

EPISODE
378



FY2025 IN REVIEW

Disclaimer:

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Tipping points:

1. Positives: Now - Strong US economy, fiscal taps on, productivity growth, wage growth. Future - AI, driverless cars, weight loss drugs, robotics.
2. Tipping points:
 - 2.1. Trade deals (positive, negative)
 - 2.2. Inventory cycle. Strong, weak, strong
 - 2.3. Capex holdup
 - 2.4. Large company vs small company
 - 2.5. Global companies in US
 - 2.6. Inflation, US consumption
 - 2.7. Worker shortage (higher wages)
 - 2.8. Higher interest rates Funding/housing costs
 - 2.9. Supply chains
 - 2.10. Purging of US institutions (fed next?)
 - 2.11. Kleptocracy?
 - 2.12. TACO trade reflexivity
 - 2.13. Is there enough confusion that more doesn't matter?

Factors:

Frequency:

US

QUARTERLY Q1-Q5 RETURN SPREAD %

Style	Factor	QTD▼	Q2 25	Q1 25	Q4 24	Q3 24	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	L1Y
Val	Valuation	3.55	(14.41)	14.18	(7.80)	4.50	(10.81)	(6.06)	(1.75)	0.73	(12.77)	(15.36)	17.29	(8.30)	(5.84)
Sz	Size	1.67	(9.70)	3.01	(6.18)	5.91	(10.52)	(7.05)	3.55	(5.61)	(9.23)	(4.04)	2.01	(0.33)	(7.57)
PM	Price Momentum	0.10	(6.98)	(15.21)	3.35	(2.68)	(6.17)	6.25	0.02	6.16	0.90	(7.58)	(2.96)	11.65	(20.67)
EQ	Earnings Quality	(0.31)	5.44	(4.28)	5.12	0.04	4.49	(1.78)	(1.97)	0.06	9.38	12.10	(12.34)	0.06	6.14
CE	Capital Efficiency	(1.21)	(0.01)	(4.63)	2.32	(1.08)	13.29	4.68	(2.19)	2.65	5.39	13.00	(9.22)	2.33	(3.48)
AE	Analyst Expectations	(1.40)	8.63	(12.45)	15.44	(8.22)	11.03	12.84	(1.34)	(2.47)	12.62	(6.22)	(2.50)	2.62	0.77
HG	Historical Growth	(2.32)	9.31	(6.31)	4.83	(5.07)	11.22	7.88	0.50	(1.83)	(6.76)	(5.26)	(5.95)	(0.87)	1.92
Vol	Volatility	(2.98)	39.62	(23.17)	8.57	(7.07)	9.08	10.99	9.47	1.49	16.37	30.58	(17.31)	9.21	8.23

Frequency:

