdaq Composite Index (NASDAQ). However, the Financials sector made strides, increasing by 2.7% due to strong earnings and a steeping yield curve.¹

In contrast, November 2024 marked a significant positive turn for U.S. stocks, as a quick resolution of the contentious election season helped deliver the highest monthly gain of the year, with the S&P 500 recording a roughly 6% increase. Consumer Discretionary and Financials sectors led the pack with 13% and 10% growth, respectively. Additionally, mid- and small-cap stocks experienced remarkable growth, and the Russell 2000 index attained a new all-time high.²

December marked a pullback across global equities and fixed income, as the successive collapse of the French and German governments, the near collapse of the Canadian government, and a currency crisis in Brazil weighed heavily on international markets.

While the Fed announced another 25bps cut to the federal funds rate in December, marking the third consecutive reduction and bringing borrowing costs to the 4.25% to 4.5% range, Federal Reserve Chairman Jerome Powell's remarks afterward cooled expectations for a slew of rate cuts in 2025.³ The S&P 500 finished the month down -2.38%, led by declines of -10.72% in Materials and -9.47% Energy sectors, respectively.⁴

In 2024, U.S. stocks had a notable performance, with the S&P 500 rising by 25% and achieving 57 record closes, reflecting a healthy economy and a lower inflation rate. Despite minor setbacks in the last trading days, it was one of the best consecutive years for the broad U.S. stock index since 1997 and 1998. The top-performing tech stocks, often referred to as the "Magnificent Seven"—Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla—contributed over 53% of the total return of the S&P 500 index. Particularly noteworthy was Nvidia, a maker of Artificial Intelligence chips, which alone accounted for 21% of the return and saw its market value soar past \$3 trillion. However, stocks from various industries also played a part in the rally, with the financial sector increasing 28%, utilities 20%, and industrials 16%.⁵

Despite the big tech sector's dominance, stocks in other sectors also present attractive valuations, opening up opportunities for these sectors to potentially "catch up" with tech. There is increasing interest in small-capitalization stocks, which have lagged large caps for several years.

Post-election, the small caps experienced a significant spike, with the Russell 2000 marking its first all-time high in years. There is a notable increase in recent trends, which could potentially influence the market in 2025, considering factors such as lower interest rates and improved economic conditions. Further, domestic revenue generation is a key component for about 80% of Russell 2000 firms, which could potentially influence their resilience in the face of any trade war under Donald Trump's presidency.⁶

See disclosures for citations

Past performance does not guarantee future results. All data is from sources believed to be reliable but cannot be guaranteed or warranted.

Q4 2024

Market Commentary

Striving for America's Prosperity

The potential impact of Donald Trump's return to the White House in 2025 is a significant factor considered by many investment outlooks published by major banks, advisors, and asset managers. There is a general sense of optimism due to Trump's anticipated pro-business policies, particularly around Corporate America and U.S. assets. However, his unpredictability and hard stance on global trade create some uncertainty.

The coming weeks are crucial in setting the tone for the year, as Trump's early policies, especially on tariffs, will play a significant role. The Fed's meeting just eight days post-inauguration will also inform how Trump's agenda may affect interest rates. Despite potential hurdles, the U.S. economy has shown resilience, with a projected GDP growth of 3.1% for the last quarter.

The base case scenario for 2025 depicts a modest global expansion led by the United States, supported by lower rates and pro-growth policies. As for inflation, it is seen as contained and range-bound in the United States and internationally, despite Trump's potential trade barriers (the biggest risk appears to be a possible escalation in trade wars due to Trump's hardline tariff policies).

The stock outlook points to a broadening rally favoring mid- and small-cap equities, while bonds offer attractive yields as a key income source. Commodities are mixed, with the price of oil continuing to face downward pressure due to a glut of supply and diminishing demand.⁷

West Texas Intermediate



Source: Bloomberg

Q4 2024

Market Commentary

Final Thoughts – Don't Abandon Broad Diversification

U.S. equities have posted the best back-to-back two years since 1997 and 1998, punctuating a decade of U.S. market dominance. The term "U.S. exceptionalism" has taken hold for many investors. It is the idea that the U.S. equity market's prolonged and pronounced performance is a permanent feature. This concept of exceptionalism isn't unique to U.S. equities; it's the narrative spun around any asset class that has delivered unusually high returns for an extended period. However, examining whether this outperformance is due to inherent structural factors, cyclical phenomena, or a one-off confluence of variables is essential.

