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# Tactical US Equity Themes: Opportunities in select secular growth trends

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**A red sweep in the US elections helped propel the S&P 500 to new all-time highs—for a total of 51 so far this year. Animal spirits induced the largest post-election rally in history, with the S&P 500 up 2.5% the day after Election Day.**

A unified government could give President-elect Trump greater latitude to implement his campaign promises. For now, markets are focused on the potential positives— including a possible extension of personal income tax cuts, lower corporate taxes, and deregulation—while largely ignoring headwinds, such higher tariffs and immigration controls. Away from potential government policies, we believe the ingredients to support further market upside remain in place—solid economic growth, a resilient consumer, strong corporate fundamentals, and more accommodative monetary policy. Our June 2025 S&P 500 target is 6,300. However, we are cognizant that volatility could pick up, and the market could be subject to some headline risk depending on the Trump administration’s rhetoric and actions, particularly concerning American protectionism and higher tariffs.

Fundamentally, companies in general are in good shape as evidenced by the third-quarter earnings reporting season—which is nearing an end. With about 90% of companies having reported, companies are beating expectations, and earnings growth for the quarter is pacing to grow at a high-single-digit percentage rate. Forward guidance was fairly constructive with slight downward revisions—roughly in line with historical patterns and doesn’t suggest any broad-based slowdown. We continue to expect S&P 500 earnings growth of 11% this year and 8% in 2025.

The recent election-induced rally has helped the market's performance to further broaden out. It hasn't been at the expense of year-to-date strong performers, like tech companies, which continue to be driven by secular trends.

Many of our tactical equity themes are positioned to benefit, and we continue to advise exposure. We see opportunities in select secular growth trends, including artificial intelligence, housing, energy transition, and healthcare innovation—which can be accessed through our *Power and resources*, *Artificial intelligence*, *Diabetes and obesity*, *Housing recovery*, and *Infrastructure and reshoring* themes. We also advise maintaining exposure to quality stocks (*Time for quality*) and taking advantage of idiosyncratic self-help stories that can improve profitability (*Investing in self-help*).

To learn more about our Tactical US equity themes, and individual stock names related to each, see the [latest report](#), published 19 November 2024.

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