Europe

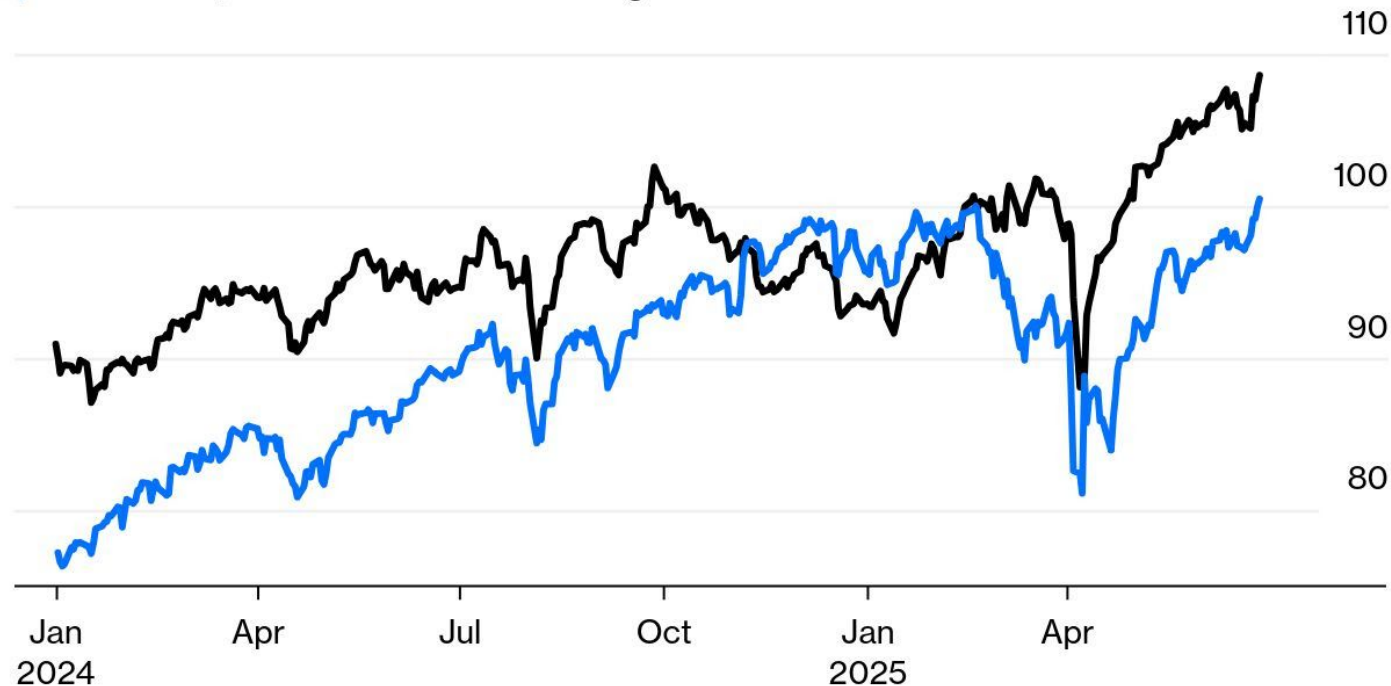
QUARTERLY Q1-Q5 RETURN SPREAD %

Style	Factor	QTD▼	Q2 25	Q1 25	Q4 24	Q3 24	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	L1Y
EQ	Earnings Quality	1.16	(7.85)	(5.15)	(1.68)	(3.91)	4.54	(3.86)	(0.59)	3.14	(2.57)	3.73	(5.70)	5.17	(17.43)
Val	Valuation	0.89	0.66	9.11	0.53	4.58	2.07	(4.45)	(6.22)	8.79	0.32	(4.08)	7.27	(5.48)	15.46
PM	Price Momentum	0.31	3.15	(5.12)	5.18	0.19	(6.92)	3.48	(4.80)	1.31	5.18	2.21	(1.91)	6.19	3.13
Sz	Size	0.14	10.74	(9.22)	(1.81)	2.91	2.48	(9.15)	6.18	(4.23)	(3.12)	(8.86)	(1.42)	(5.45)	1.58
CE	Capital Efficiency	(0.06)	(6.13)	(2.28)	(1.22)	(4.39)	1.16	5.92	0.30	(1.17)	(0.60)	3.06	(1.59)	8.46	(13.36)
HG	Historical Growth	(1.09)	3.57	1.91	1.62	(2.69)	1.27	10.98	0.43	0.08	1.81	1.52	(3.29)	8.32	4.37
AE	Analyst Expectations	(1.32)	9.12	1.65	5.18	1.10	0.90	7.15	(0.30)	(5.75)	2.32	5.45	0.64	5.04	17.95
Vol	Volatility	(1.68)	19.04	(14.32)	(1.99)	1.23	(2.70)	(4.34)	8.96	(5.25)	(4.60)	1.85	1.30	(4.13)	1.19