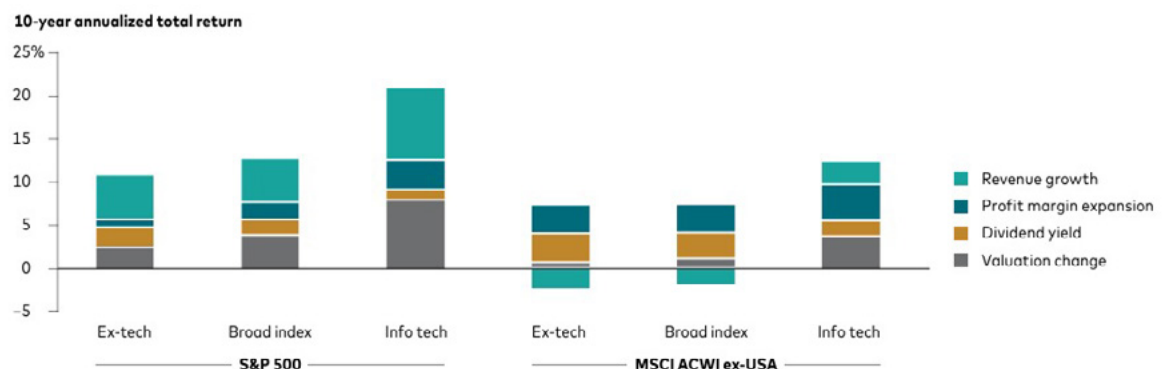
The U.S. market is often perceived as shareholder-friendly, which may contribute to the emergence of successful, large companies. While there may be some truth to this, it's vital to understand that the narrative of exceptionalism typically reflects past performance and is often used to justify continued investment in the asset class.

On the flip side, the belief in U.S. exceptionalism is reflected in the fact that it accounts for over 60% of global equities and that most investors are heavily invested in it. However, projecting this past exceptionality indefinitely into the future may be overly optimistic. This is especially true when the major contributors to U.S. earnings growth are a handful of gigantic companies. Maintaining the same accelerated growth rate becomes increasingly difficult as these companies grow.

A notable trend in the market is the high concentration of a few large tech companies, which has influenced the companies' rich valuations have come to reflect their contribution to driving market growth. However, sustaining that level of valuation difference from the rest of the market would require them to maintain the robust revenue growth that markets are accustomed to.

That is a tall order. If there is a slip, it could potentially influence other markets, similar to the period following the "tech bubble" when U.S. stocks experienced a decade of losses while Emerging Markets saw significant returns.

While it may be tempting to "go all in" on what has been doing the best recently, history shows us that is precisely when you want to stay disciplined to a broadly diversified allocation.



Notes: The chart shows the component drivers behind the 10-year annualized returns for technology stocks versus the broad market and versus the broad market minus tech stocks—first for the U.S. market and then for international markets. The drivers were P/E ratios (valuation change), dividend yield, and earnings per share broken down by profit margin expansion and revenue growth. The following indexes were used: Standard & Poor's 500 Index, S&P 500 Information Technology Sector Index, MSCI ACWI ex USA Total Return USD Index, and MSCI ACWI ex USA Information Technology Total Return USD Index. **Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.**

Sources: Vanguard calculations, based on data from Bloomberg, as of September 30, 2024.

Past performance does not guarantee future results. All data is from sources believed to be reliable but cannot be guaranteed or warranted.

