

Global equity markets closed 2024 with a loss of 2.6% in December but still finished the year with a gain of 16.8%.<sup>1</sup> It was the fifth year in the last six with a double-digit market gain. December's losses were widespread, aggravated by continuing US dollar strength.

After responding favorably to US election results and another interest rate cut by the US Federal Reserve, investors did not take well to Fed Chair Jerome Powell's statement that the outlook for lower inflation had "kind of fallen apart." Auguring for fewer interest rate cuts in 2025, it triggered a large sell-off in US stocks. It also sent long bond yields higher by nearly 50 basis points. The hawkish tone from the Fed was somewhat softened by a favorable inflation report that same week, and the market partially recovered.

European equity markets firmed in December as core inflation showed signs of declining and economic growth remained positive—indicating that the region was not likely to enter a recession. The European Central Bank also reiterated that economic growth remained its highest priority. Growth in the United Kingdom, however, continued to slow, prompting the Bank of England to adopt a more dovish outlook, which put pressure on the British pound. Denmark was the world's worst-performing market in December as Novo Nordisk, Europe's largest company, plummeted more than 20% after disappointing trial results from its new weight-loss drug.

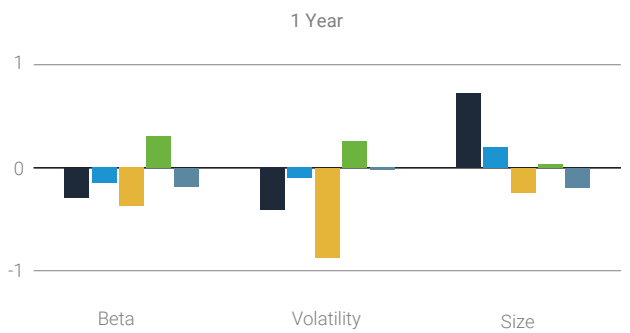
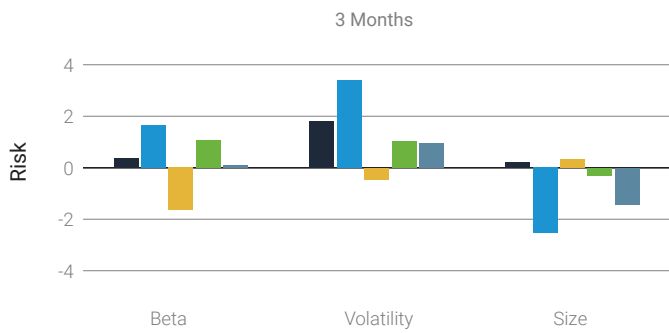
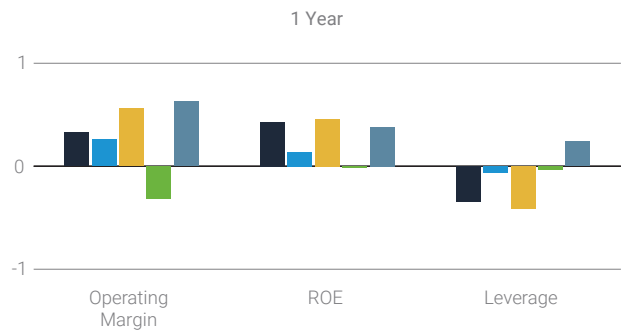
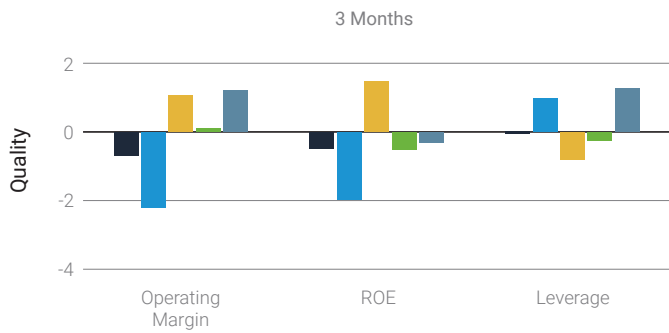
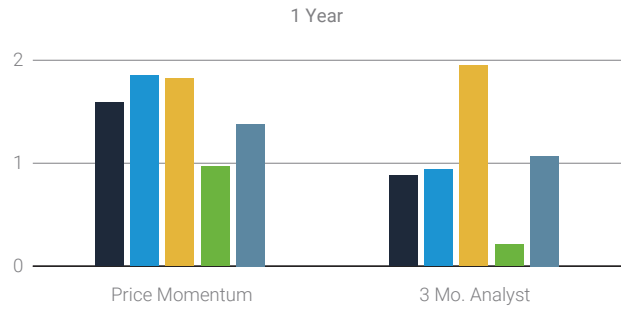
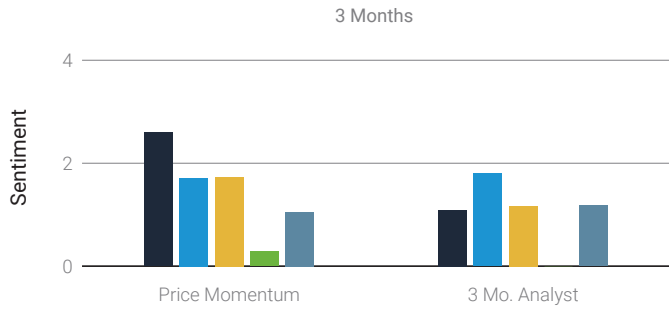
In Asia, China recovered partially from its equity selloff in November following the US election and the likelihood of new US tariffs. The country has seen modest but positive manufacturing growth, and the government's stimulus announcements since September have given investors optimism. Japan rallied on its government stimulus plans, but the yen's weakness left equities flat in US dollar terms. India lost ground as high inflation and a lower growth forecast by the Reserve Bank of India caused investors to take profits.

