

Why Tech Outperformed: A Data-Driven Analysis

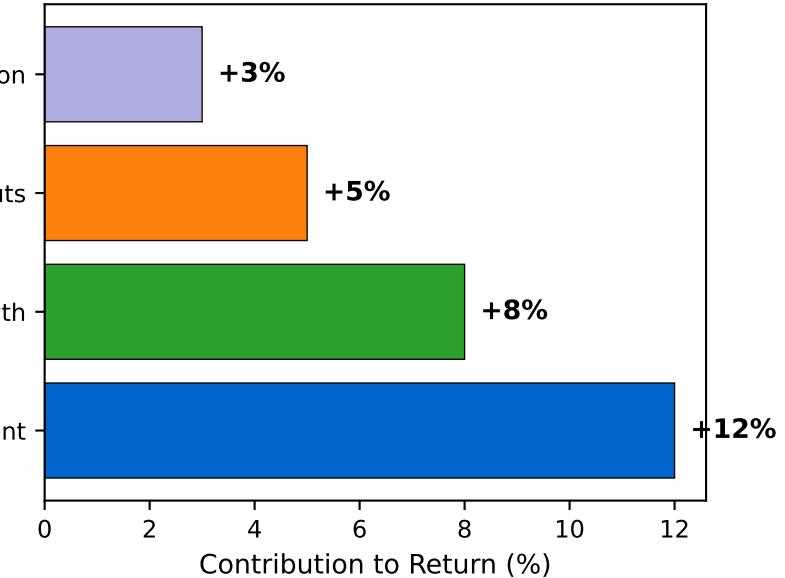
Tech stocks delivered 28% returns in 2024 - but why?

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

Chapter 1: The Performance Gap



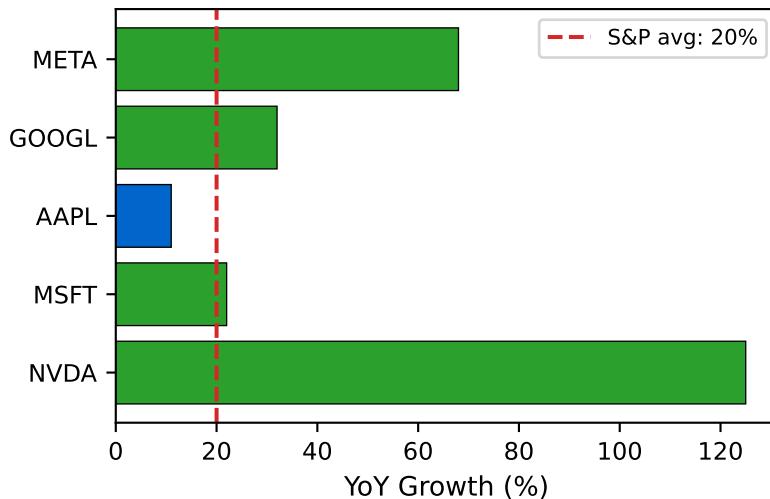
Factor Contributions



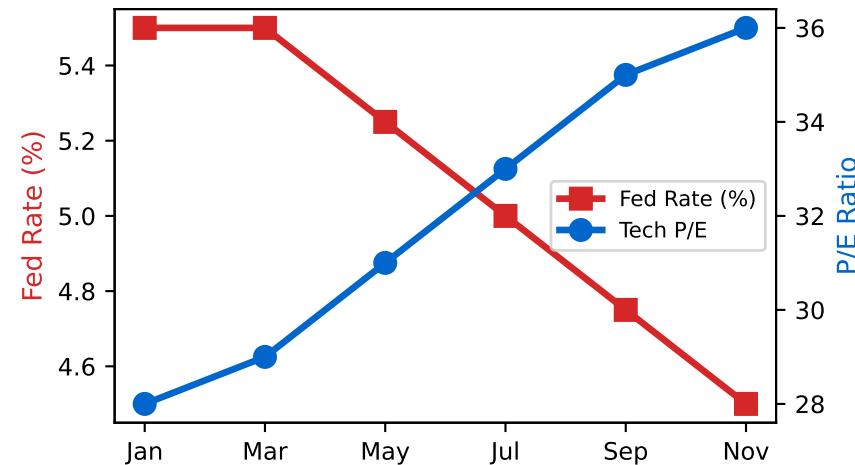
AI CapEx Spending (\$B)



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.