Q4 2024

Summary

- U.S. Markets were the best performing region, up 2.79% this quarter. International Developed markets and Emerging Markets both declined, losing 7.36% and 7.84%, respectively.
- Factors performed poorly this quarter, with negative performance across all factors. Momentum fared best, losing 0.09%. Quality dropped 2.75%, Small Cap Stocks fell 3.17%, Minimum Volatility lost 3.38%, and Value decreased 4.55%.
- Sectors experienced varied performance in the fourth quarter. Consumer Discretionary performed best, gaining 12.1% for the quarter. Communication Services and the Financial sector also had strong gains, returning 7.31% and 7.07%, respectively. Technology also saw positive performance ending the quarter with gains of 3.12%. All other sectors performed negatively through the quarter.
- Fixed Income also had poor quarterly performance with Global Bonds losing 0.95%, and U.S. Bonds falling 3.06%.
- At the end of December, short-term Treasury yields were flat with the 1-year to 30-year all trading within 0.70%. The 10-year treasury yield increased by 0.77% and the 10-year TIPS note yield rose by 0.61% through the fourth quarter. The Federal Reserve continued to decrease rates through the fourth quarter. However, in the December meeting Chair Jerome Powell emphasized an importance on the balance between inflation and labor, with the Fed scaling back the expected number of interest rate cuts in 2025.

Q4 2024

Market Update

Asset Class Snapshot 12/31/24	
Asset Class	QTD Return
U.S. Stock	2.79%
International Bond	0.74%
U.S. Bond	-3.06%
Global Stock Ex U.S.	-7.60%
U.S. Real Estate	-7.78%

Region Snapshot 12/31/24	
Region	QTD Return
U.S. Stock	2.79%
Asia Pacific Stock	-6.75%
International Developed	-7.36%
Emerging Markets	-8.01%
Europe Stock	-9.74%
Latin America Stock	-15.84%

Equity Style Snapshot 12/31/24			
QTD	Value	Blend	Growth
Large	-2.51%	2.75%	6.98%
Mid	-2.95%	0.45%	4.52%
Small	-0.77%	1.66%	4.82%

Asset Class Summary 12/31/24							
Asset Class	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
U.S. Stock	-2.67%	-2.54%	2.79%	25.08%	25.08%	8.59%	14.56%
Global Stock Ex U.S.	0.15%	-1.94%	-7.60%	5.53%	5.53%	0.82%	4.10%
U.S. Bond	0.19%	-1.64%	-3.06%	1.25%	1.25%	-2.41%	-0.33%
International Bond	0.09%	-0.08%	0.74%	4.97%	4.97%	0.86%	1.01%
U.S. Real Estate	0.32%	-8.20%	-7.78%	4.86%	4.86%	-4.14%	3.00%

Region Summary 12/31/24							
Region	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
U.S. Stock	-2.67%	-2.54%	2.79%	25.08%	25.08%	8.59%	14.56%
International Developed	0.53%	-2.66%	-7.36%	5.26%	5.26%	2.46%	5.64%
Emerging Markets	-0.82%	-0.14%	-8.01%	7.50%	7.50%	-1.92%	1.70%
Europe Stock	0.39%	-2.44%	-9.74%	1.79%	1.79%	1.20%	4.90%
Asia Pacific Stock	0.14%	-0.90%	-6.75%	9.56%	9.56%	0.36%	3.58%
Latin America Stock	-0.98%	-6.11%	-15.84%	-26.38%	-26.38%	2.10%	-3.36%

Factor Summary 12/31/24							
Region	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
MSCI USA	-2.67%	-2.54%	2.79%	25.08%	25.08%	8.59%	14.56%
MSCI ACWI	-1.76%	-2.33%	-0.89%	18.02%	18.02%	5.94%	10.58%
MSCI USA Value	-1.25%	-6.96%	-3.05%	14.34%	14.34%	5.40%	8.50%
MSCI USA Small Cap	-1.43%	-7.75%	0.90%	12.04%	12.04%	3.20%	9.34%
MSCI USA Quality	-2.45%	-3.15%	-0.62%	24.03%	24.03%	9.34%	15.45%
MSCI USA Momentum	-2.77%	-3.37%	1.38%	32.33%	32.33%	6.18%	11.86%
MSCI USA Minimum Volatility	-1.47%	-5.58%	-2.26%	15.99%	15.99%	4.97%	8.16%
MSCI USA Diversified Multi-Factor	-2.23%	-3.82%	1.43%	22.74%	22.74%	6.86%	11.21%
MSCI ACWI Diversified Multi-Factor	-1.37%	-4.06%	-1.95%	15.72%	15.72%	3.71%	8.14%

