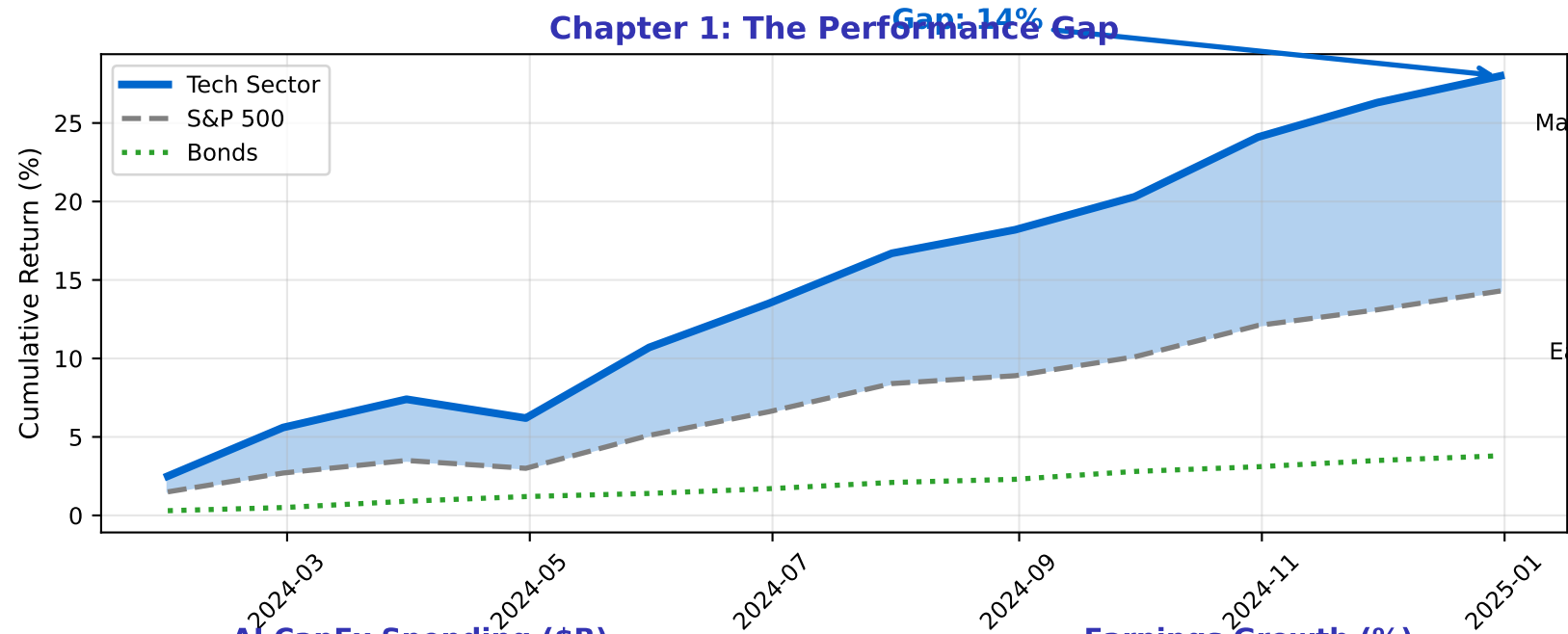


# Why Tech Outperformed: A Data-Driven Analysis

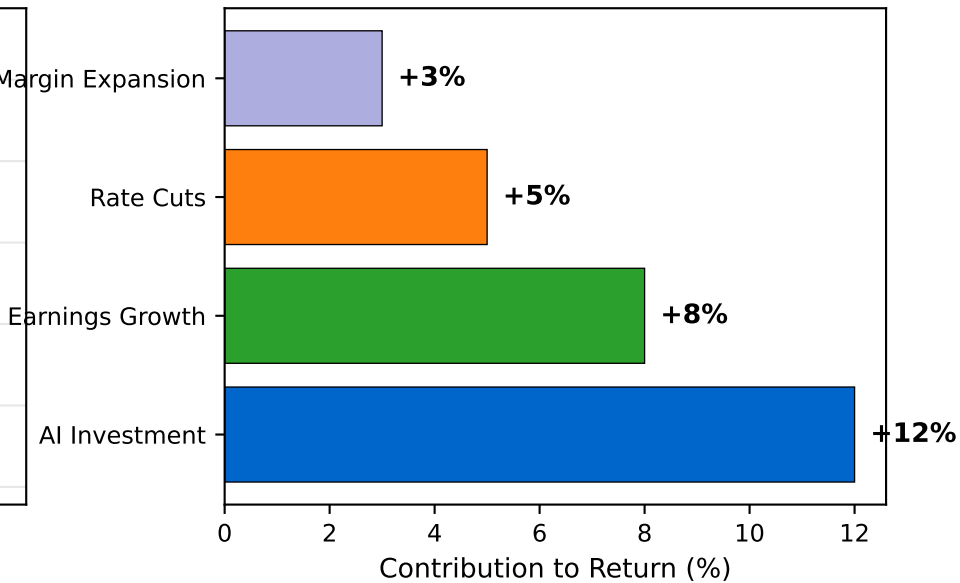
## Tech stocks delivered 28% returns in 2024 - but why?

