JEMMA
FINANCIAL SERVICES

A SECOND YEAR OF OUTSIZED STOCK PERFORMANCE

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Equities finished another year in a row with outsized returns. In 2024, the S&P 500 Index of the U.S.'s largest companies climbed 25%, which followed 2023's return of 26%. The last time stocks rose at least 20% in two consecutive years was 25 years ago.

Last year was memorable for other reasons as well. In November, the S&P 500 closed above 6,000 for the first time, and in December, the Dow Jones Industrial Average closed above 45,000 for the first time. The S&P 500 had 57 all-time highs in 2024, setting a record in every month except April and August.[1]

In 2024, large-cap growth-oriented companies generally outperformed large-cap value stocks as well as small- and mid-cap stocks. This trend was primarily driven by the performance of the "Magnificent Seven." Comprised of companies focused on technology growth trends (Alphabet (the parent company of Google), Amazon.com, Apple, Meta (the parent company of Facebook), Microsoft, NVIDIA and Tesla), these stocks collectively rose approximately 50% on average while the remaining 493 S&P 500 companies averaged only 15%.[2]

Nonetheless, many sectors contributed to last year's stellar market return. Of the 11 S&P 500 sectors, seven had double-digit returns in 2024. The top four sectors, which each returned over 30%, were Communication Services, Information Technology, Financials and Consumer Discretionary. The bottom-performing sector, Materials, was flat in performance for the year.

An S&P 500 return of 20% or more for a third year in a row is rare. In fact, it has only happened once over the past seven decades. However, many factors favor a continued bull market in 2025 including a resilient U.S. economy, potentially lower interest rates, a strong consumer, and potential changes under a Trump administration.

No matter how stocks perform in 2025, we encourage investors to reflect on the power of long-term investing.

As we head into the new year, take time to make sure your investment portfolio aligns with recent life changes and your long-term financial objectives. Specific action steps to take include reviewing your goals, diversifying and rebalancing your portfolio, and increasing your overall savings rate. Speak to a Jemma Financial Advisor to help you evaluate your overall financial picture in the new year.

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1 PBS News, 12/26/24. 2 Reuters.com, The Magnificent Seven Monitor.

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