Gold prices were down modestly in December, and oil prices ticked up slightly. Sector returns were widely dispersed led by communication services and consumer discretionary stocks. Materials and energy stocks lagged.

Factor performance diverged across regions in December. While high-risk stocks sold off broadly, especially in emerging markets, they remained in favor in Japan. Value measures underperformed in the United States but were effective elsewhere, notably emerging markets. Growth was mixed. Sentiment, notably price momentum, reversed in the United States after a strong run but remained effective in emerging markets. Quality was favored in emerging markets but delivered mixed results in developed markets.

## Factor Returns<sup>2</sup> (%)





■ Global Developed    ■ United States    ■ Europe    ■ Japan    ■ Emerging Markets

		1 Month	3 Months	1 Year	5 Years
Global Market Returns (%) <sup>a</sup>	Global	-2.63	-1.16	16.75	9.94
	Large Cap	-2.16	-0.95	18.16	10.49
	Small Cap	-5.48	-2.46	8.34	6.61
	Emerging Markets	0.19	-6.27	11.96	3.61
	United States	-2.38	2.41	25.02	14.53

## Global Developed Factor Returns (%)<sup>2</sup>

		1 Month	3 Months	1 Year	5 Years
Value	P/B	1.89	-2.12	-0.43	0.33
	P/E (trailing)	3.13	-0.32	1.01	0.75
	Yield	2.05	-2.34	-0.05	0.18
Growth	Hist. EPS Growth	0.55	0.64	0.15	0.21
	Proj. EPS Growth	1.33	2.14	0.48	0.14
	Hist. Sales Growth	-1.07	0.66	0.10	0.17
Sentiment	Price Momentum	-0.99	2.60	1.59	0.55
	3 MO Analyst Up/Down	0.43	1.09	0.88	0.49
Quality	Operating Margin	0.31	-0.69	0.33	0.05
	ROE	1.31	-0.48	0.43	0.53
	Leverage	0.65	-0.06	-0.34	-0.52
Risk	Beta	-1.18	0.35	-0.29	0.81
	Volatility	-0.79	1.79	-0.41	0.23
	Size	-2.47	0.20	0.72	0.43

## US Factor Returns (%)<sup>2</sup>

		1 Month	3 Months	1 Year	5 Years
Value	P/B	-0.99	-1.63	-0.98	0.24
	P/E (trailing)	-1.37	-0.67	0.94	0.79
	Yield	-1.48	-2.42	-0.12	0.13
Growth	Hist. EPS Growth	-1.76	-0.01	0.24	0.38
	Proj. EPS Growth	2.89	3.39	0.94	0.07
	Hist. Sales Growth	-0.25	1.13	0.29	-0.08
Sentiment	Price Momentum	-1.67	1.71	1.85	0.69
	3 MO Analyst Up/Down	2.46	1.80	0.94	0.37
Quality	Operating Margin	-1.93	-2.21	0.26	-0.04
	ROE	-0.61	-1.96	0.14	0.61
	Leverage	0.74	0.98	-0.06	-0.57
Risk	Beta	-0.37	1.65	-0.15	1.10
	Volatility	-0.24	3.39	-0.10	0.29
	Size	-1.55	-2.53	0.20	0.33

