

## The Best of January 2025 - New Technology Trends, The Optimal Portfolio Beta, M&A, and the Compelling case to Buy Industrials

We're hosting our next monthly Parker Perspectives webinar on **Tuesday, February 4th, at 11 AM EST**, where we'll dive into this research and much more. If you haven't registered yet, [click here to sign up](#).

As always, feel free to reach out with any questions or for insights on these or other topics shaping the current investment landscape.

### The Best of January 2025 Key Insights:

- [Beneficiaries From The Biggest New Technology Themes](#)
- [What's The Right Beta For Your Portfolio?](#)
- [The Key Ingredients Of A Successful M&A Deal](#)
- [Level Set - The Compelling Case to Buy Industrials](#)

## BENEFICIARIES FROM THE BIGGEST NEW TECHNOLOGY THEMES

January 17, 2025

Late in 2024, research firm Gartner, Inc. came out with a report highlighting the ten Technology trends to watch for 2025. We searched the earnings call transcripts and websites of 383 public US Technology companies, and created baskets of stocks in these key areas to help us understand these Technology trends and identify stock ideas. This analysis includes only 3 of the Mag 7 stocks, as TSLA, META, GOOGL, and AMZN are not in the Technology GICS. The trends we analyzed are:

- 1) Agentic AI
- 2) AI Governance
- 3) Disinformation Security
- 4) Post-Quantum Cryptography
- 5) Ambient Invisible Intelligence
- 6) Energy-efficient Computing
- 7) Hybrid Computing
- 8) Spatial Computing

#### Adam Parker

Founder  
646-734-7070  
[adam@trivariateresearch.com](mailto:adam@trivariateresearch.com)

#### Chang Ge

Analyst  
614-397-0038  
[chang@trivariateresearch.com](mailto:chang@trivariateresearch.com)

#### Maxwell Arnold

Analyst  
347-514-1234  
[maxwell@trivariateresearch.com](mailto:maxwell@trivariateresearch.com)

#### Ryan McGovern

Director of Research Sales  
973-271-8017  
[ryan@trivariateresearch.com](mailto:ryan@trivariateresearch.com)

#### Colin Cooney

Head of Sales  
617-910-7934  
[colin@trivariateresearch.com](mailto:colin@trivariateresearch.com)

## 9) Polyfunctional Robots

(Note: the 10th area, Neurological Enhancement, we could not find enough companies to form a basket).

For each of these nine areas we show the forecasted revenue growth and stock performance, though if investors want other attributes, like betas, margins, EV-to-forecasted sales, or any other data, please don't hesitate to contact us.

[Read the full note here](#)

