



## Market Insight Report

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- **Report Title:** Market Insight Report
  - **Date:** 1<sup>st</sup> June 2025
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  - **Client Name:** Emerald Investments
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### Executive Summary

The analysis highlights key trends in the technology and healthcare sectors, focusing on how rising interest rates and market volatility influence the client's portfolio. Recommendations include diversifying into energy, maintaining current healthcare allocations, and strategically timing additional investments in technology during recovery periods. These strategies align with Emerald Investments' goals of long-term growth and risk mitigation.

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### Key Trends Identified

#### Interest Rate Trends:

- Interest rates increased steadily over the quarter, rising from **1.5% to 2.0%**.
- Higher rates create headwinds for growth-focused sectors like technology due to increased borrowing costs.

#### Technology Sector Performance:

- Early gains **(+2.0%, +1.5%)** were offset by declines **(-0.5%, -1.0%, -0.8%)** due to rate hikes and volatility.

- Late recovery **(+0.2%, +1.0%)** driven by positive earnings reports and favourable government policies.

#### **Healthcare Sector Stability:**

- Healthcare sectors showed consistent, moderate growth **(+0.5% to +0.8%)**, proving itself as a stable, defensive sector during volatile periods.

#### **Market Volatility:**

- Market Volatility (VIX) **peaked at 25** between **Geopolitical tensions** and **Tech Earnings Reports**,
  - then got **stabilized towards the end of the quarter** at 20
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## **Portfolio Implications**

#### **Technology Sector:**

- Rise in interest rates have temporarily dampened performance, but the long-term potential remains strong.
- Late recovery suggests opportunities during periods of reduced volatility

#### **Healthcare Sector:**

- Stable performance of healthcare aligns with client's goal of mitigating risk.
- Maintaining current allocations can provide a buffer against broader market swings.

#### **Cash Reserves:**

- Cash reserves are well-positioned to capitalize on undervalued assets during market recovery periods

#### **Diversification:**

- Current allocations lack exposure to sectors like energy, which performed really well during geopolitical events. Diversifying into this sector could reduce reliance on technology and healthcare
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## **Strategic Recommendations**

#### **Diversify into Energy:**

- Allocate 10% of cash reserves to energy investments, capitalizing on the sector's resilience during geopolitical events

#### Technology Investments:

- Maintain current technology allocations and monitor for additional investment opportunities during recovery periods.

#### Increase Healthcare Allocation:

- Slightly increase healthcare allocation by 5% to reinforce portfolio stability during ongoing volatility,

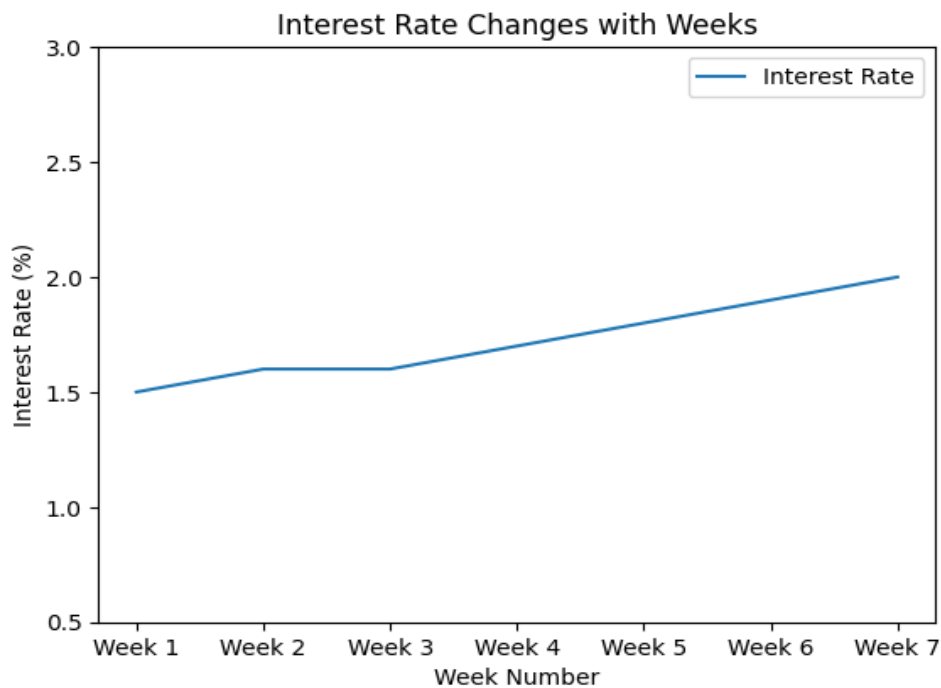
#### Leverage Cash Reserves:

- Use remaining cash reserves strategically to respond to future market opportunities or mitigate short-term risks.

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## Supporting Data and Visualizations

- **Interest Rate Trends:** This line chart shows consistent rate increases over the quarter.



## **Closing Remarks**

This report provides actionable insights aligned with Emerald Investments' objectives of long-term growth and risk mitigation. Implementing these recommendations can help navigate current market challenges while positioning the portfolio for future success. A follow-up meeting is recommended to discuss implementation strategies and ongoing monitoring.