## Europe Markets Factor Returns (%)<sup>2</sup>

		1 Month	3 Months	1 Year	5 Years
Value	P/B	1.40	-0.56	0.01	0.54
	P/E (trailing)	3.01	2.18	1.62	0.90
	Yield	0.61	0.72	1.08	0.48
Growth	Hist. EPS Growth	0.82	1.28	0.01	0.13
	Proj. EPS Growth	0.36	0.24	-0.21	-0.20
	Hist. Sales Growth	0.19	0.66	-0.06	0.15
Sentiment	Price Momentum	0.45	1.73	1.82	0.62
	3 MO Analyst Up/Down	-0.25	1.17	1.95	0.73
Quality	Operating Margin	1.18	1.05	0.56	0.30
	ROE	1.65	1.46	0.46	0.51
	Leverage	-0.61	-0.81	-0.41	-0.33
Risk	Beta	-0.04	-1.65	-0.37	0.50
	Volatility	1.38	-0.46	-0.87	-0.41
	Size	-1.30	0.32	-0.24	0.05

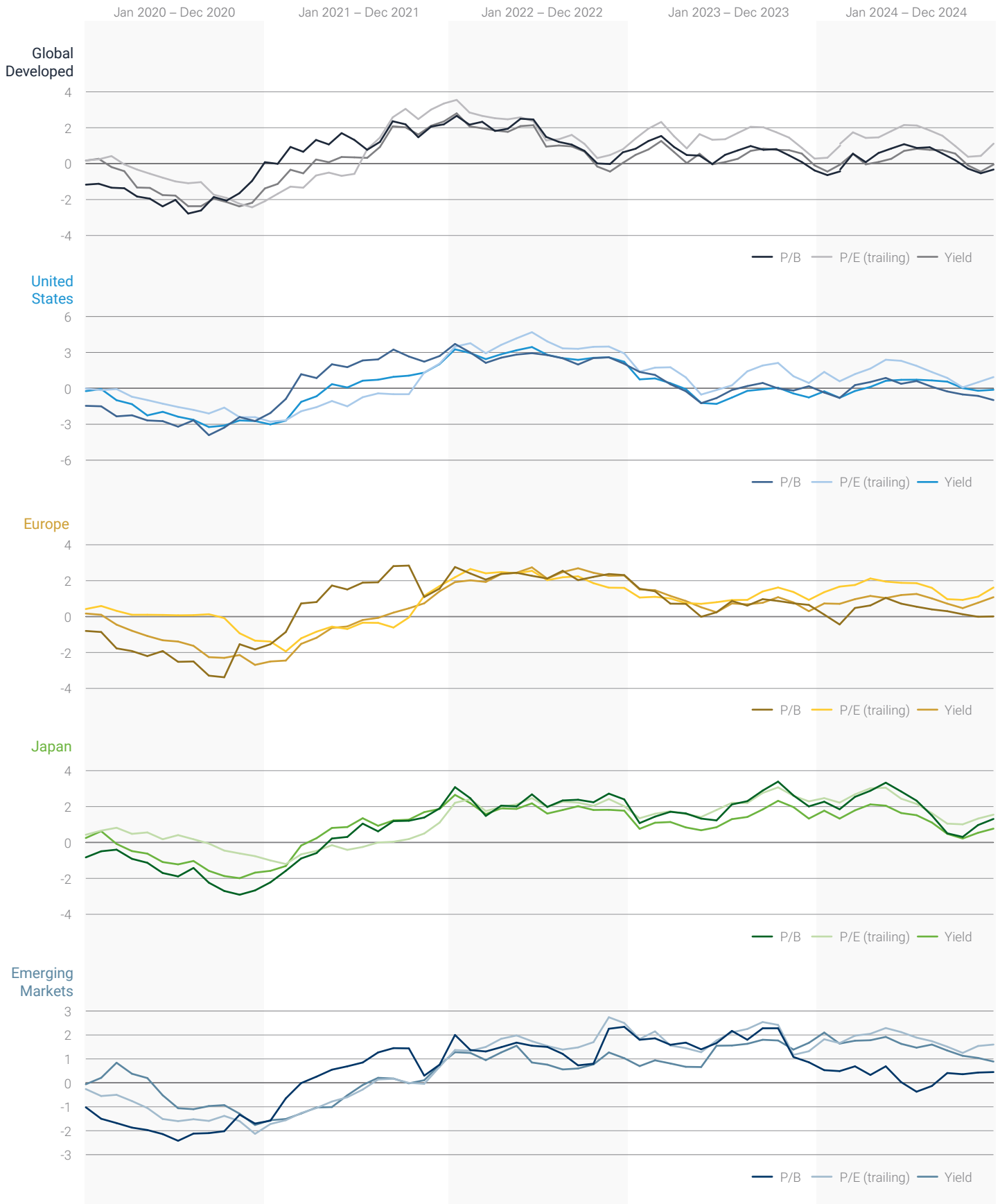