## **WHAT'S THE RIGHT BETA FOR YOUR PORTFOLIO?**

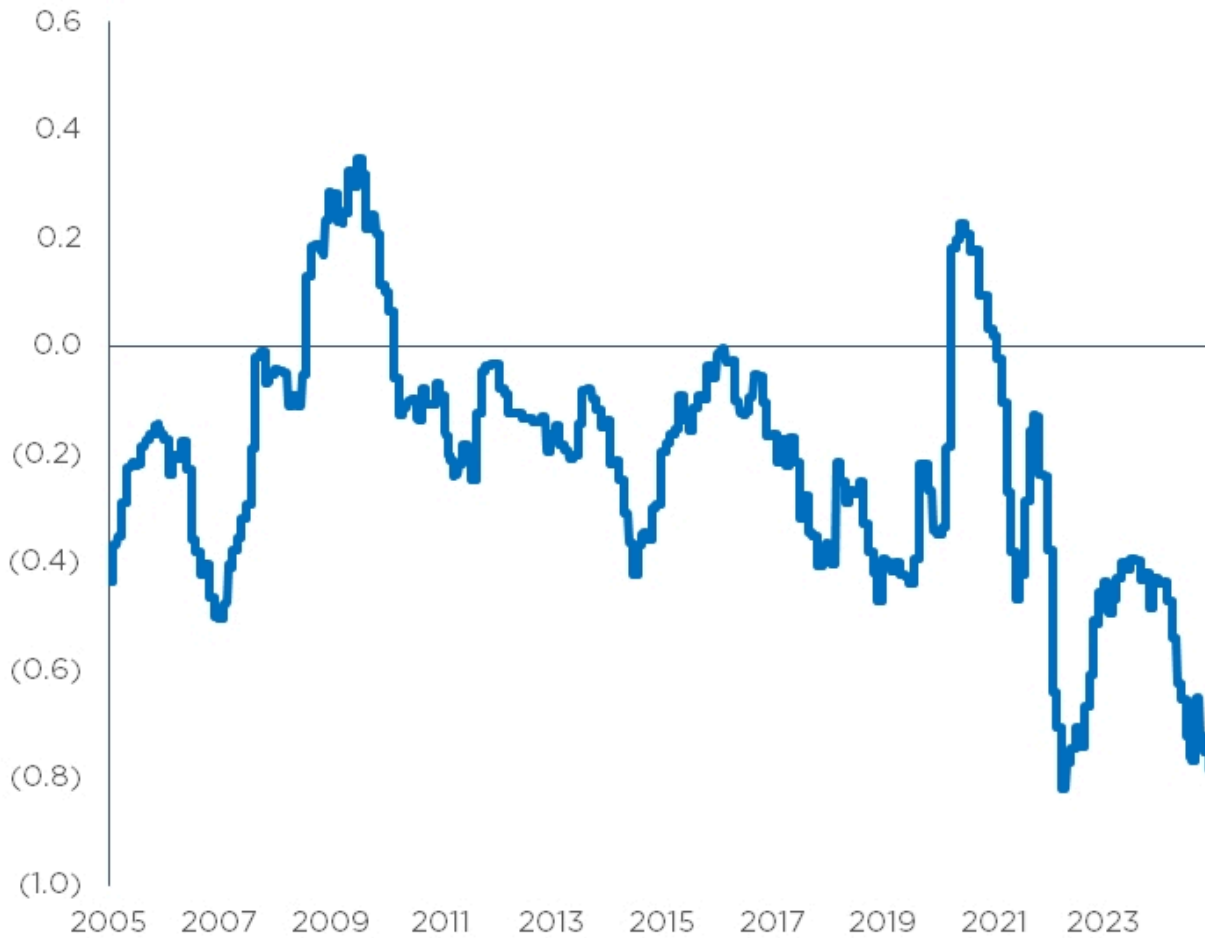
January 29, 2025

Investors tend to ignore beta when the market is performing well, like it did in 2023 and 2024. But the recent price action is likely a warning sign for CIOs, Portfolio Managers, and Chief Risk Officers that the prior strong performance for high beta stocks is an increasing risk.

In this note, we attempt to find the efficient frontier, or "optimal" portfolio level beta.

One key observation: Growth beta has rarely mattered more in recent history. For value minus growth (below), the beta of growth is very high today, near 20-year highs.