Three factors drove the outperformance: AI investment surge, strong earnings, and falling interest rates.

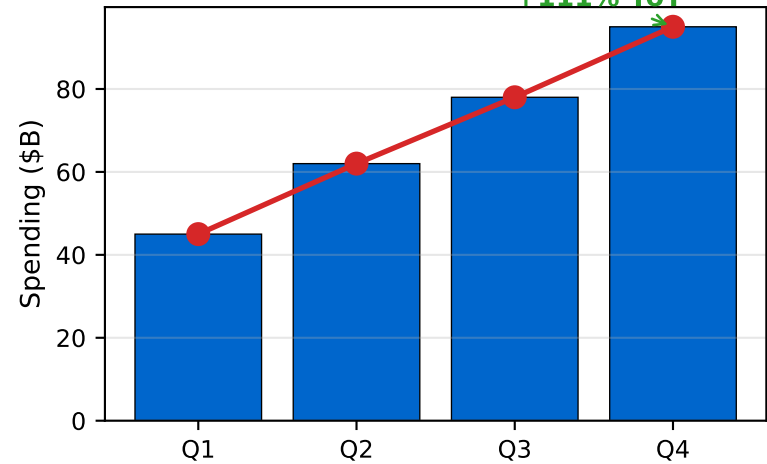
### Chapter 1: The Performance Gap



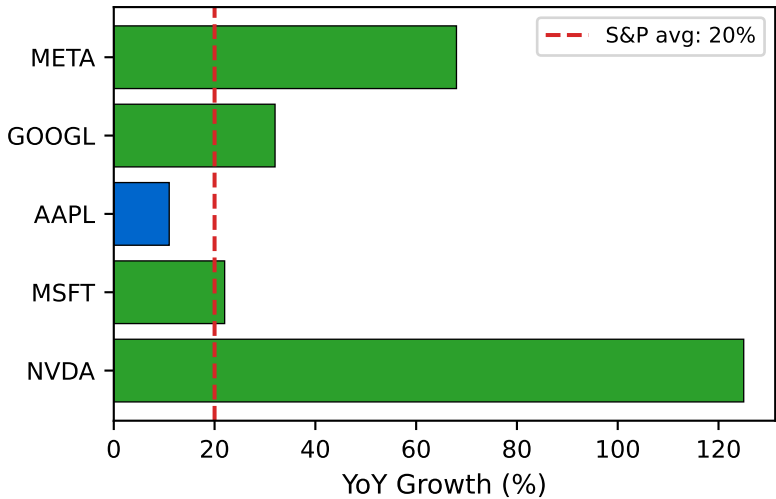
### Factor Contributions



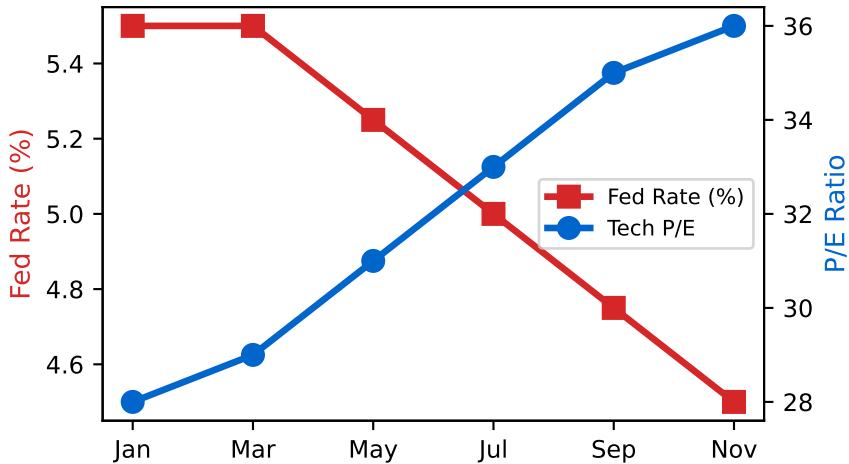
### AI CapEx Spending (\$B)



### Earnings Growth (%)



### Rates Fall, Valuations Rise



### Chapter 4: Conclusion & Action

**CONCLUSION:** Tech's outperformance was driven by fundamental factors - not speculation. Strong earnings (+35% avg) justified expanding valuations as rates declined.

**FORWARD OUTLOOK:** AI investment cycle expected to continue through 2025. However, valuations are stretched (P/E 36x vs historical 25x).

**ACTION:** Maintain tech allocation but consider adding hedges; trim positions on any earnings disappointments. Monitor rate trajectory for valuation support.