## Japan Factor Returns (%)<sup>2</sup>

		1 Month	3 Months	1 Year	5 Years
Value	P/B	2.32	1.79	1.31	0.99
	P/E (trailing)	2.10	2.40	1.55	1.24
	Yield	0.81	0.68	0.77	0.81
Growth	Hist. EPS Growth	0.20	-0.54	-0.56	0.20
	Proj. EPS Growth	-1.18	0.08	-0.31	0.01
	Hist. Sales Growth	-0.80	-0.07	-0.45	0.20
Sentiment	Price Momentum	-1.06	0.29	0.97	-0.08
	3 MO Analyst Up/Down	-2.30	0.00	0.21	0.29
Quality	Operating Margin	-1.73	0.11	-0.32	-0.08
	ROE	-0.50	-0.51	-0.01	-0.09
	Leverage	1.03	-0.25	-0.03	-0.32
Risk	Beta	4.51	1.05	0.31	0.58
	Volatility	2.63	1.03	0.26	0.21
	Size	-1.19	-0.31	0.03	0.12

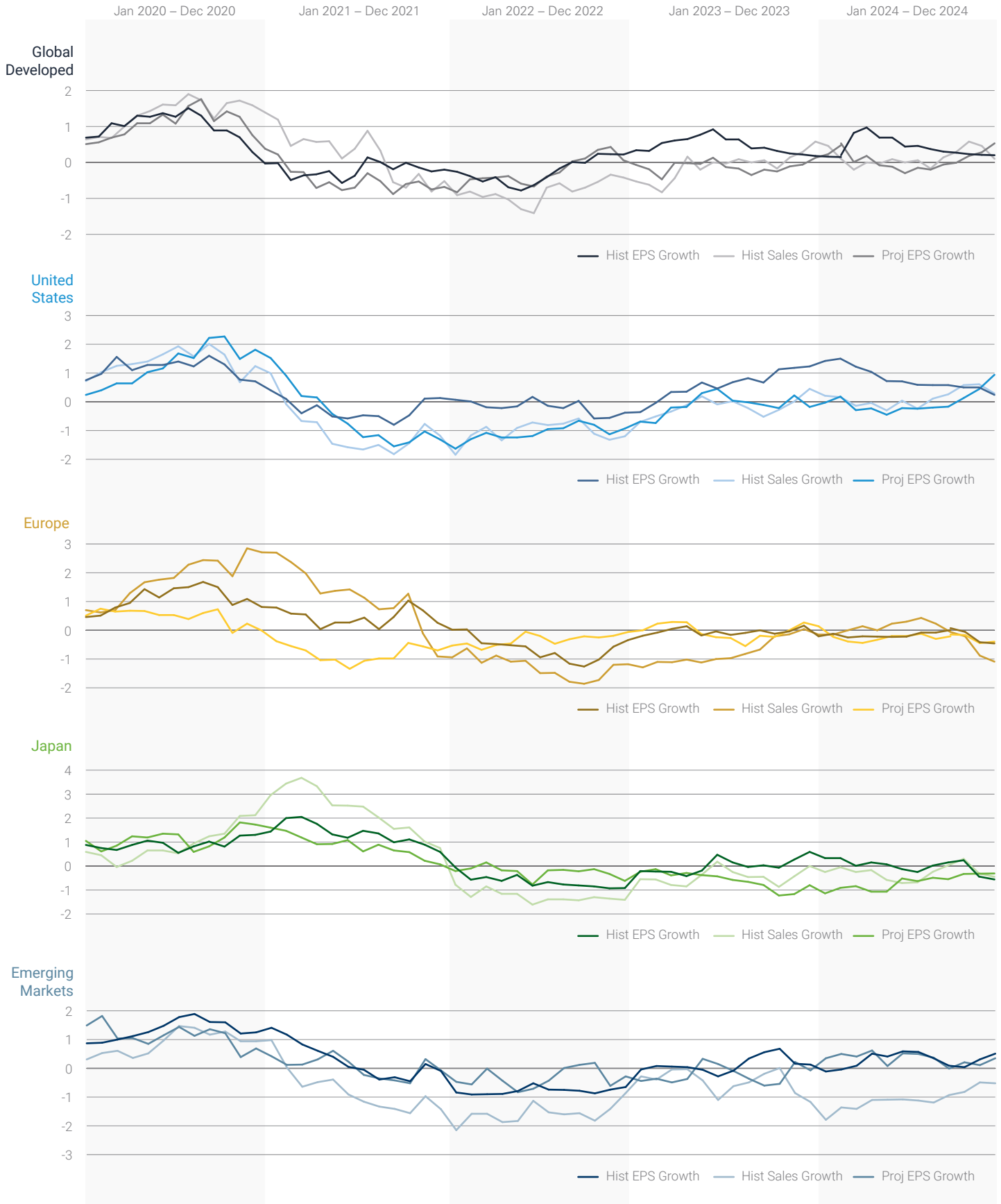
## Emerging Markets Factor Returns (%)<sup>2</sup>