## Factor-Mimicking Portfolio Beta Style (Value-Growth) Through End-December, 2024



Source: Trivariate Research

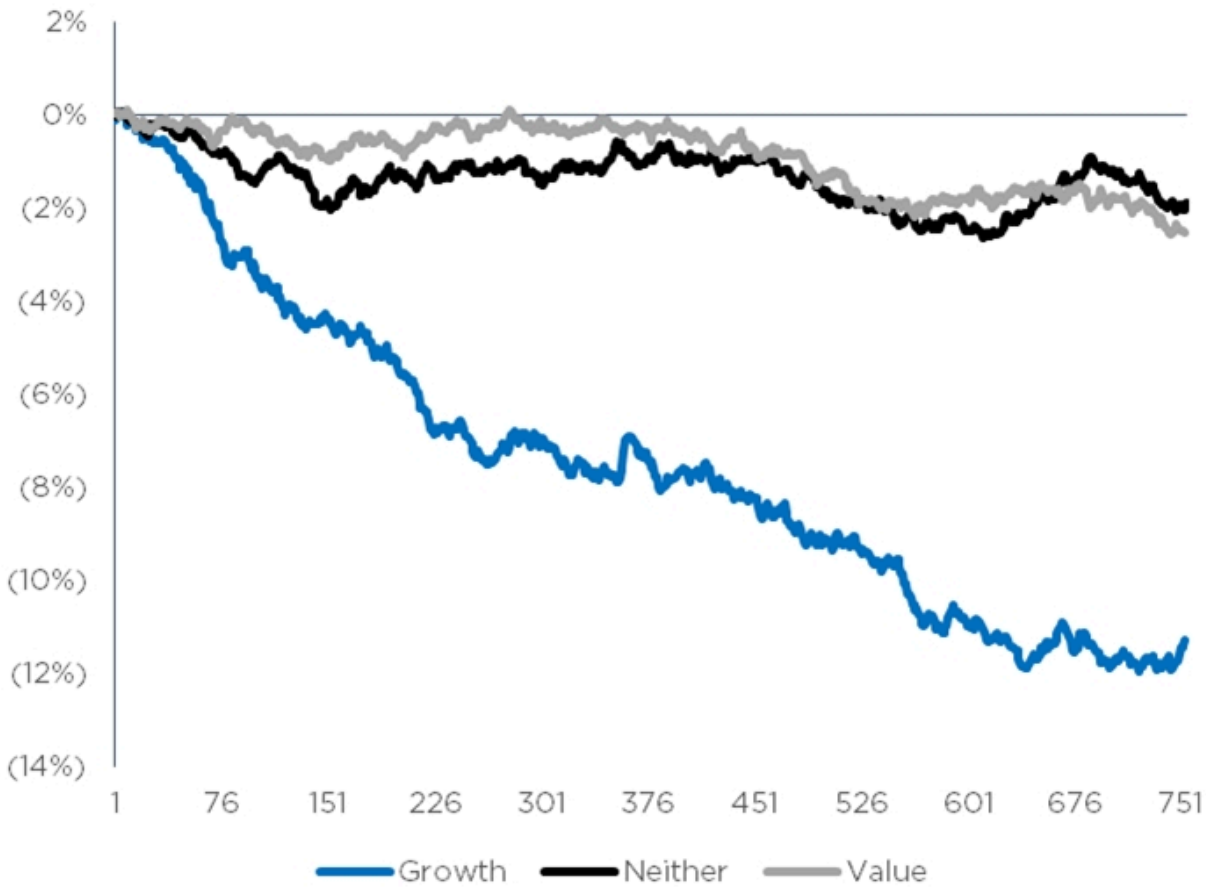
[Read the full note here](#)

## THE KEY INGREDIENTS OF A SUCCESSFUL M&A DEAL

January 31, 2025

In this research, we analyzed the key ingredients of a successful M&A deal—and the findings were clear: most deals don't pay off. The average acquirer lags its industry group by 6% over the subsequent three years following a deal. Growth companies, in particular, tend to struggle post-acquisition, underperforming their industry group by an average of 12% over the next three years (see below).

Acquirer Returns by Trading Days After Announcement  
 Compounded Mean Industry Group Relative-Returns  
 By Style of Acquirer  
 End-June, 1999 to End-December, 2024



