

# Verus Market Note

## Substantial market rotation occurring in domestic equities

While domestic equity indexes have seen only small movements in price over recent months, large sector shifts have been occurring beneath the surface. These shifts resulted in a surge in Value stock performance and a selloff across Growth stocks.

In this week's Market Note, we highlight recent notable sector performance disparity. Top performing sectors of the past three years such as Technology and Telecommunications have seen muted returns, while certain longer-term underperforming sectors such as Consumer Staples, Energy, and Materials outperformed the index by a large margin. It seems that fears around AI innovation and the creative destruction that may result is contributing to changing investor sentiment. Investors have arguably moved away from a *growth at any price* mentality to a focus on companies with profitability, cash generation, and business models that are more durable to AI innovation. This has been referred to as the "HALO" trade—movement of funds into *Heavy Assets Low Obsolescence* stocks.

### MARKET PERFORMANCE HAS BROADENED

	Since October 31st	1 Year	3 Year
Consumer Discretionary	-5.6%	6.4%	19.3%
Consumer Staples	18.6%	8.2%	12.6%
Energy	26.0%	23.2%	13.3%
Financials	-2.6%	0.8%	15.5%
Health Care	8.6%	5.8%	8.7%
Industrials	14.1%	31.0%	23.2%
Materials	24.1%	20.9%	12.2%
Real Estate	7.8%	2.1%	8.1%
Technology	-8.5%	21.6%	31.9%
Telecommunications	3.3%	26.9%	37.3%
Utilities	6.3%	18.1%	16.2%
<b>Total</b>	0.6%	15.3%	21.8%
FTSE Russell 1000 Value Index	10.5%	16.4%	15.7%
FTSE Russell 1000 Growth Index	-5.6%	15.4%	26.9%

Source: MSCI USA Index, FTSE, Verus, as of 2/24/26