		1 Month	3 Months	1 Year	5 Years
Value	P/B	0.96	0.20	0.45	0.54
	P/E (trailing)	3.32	0.19	1.60	0.79
	Yield	2.68	-0.08	0.89	0.52
Growth	Hist. EPS Growth	1.83	0.73	0.51	0.23
	Proj. EPS Growth	1.13	1.26	0.35	0.12
	Hist. Sales Growth	-1.88	-0.21	-0.52	-0.60
Sentiment	Price Momentum	3.24	1.05	1.38	1.18
	3 MO Analyst Up/Down	2.53	1.18	1.07	1.23
Quality	Operating Margin	1.72	1.21	0.63	-0.12
	ROE	1.67	-0.32	0.38	0.19
	Leverage	1.20	1.26	0.24	0.01
Risk	Beta	-2.22	0.09	-0.18	0.32
	Volatility	-1.07	0.97	-0.02	-0.32
	Size	1.22	-1.43	-0.19	-0.21

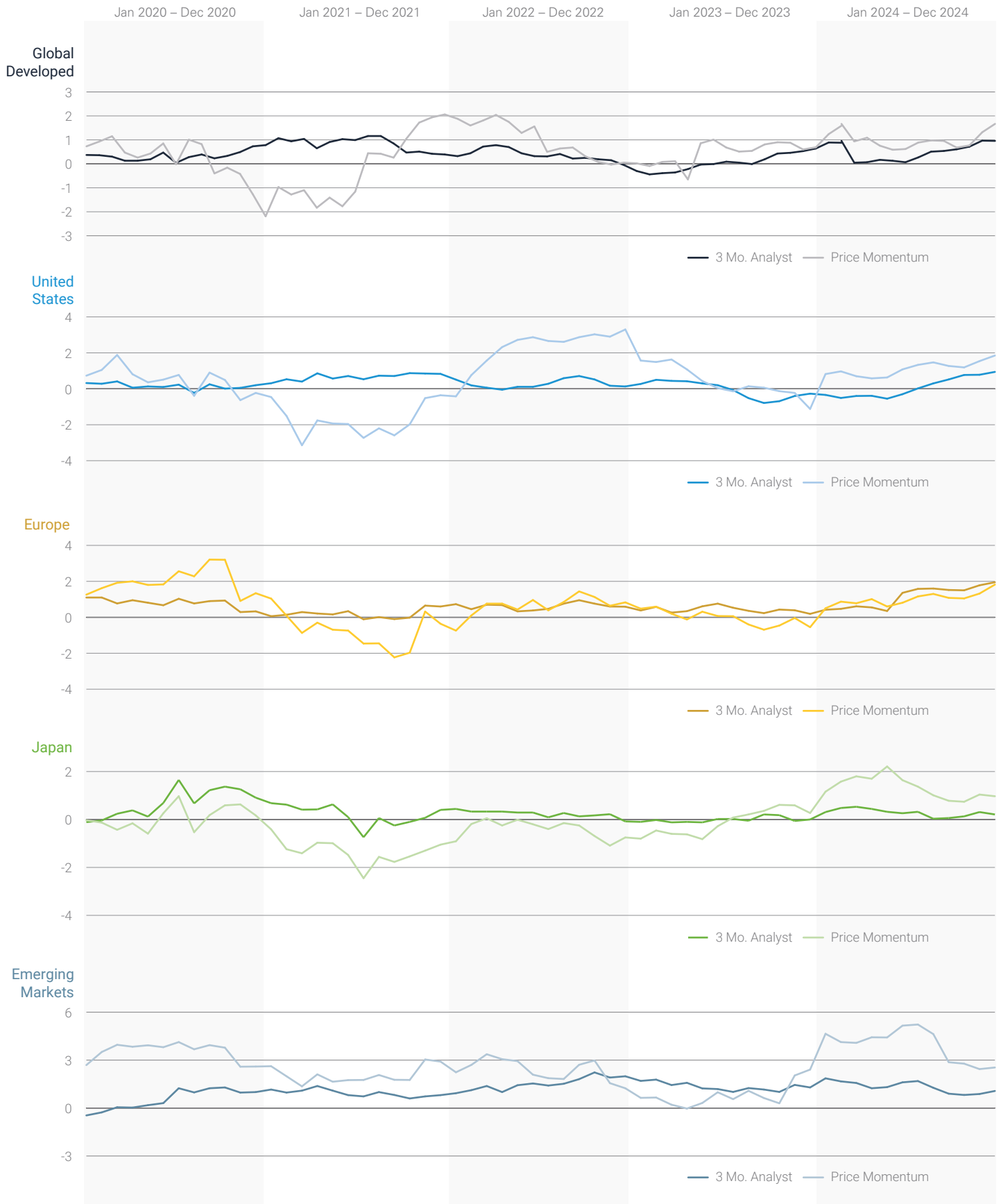
### 12 Month Moving Averages<sup>2</sup> – Value (%)