Source: Trivariate Research

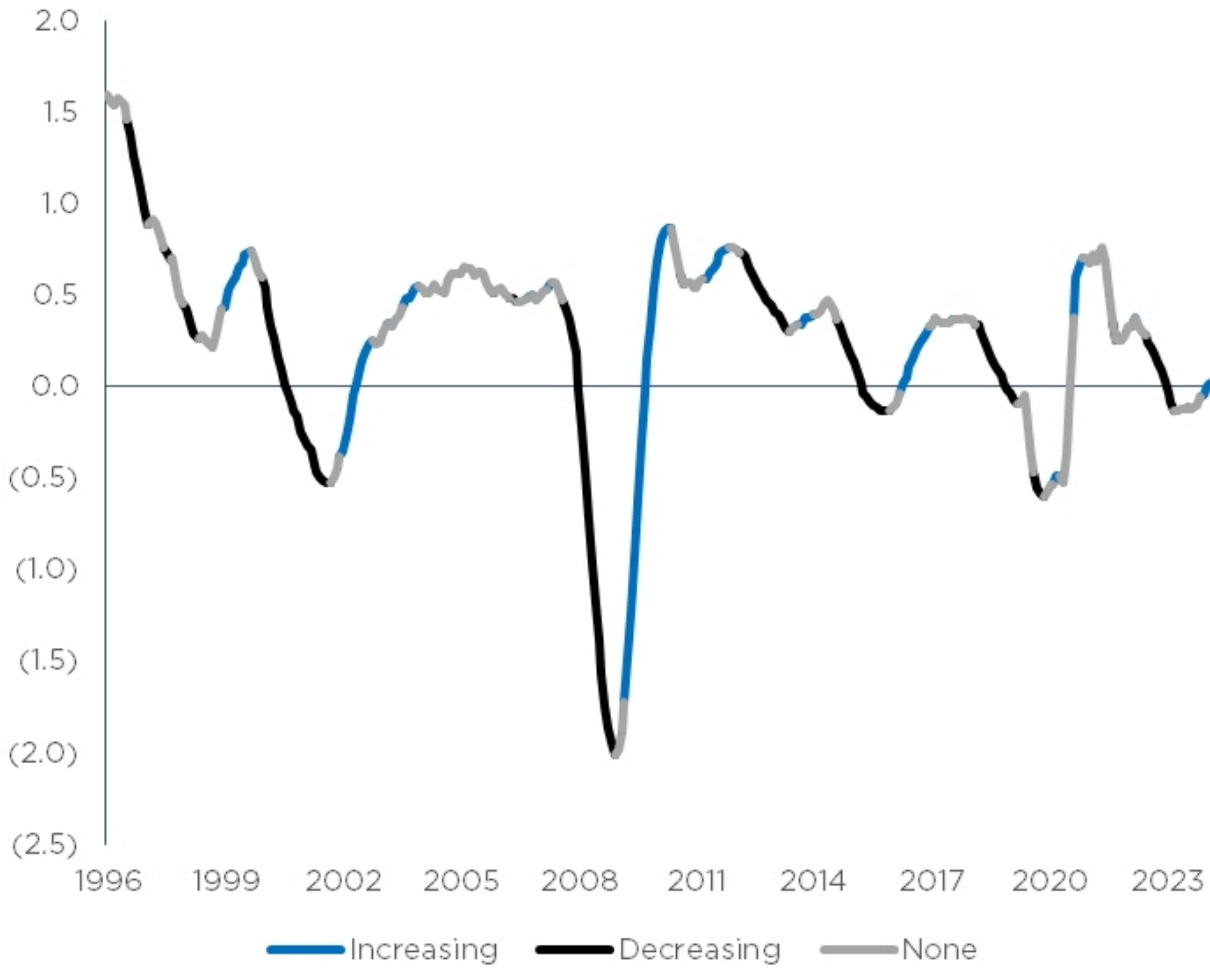
[Read the full note here](#)

## THE COMPELLING CASE TO BUY INDUSTRIALS

January 26, 2025

Our proprietary 14-factor Industrial Activity Gauge indicates that activity has bottomed and has started to inflect upward, positive and increasing for the first time since the post-COVID recovery (see below). Perhaps it is not a coincidence that the **median consensus bottom-up earnings estimate for the Industrials stocks has also bottomed, and calls for an acceleration through 2025**, peaking in Q3 2025 when comparisons with the lowest quarter, Q3 of 2024, are easiest. Often, **the stock market anticipates by three-to-six months this acceleration in year-over-year earnings growth**, and that may be a partial rationale for the strong start to the sector already this year. In this note, we make the case for Over-weighting the Industrials Sector.

## Trivariate Industrial Activity Gauge Through End-December, 2024



Source: Trivariate Research

[Read the full note here](#)

## Important Disclosures

### Analyst Certification

The analysts, Adam Parker, Maxwell Arnold, Colin Cooney, Chang Ge and Ryan McGovern, responsible for the preparation of this research report certifies that: all the views expressed in this research report accurately reflect the research analyst's personal views.

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