

ACG Sector Highlights – February 2025

Executive Summary

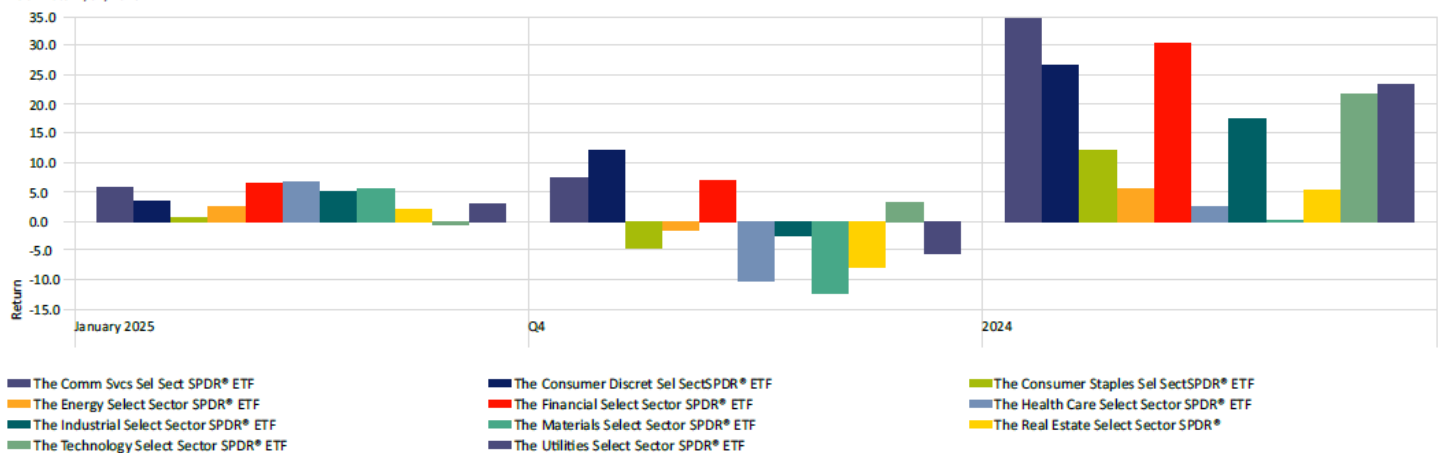
- Health Care is our YTD leader and Technology our YTD laggard
- Both are seeing something of a reversal as compared to recent trends
- Development of new technologies and products were a focus in both sectors

Introduction

Earnings season has begun with the new administration moving rapidly towards the end of January. What major companies are seeing can give valuable insight to the overall state of the economy. As of the end of January, Health Care had the strongest year-to-date performance, followed by the Financial Sector and Materials Sector. The worst performing sector year-to-date as of the end of January was Technology, followed by Consumer Staples and Real Estate.