©2020 YCharts, Inc. All Rights Reserved. YCharts, Inc. ("YCharts") is not registered with the U.S. Securities and Exchange Commission (or with the securities regulatory authority or body of any state or any other jurisdiction) as an investment adviser, broker-dealer or in any other capacity, and does not purport to provide investment advice or make investment recommendations. This report has been generated through application of the analytical tools and data provided through ycharts.com and is intended solely to assist you or your investment or other adviser(s) in conducting investment research. You should not construe this report as an offer to buy or sell, as a solicitation of an offer to buy or sell, or as a recommendation to buy, sell, hold or trade, any security or other financial instrument. For further information regarding your use of this report, please go to: ycharts.com/about/disclosure

Q4 2024


 AXIS WEALTH
partners

Market Update

Sector Snapshot 12/31/24	
Sector	QTD Return
Consumer Cyclical	12.18%
Comm. Services	7.37%
Financials	7.10%
Technology	3.16%
Energy	-1.62%
Industrials	-2.23%
Consumer Defensive	-4.57%
Utilities	-5.53%
Real Estate	-7.98%
Health Care	-10.28%
Materials	-12.24%

S&P 500 Sector Weights* 1/2/25	
Sector	Weight
Technology	33.74%
Financials	13.16%
Consumer Cyclical	11.30%
Health Care	10.13%
Comm. Services	9.45%
Industrials	7.23%
Consumer Defensive	5.51%
Energy	3.20%
Utilities	2.54%
Real Estate	2.08%
Materials	1.66%

Sector Summary 12/31/24							
Sector	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
Cyclical							
Consumer Cyclical	-2.10%	1.11%	12.18%	26.51%	26.51%	4.03%	13.30%
Financials	-0.19%	-5.46%	7.10%	30.55%	30.55%	9.35%	11.63%
Materials	-1.09%	-10.76%	-12.24%	0.14%	0.14%	-0.42%	8.69%
Real Estate	0.32%	-8.66%	-7.98%	5.07%	5.07%	-4.51%	4.48%
Sensitive							
Comm. Services	-1.46%	-1.36%	7.37%	34.70%	34.70%	8.69%	13.57%
Energy	2.06%	-9.58%	-1.62%	5.52%	5.52%	19.84%	12.23%
Industrials	-1.02%	-8.03%	-2.23%	17.31%	17.31%	9.37%	11.94%
Technology	-2.33%	-0.36%	3.16%	21.63%	21.63%	11.10%	21.56%
Defensive							
Consumer Defensive	-0.39%	-4.82%	-4.57%	12.19%	12.19%	3.33%	7.33%
Health Care	-0.85%	-6.26%	-10.28%	2.47%	2.47%	0.79%	7.90%
Utilities	-0.49%	-7.98%	-5.53%	23.28%	23.28%	5.09%	6.56%