### 12 Month Moving Averages<sup>2</sup> – Growth (%)



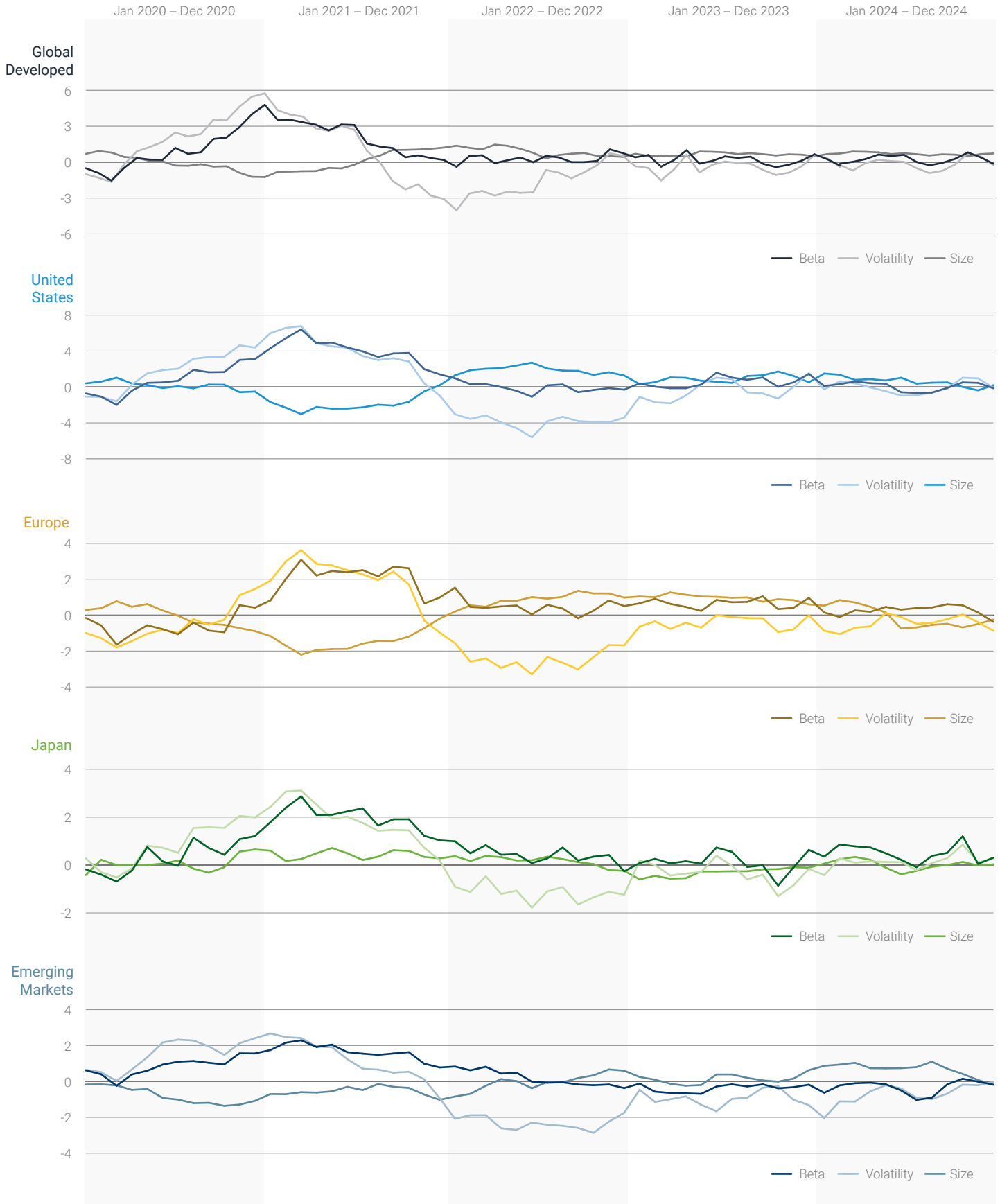
# 12 Month Moving Averages<sup>2</sup> – Sentiment (%)







### 12 Month Moving Averages<sup>2</sup> – Risk (%)



## Notes

- 1 S&P Global BMI in USD
- 2 Factor performance is based on a universe of developed market and emerging market stocks with a market capitalization of \$200M or greater (approximately 6,000 companies). Global factor returns reflect the return differential, computed monthly, for an equal weighted composite of stocks ranked in the top and bottom 20% (quintile) for each measure shown. For example, each month the aggregate return for stocks ranking in the bottom 20% in terms of operating margins is subtracted from the aggregate return for stocks ranking in the top 20%. The difference is the return displayed. The monthly differences are averaged for longer time periods.  
The calculation for P/B, P/E and leverage reflect the performance difference between the lowest quintile less the highest quintile. For all other measures, the difference reflects the difference between the highest quintile less the lowest quintile. P/B is calculated as current market price divided by book value. P/E is calculated as current market price divided 1 year trailing earnings. Yield is calculated as most recent dividend by current market price. Historic EPS Growth is calculated as a 5 year trailing earnings per share growth. Projected EPS growth is calculated as I/B/E/S analyst forecasted 3–5 year growth in earnings per share. Historic Sales Growth is calculated on a 5 year trailing growth in sales revenue. Price momentum is calculated as the 12 month change in USD price. 3 MO Analyst Up/Down is calculated as the change in the average EPS estimate over the past three months. Operating margin is calculated as net operating income divided by total revenue. ROE is calculated as the net income divided by shareholder's equity. Leverage is calculated as outstanding debt divided by shareholder's equity. Beta is calculated against local market indices for periods up to 36 months. Volatility is calculated on a trailing 270 day average of USD based price returns. Size is market capitalization as calculated according to MSCI. All data As of 31 December 2024. Source: Lazard, I/B/E/S, Standard & Poor's, WorldScope.
- 3 Market return data is as of 31 December 2024 and is based on the following indices: Global – S&P Global BMI; Large Cap – S&P Global LargeMidCap; Small Cap – S&P Global SmallCap; Emerging Markets – S&P Emerging BMI; US – S&P 500.

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