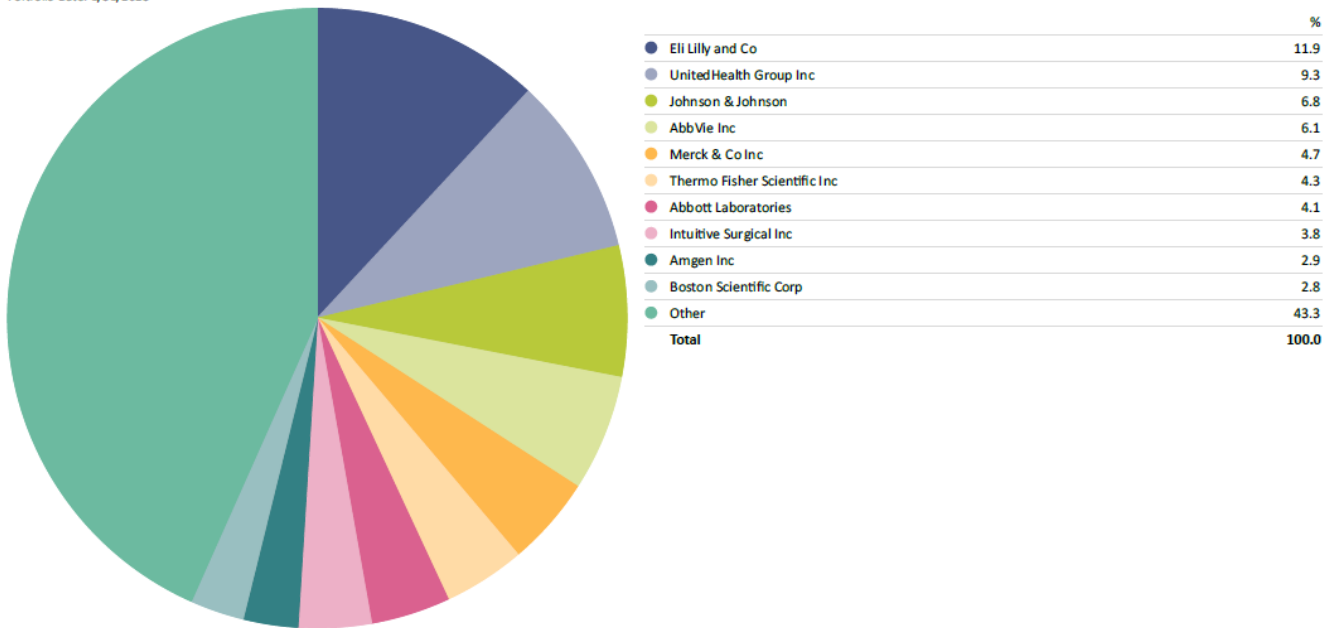
Trailing Returns

As of Date: 1/31/2025



Portfolio Holdings - The Health Care Select Sector SPDR® ETF

Portfolio Date: 1/31/2025



Health Care

Health Care saw something of a rebound, perhaps due to negative sentiment relating to RFK Jr.’s appointment easing.

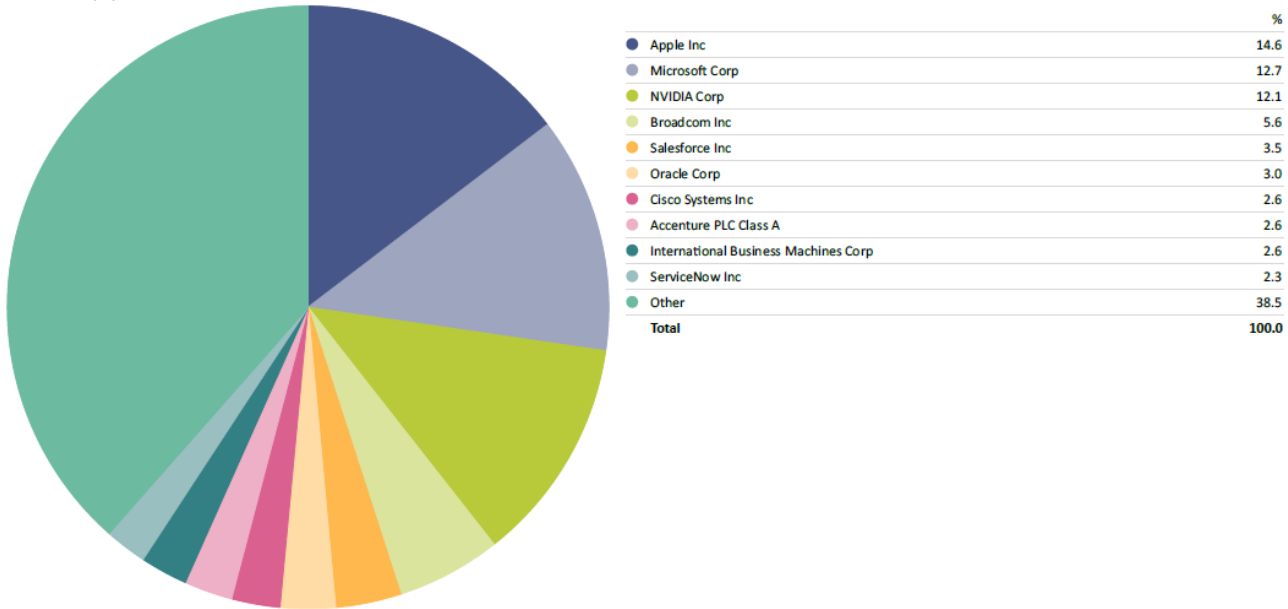
Eli Lilly reported earnings on February 6th, hosted by CEO David A. Ricks and CFO Lucas Montarce. They anticipate weight-loss medication to see wider spread adoption and qualifying for reimbursement saying, “That all said, by the time we get to the end of the decade, it’s hard to imagine we are not using obesity medications to prevent what is the precursor condition to so many chronic diseases.” Increasing adoption of technology in payment systems is evident in the space, “We launched the self-pay system with Lilly Direct back in late August, and we are pleased with the performance so far.”