Market Indicators							
Name	As of	Last Quarter	1 Month Ago	1 Mo. % Change	1 Year Ago	1 Year % Change	Freq.
Key Interest Rates							
1 Month Treasury	12/31/24	4.40%	4.76%	▼ -7.6%	5.60%	▼ -21.4%	Daily
2 Year Treasury	12/31/24	4.25%	4.13%	▲ 2.9%	4.23%	▲ 0.5%	Daily
10 Year Treasury	12/31/24	4.58%	4.18%	▲ 9.6%	3.88%	▲ 18.0%	Daily
30 Year Mortgage	12/26/24	6.85%	6.84%	▲ 0.1%	6.67%	▲ 2.7%	Weekly
US Corporate AAA	12/31/24	4.92%	4.64%	▲ 6.0%	4.52%	▲ 8.8%	Daily
US Corporate BBB	12/31/24	5.55%	5.27%	▲ 5.3%	5.36%	▲ 3.5%	Daily
US Corporate CCC	12/31/24	11.78%	11.46%	▲ 2.8%	13.05%	▼ -9.7%	Daily
Effective Federal Funds	12/31/24	4.33%	4.58%	▼ -5.5%	5.33%	▼ -18.8%	Daily
U.S. Economy							
Consumer Sentiment	12/31/24	74.00	71.80	▲ 3.1%	69.70	▲ 6.2%	Monthly
Unemployment Rate	11/30/24	4.20%	4.10%	▲ 2.4%	3.70%	▲ 13.5%	Monthly
Inflation Rate	11/30/24	2.75%	2.44%	▲ 12.7%	3.14%	▼ -12.4%	Monthly
Manufacturing PMI	12/31/24	49.30	48.40	▲ 1.9%	47.10	▲ 4.7%	Monthly
Non Manufacturing PMI	11/30/24	52.10	54.90	▼ -5.1%	52.70	▼ -1.1%	Monthly
Retail Sales	11/30/24	627,915	620,104	▲ 1.3%	603,231	▲ 4.1%	Monthly
Building Permits	11/30/24	1,505	1,425	▲ 5.6%	1,508	▼ -0.2%	Monthly

©2020 YCharts, Inc. All Rights Reserved. YCharts, Inc. ("YCharts") is not registered with the U.S. Securities and Exchange Commission (or with the securities regulatory authority or body of any state or any other jurisdiction) as an investment adviser, broker-dealer or in any other capacity, and does not purport to provide investment advice or make investment recommendations. This report has been generated through application of the analytical tools and data provided through ycharts.com and is intended solely to assist you or your investment or other adviser(s) in conducting investment research. You should not construe this report as an offer to buy or sell, as a solicitation of an offer to buy or sell, or as a recommendation to buy, sell, hold or trade, any security or other financial instrument. For further information regarding your use of this report, please go to: ycharts.com/about/disclosure

Q4 2024

Market Update

Asset Class Indices

Name	Index	Index Start Date
U.S. Stock	MSCI USA	#VALUE!
Global Stock Ex U.S.	MSCI ACWI Ex USA Net Total Return	#VALUE!
U.S. Bond	Bloomberg US Aggregate	#VALUE!
International Bond	Bloomberg Global Aggregate ex-USD USD Hedged	#VALUE!
U.S. Real Estate	Dow Jones US Real Estate Index Total Return	#VALUE!

Region Indices

Name	Index	Index Start Date
U.S. Stock	MSCI USA	#VALUE!
International Developed	MSCI World Ex USA	#VALUE!
Emerging Markets	MSCI Emerging Markets Net Total Return	#VALUE!
Europe Stock	MSCI Europe Net Total Return	#VALUE!
Asia Pacific Stock	MSCI AC Asia Pacific Net Total Return	#VALUE!
Latin America Stock	MSCI Emerging Markets Latin America Net Total Return	#VALUE!

Equity Style Indices

Name	Index	Index Start Date
MSCI USA	MSCI USA	#VALUE!
MSCI ACWI	MSCI ACWI	#VALUE!
MSCI USA Value	MSCI USA Value	#VALUE!
MSCI USA Small Cap	MSCI USA Small Cap	#VALUE!
MSCI USA Quality	MSCI USA Quality	#VALUE!
MSCI USA Momentum	MSCI USA Momentum	#VALUE!
MSCI USA Minimum Volatility	MSCI USA Minimum Volatility	#VALUE!
MSCI USA Diversified Multi-Factor	MSCI USA Diversified Multi-Factor	#VALUE!
MSCI ACWI Diversified Multi-Factor	MSCI ACWI Diversified Multi-Factor	#VALUE!