America Second

In common currency terms, the rest of the world is ahead since Feb. 19

— S&P 500 — MSCI All-World Excluding US



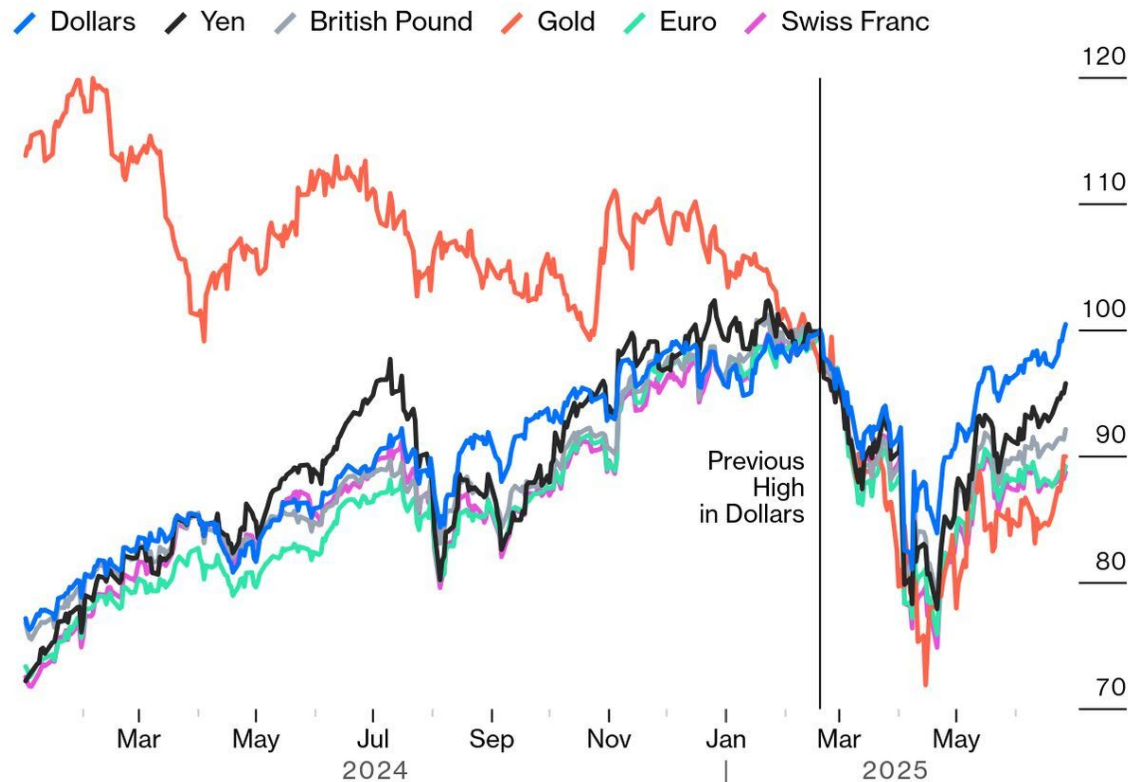
Source: Bloomberg

Data is normalized with factor 100 as of February 19, 2025.