UnitedHealth Group reported earnings on January 16th, hosted by CEO Andrew Witty and CFO John Rex. Here too, adoption of technology is a focus, “We’re enhancing digital tools for consumers, harnessing data, and using AI so they can find the best value care option and decide what is best for themselves and their families. People’s health interactions should be as intuitive and seamless as every other aspect of their lives: banking, shopping, streaming.” Value-based care seems to be the new trend, “Value-based care is outcomes-based, aligning processes, actions, and incentives, helping keep people healthy in the first place rather than just seeing them when they are sick. Optum Health is an integrated multipayer care delivery company, helping to lead the transition to a truly sustainable value-based care system.”

Johnson & Johnson reported earnings on January 22nd, hosted by CEO Joaquin Duato and CFO Joseph Wolk. They appear to see the sector’s future demand as quite healthy, “And in fact, we are one of the top investors not only in M&A, but also in R&D.” It seems whatever lingering impact COVID had on the healthcare sector’s ability to deliver treatment has been cleared, “We believe that, for the most part, around the world, procedures have normalized to pre-COVID levels, and we expect the same as we now move into 2025.”

Portfolio Holdings - The Technology Select Sector SPDR® ETF

Portfolio Date: 1/31/2025



Technology

Technology continues to have its fortunes dominated by the narratives regarding AI.

Apple reported earnings on January 30th, hosted by CEO Tim Cook and CFO Kevan Parekh. Apple is seeing strong competition in China from their domestic brands, “If you look at our greater China revenue for the quarter, we were down 11% year over year. And over half of the decline that we experienced was driven by change in channel inventory from the beginning to the end of the quarter.” India on the other hand is a strong point for the company, “I’m particularly keen on India. India set a December quarter record during the quarter. And we’re opening more stores there.”

Microsoft reported earnings on January 29th, hosted by CEO Satya Nadella and CFO Amy Hood. They anticipate AI equipped computers to become the norm over the next few years, “15% premium-priced laptops in the U.S. this holiday were Copilot+ PCs, and we expect the majority of the PCs sold in the next several years to be Copilots+ PCs.” They expect some additional strengthening of the U.S. dollar this year, “With the strengthening of the U.S. dollar since October, we now expect FX to decrease total revenue growth by two points.”

IBM reported earnings on January 29th, hosted by CEO Arvind Krishna and CFO Jim Kavanaugh. IBM’s recent growth has been tied to AI, “We are confident that our investment in partnerships and skills as well as our early leadership in GenAI position us to accelerate Consulting growth as we move forward. Overall, our technology momentum and Consulting signings bolster our confidence in our future performance.” An interesting use-case was given, “Announced earlier this month, IBM and the U.K. Home Office will partner on the Emergency Services Network, supporting more than 300,000 emergency responders in Great Britain.”

Disclosure

Investing is subject to a high degree of investment risk, including the possible loss of the entire amount of an investment. You should carefully read and review all information provided by The Atlanta Consulting Group Advisors, LLC (“ACG”), including ACG’s Form ADV, Part 2A brochure and all supplements thereto, before making an investment.

The information contained herein reflects the opinions and projections of the ACG as of the date of publication, which are subject to change without notice at any time subsequent to the date of issue. All information provided is for informational purposes only and should not be deemed as investment advice or a recommendation to purchase or sell any specific security. While the information presented herein is believed to be reliable, no representation or warranty is made concerning the accuracy of any data presented. You should not treat these materials as advice in relation to legal, taxation, or investment matters.

Various indices, including, but not limited to the S&P 500 Index, the FTSE 3-Month Treasury Bill Index, and the Russell 2000 index (each, an “Index”) are unmanaged indices of securities that are used as general measures of market performance, and their performance is not reflective of the performance of any specific investment. The Index comparisons are provided for informational purposes only and should not be used as the basis for making an investment decision.

Statements herein that reflect projections or expectations of future financial or economic performance of the Fund are forward-looking statements. Such “forward-looking” statements are based on various assumptions, which assumptions may not prove to be correct. Accordingly, there can be no assurance that such assumptions and statements will accurately predict future events or ACG’s actual performance. No representation or warranty can be given that the estimates, opinions or assumptions made herein will prove to be accurate. Any projections and forward-looking statements included herein should be considered speculative and are qualified in their entirety by the information and risks disclosed in the confidential offering document. Actual results for any period may or may not approximate such forward-looking statements. You are advised to consult with your independent tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. No representations or warranties whatsoever are made by ACG any other person or entity as to the future profitability of investments recommended by ACG.