Sector Indices

Name	Index	Index Start Date
Consumer Cyclical	Consumer Discretionary Select Sector SPDR Fund	12/16/98
Financials	Financial Select Sector SPDR Fund	12/16/98
Materials	Materials Select Sector SPDR Fund	12/16/98
Real Estate	Real Estate Select Sector SPDR Fund	10/7/15
Comm. Services	Communication Services Select Sector SPDR Fund	6/18/18
Energy	Energy Select Sector SPDR Fund	12/16/98
Industrials	Industrial Select Sector SPDR Fund	12/16/98
Technology	Technology Select Sector SPDR Fund	12/16/98
Consumer Defensive	Consumer Staples Select Sector SPDR Fund	12/16/98
Health Care	Health Care Select Sector SPDR Fund	12/16/98
Utilities	Utilities Select Sector SPDR Fund	12/16/98

* SPY's sector exposure data is used as a proxy for the 'S&P 500 Sector Weights' module. This data may not be updated as of the selected time period in cell F1, as YCharts does not provide historical sector exposure data for ETFs or Mutual Funds.

** Economic data may not be updated as of the selected time period in cell F1. Please see the 'As of' column in the 'Market Indicators' module to determine each indicator's as of date. '1 Month Ago' and '1 Year Ago' columns will populate with data 1 month and 1 year prior to the 'As of' column, respectively.

Disclosure

Symmetry Partners, LLC is an investment advisory firm registered with the Securities and Exchange Commission (SEC).

The firm only transacts business in states where it is properly registered or excluded or exempt from registration requirements. Registration with the SEC or any state securities authority does not imply a certain level of skill or training. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, product, or any non-investment-related content made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may not be reflective of current opinions or positions. Please note the material is provided for educational and background use only. Moreover, you should not assume that any discussion or information contained in this material serves as the receipt of, or as a substitute for, personalized investment advice. Diversification seeks to improve performance by spreading your investment dollars into various asset classes to add balance to your portfolio. Using this methodology, however, does not guarantee a profit or protection from loss in a declining market. Past performance does not guarantee future results.

Index Disclosure and Definitions All indexes have certain limitations. Investors cannot invest directly in an index. Indexes have no fees. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance. Actual performance for client accounts may differ materially from the index portfolios.

The S&P 500 Index represents the 500 leading U.S. companies, approximately 80% of the total U.S. market capitalization. The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the Nasdaq Composite Index (NASDAQ). The NASDAQ measures all NASDAQ domestic and international based common type stocks listed on The Nasdaq Stock Market and includes over 2,500 companies. The MSCI World Ex USA GR USD Index captures large- and mid-cap representation across 22 of 23 developed markets countries, excluding the United States. The index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets (as defined by the MSCI). The index consists of the 25 emerging market country indexes. The Bloomberg Barclays US Aggregate Bond Index measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed-income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year. The Bloomberg Barclays Global Aggregate (USD Hedged) Index is a flagship measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging market issuers. The Index is USD hedged.

1 Morningstar Direct as of October 31, 2024

2 S&P Dow Jones Indices as of November 29, 2024

3 Schneider, H. and Saphir, A. "Fed Lowers Rates But Sees Fewer Cuts Next Year Due to Stubbornly High Inflation," Reuters, December 18, 2024, <https://www.reuters.com/markets/us/fed-expected-combine-interest-rate-cut-with-hawkish-2025-outlook-2024-12-18>

4 Morningstar Direct as of December 31, 2024

5 Langley, K., "Stocks Cap Best Two Years in a Quarter-Century," The Wall Street Journal, December 31, 2024, <https://www.wsj.com/finance/stocks/stocks-on-pace-for-best-two-years-in-a-quarter-century-c5b5f9b3>

6 Sheldon, M., "Analysts Unveil Surprising Small Cap Stocks Forecast for 2025," TheStreet, December 22, 2024, <https://www.thestreet.com/investing/analysts-unveil-surprising-small-cap-stocks-forecast-for-2025>

7 Ashworth, M. and Gilbert, M., "Politics, Economics and Markets Create a 2025 Three-Body Problem," Bloomberg, January 2, 2025, <https://www.bloomberg.com/opinion/articles/2025-01-02/politics-economics-and-markets-create-a-2025-three-body-problem>

8 Lu, M. "The World's Biggest Stock Markets, by Country," Visual Capitalist, March 14, 2024, <https://www.visualcapitalist.com/the-worlds-biggest-stock-markets-by-country>