Bloomberg **Opinion**

An America First High for the S&P 500

Denominated in other currencies, the S&P is below its Feb. 19 peak

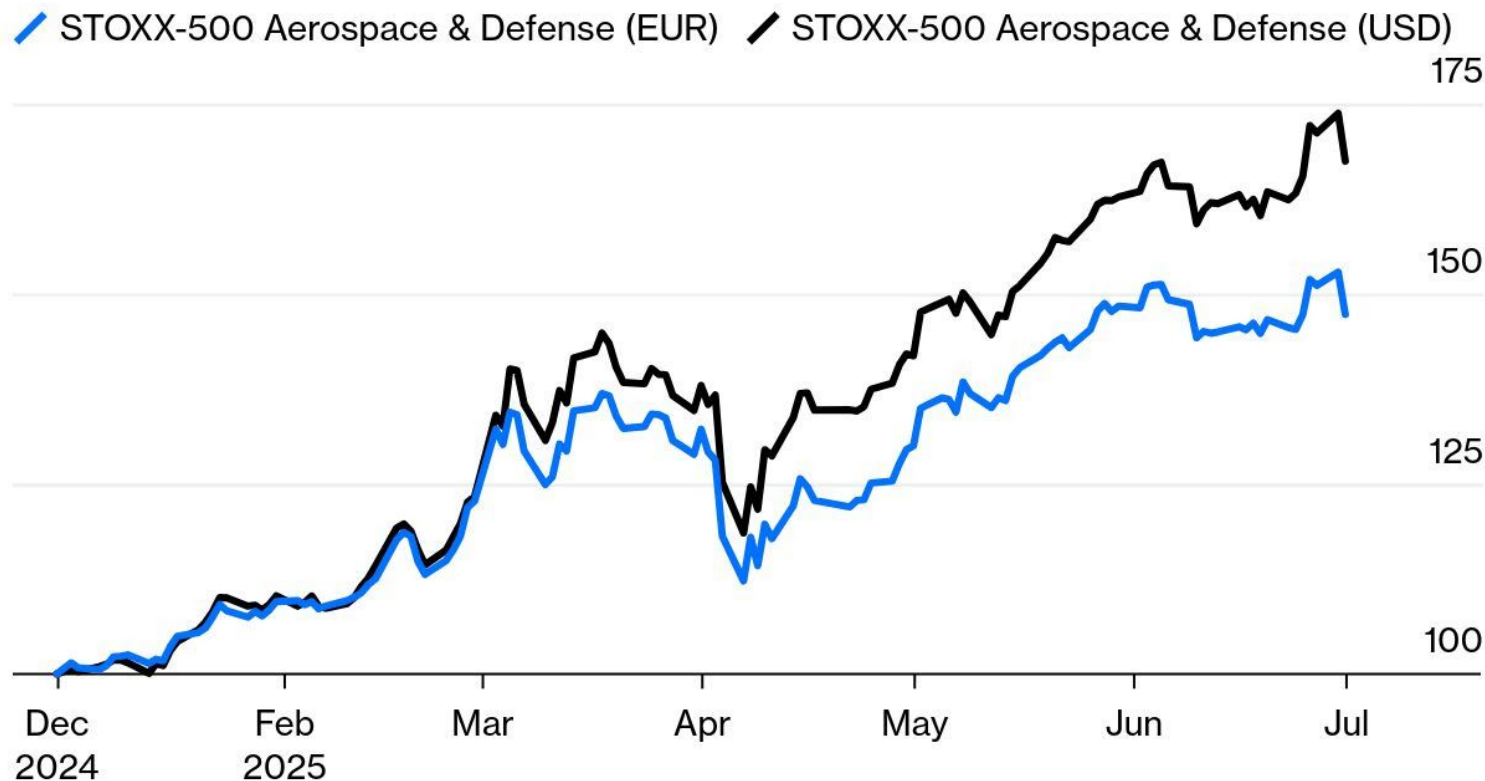


Source: Bloomberg

Note: All data are normalized as of Feb. 19 = 100

Weaponizing Europe

Geopolitics created a bonanza for European arms contractors



Source: Bloomberg

Bloomberg Opinion

Doubling Your Money in Six Months

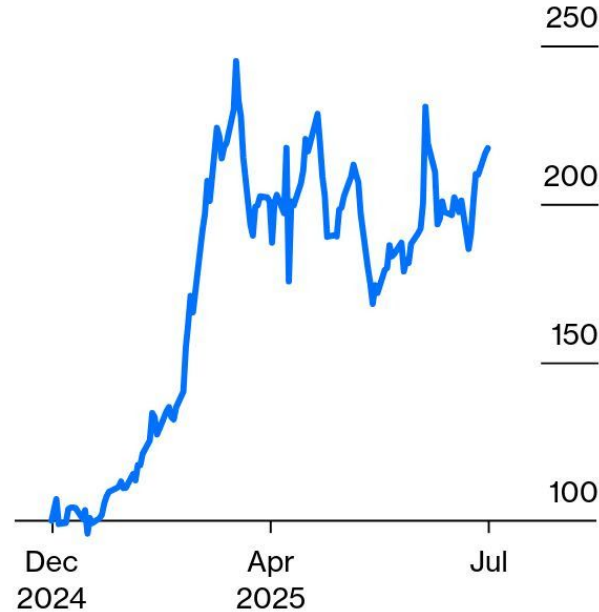
The surprising impact of Trump 2.0 created the potential for profits

■ S&P 1500 Autos ■ STOXX-500 Aerospace & Defense

Two Long Trades



Long European Defense/Short US Autos



Source: Bloomberg

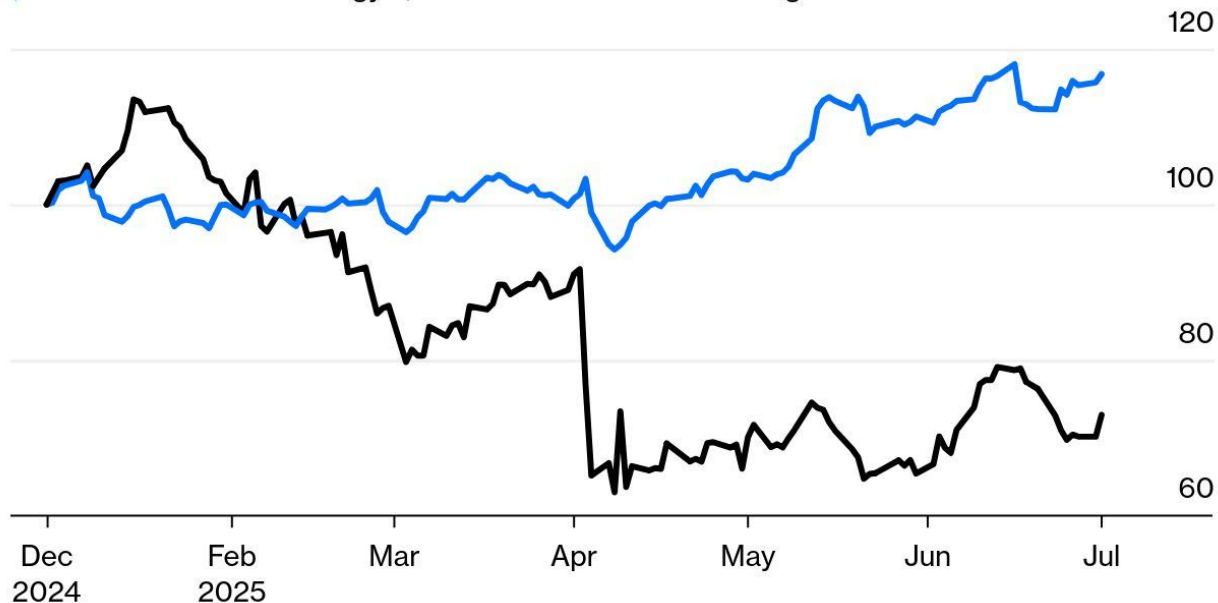
Note: Normalized: 12/31/2024 = 100

Clean vs Dirty:

Drill Baby Drill?

A concerted agenda to maintain fossil fuels hasn't helped drilling stocks

— S&P Global Clean Energy — S&P 1500 Oil & Gas Drilling



Source: Bloomberg
Data is normalized with factor 100 as of December 31, 2024.

Bloomberg Opinion

Valuations:

Global 12m Forward Price to Earnings Ratio

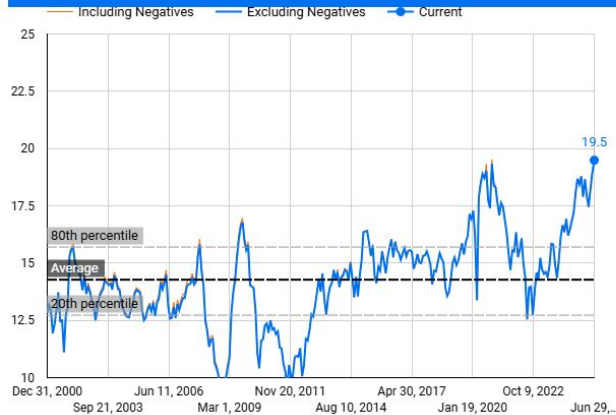


Global 12m Forward P/E ex Financials and Resources

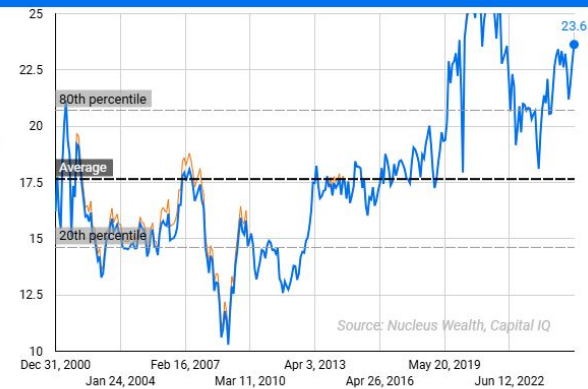


Source: Nucleus Wealth, Capital IQ

Australia 12m Forward Price to Earnings Ratio



Australia ex Financials and Resources



Source: Nucleus Wealth, Capital IQ

Valuations:



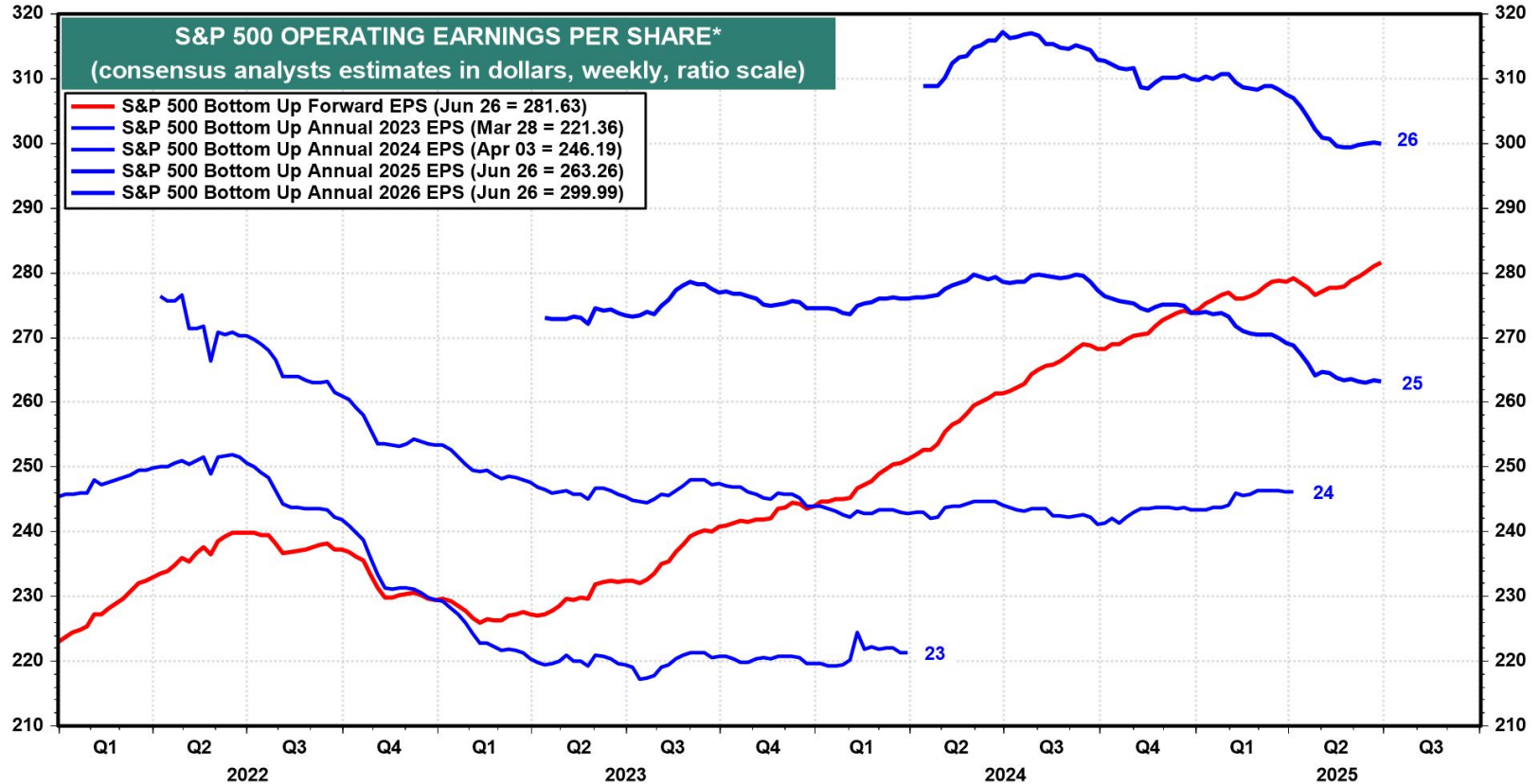
Valuations:



Valuations:



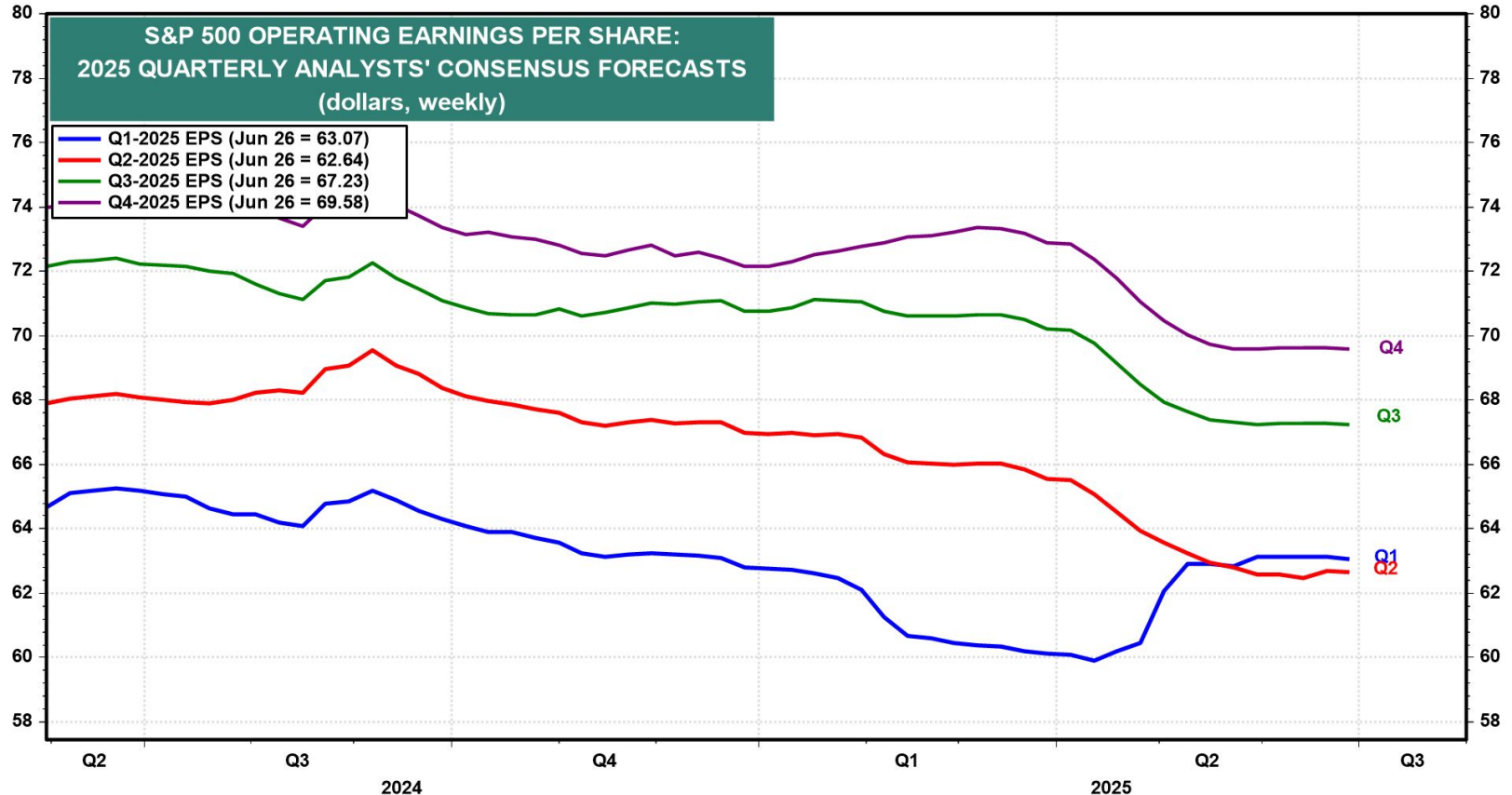
Outlook:



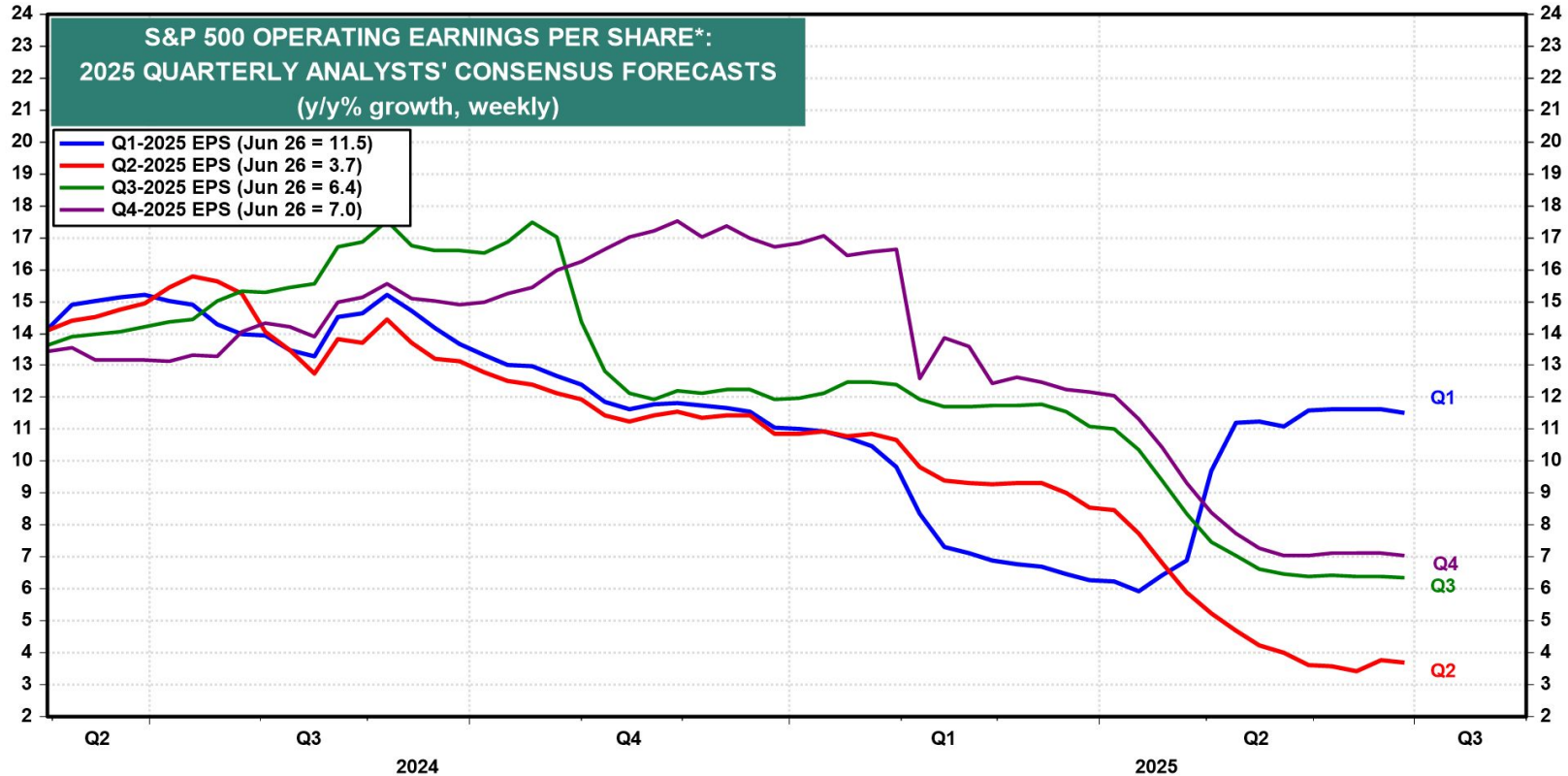
Source: LSEG Datastream and © Yardeni Research. LSEG I/B/E/S.

* Growth rates are based on current composition of the S&P 500. So they are apples-to-apples comparisons.

Outlook:



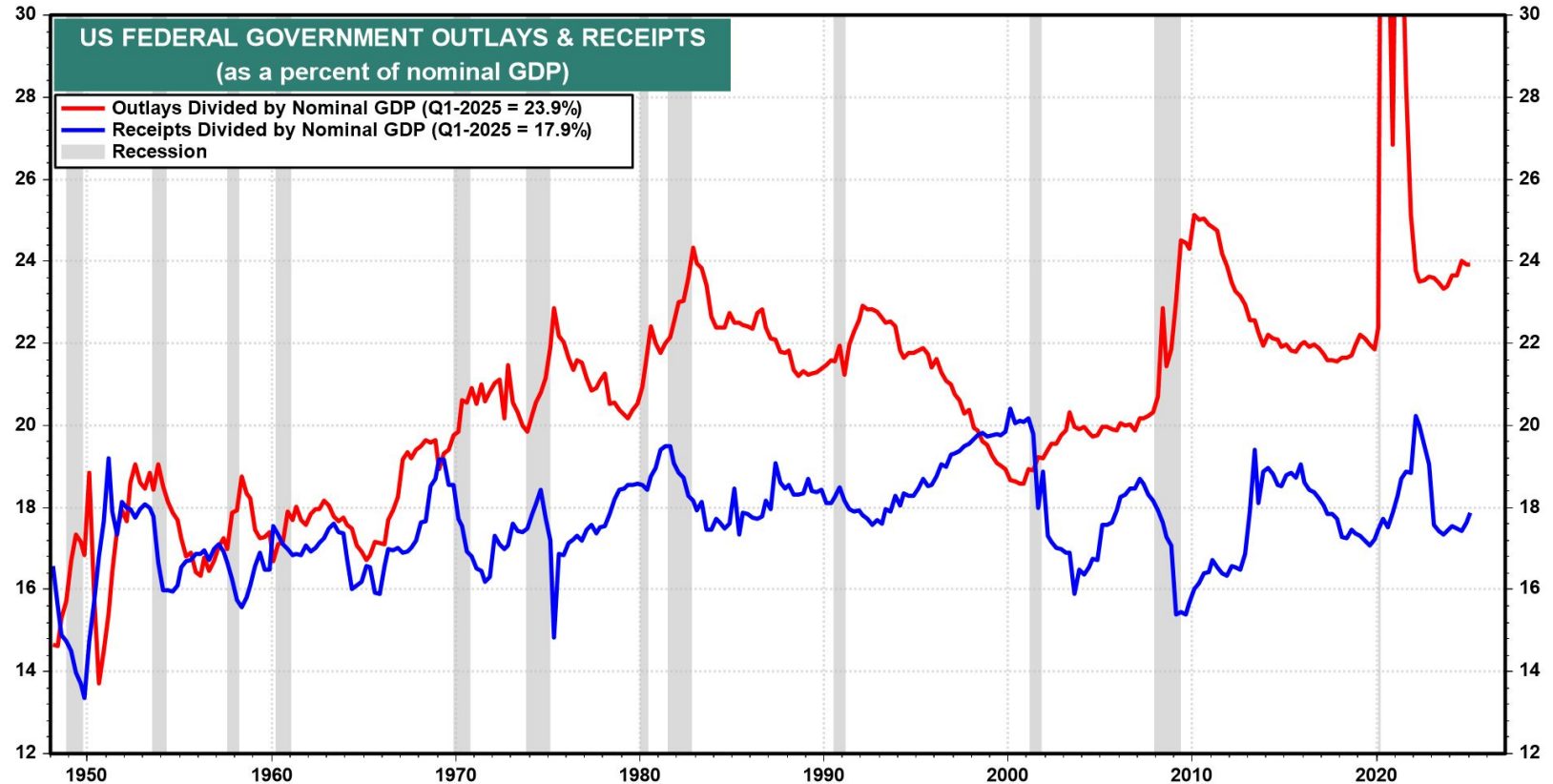
Outlook:



Source: LSEG Datastream and © Yardeni Research. LSEG I/B/E/S.

* Growth rates are based on current composition of the S&P 500. So they are apples-to-apples comparisons.

Outlook:





Source: LSEG Datastream and © Yardeni Research, Bureau of Economic Analysis.


Economic Theory:


1. Strong US economy. New fed chair. Big deficits. Take the good stuff, throw away the bad. Run up debt
2. Tipping points:
 - 2.1. Trade deals (positive, negative)
 - 2.2. Inventory cycle. Strong, weak, strong
 - 2.3. Capex holdup
 - 2.4. Large company vs small company
 - 2.5. Global companies in US
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 - 2.12. TACO trade reflexivity
 - 2.13. Is there enough confusion that more doesn't matter?


Choose themes to screen from your portfolio away from (i.e. remove stocks)


Climate Change



War



Human Rights



Health


Vices


Animal Rights


Religion


Asset Class


Thematic


Climate Change

- ☐ No Fossil Fuels (Worst Offenders) ⓘ
- ☐ No Fossil Fuels (Any) ⓘ
- ☐ No Coal Seam Gas or Fracking ⓘ
- ☐ No Nuclear Power ⓘ
- ☐ No Old Growth Forest Logging ⓘ

Personalise Your Portfolio

Screens

You can exclude the below to customise your portfolio

Climate Change	War	Human Rights	Health	Vices
Animal Rights	Religion	Asset Class	Thematic	

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?

Tilts

You can add the below to customise your portfolio

Investment Style Factors	Climate Change	Technology	
Consumption	Commodities	Military	GICS Sectors

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?



Personalise your portfolio now >



Build Your Portfolio

Need help with this page?  Video Tutorial

Account Selection

Investment Choice

Risk Profile

Build Your Portfolio

Ethical Overlay

Review

Applicants

Bank Details


Compliance

Final Review


Portfolio Tilts



Quality Stocks 

Value Stocks 

Growth Stocks 

Oil & Gas Stocks 

Gold Stocks 


Agribusiness 


Large Technology Stocks 

Cloud Computing Stocks 


Robotics/AI 

Video Gaming 


Cybersecurity 

Clean Energy 

Defensives 


Battery Supply Chain 

Nuclear Power 


Defense Contractors 

Travel 

Luxury Goods 


Logistics 


Global Communication Services 

Global Consumer Discretionary 

Global Consumer Staples 

Global Energy 

Global Financials 

Global Health Care 

Global Industrials 

Global Information Technology 

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