| US Equity | Aug-24 | YTD | Last 12m |
|---|---|---|---|
| S&P 500 | 2.4% | 19.5% | 27.1% |
| Russell 1000 | 2.4% | 18.6% | 26.6% |
| Russell 1000 Value | 2.7% | 15.1% | 21.1% |
| Russell 1000 Growth | 2.1% | 21.1% | 30.8% |
| Russell 2000 | -1.5% | 10.4% | 18.5% |
| Russell 2000 Value | -1.9% | 9.1% | 19.2% |
| Russell 2000 Growth | -1.1% | 11.7% | 17.7% |
| **International Equity** | | | |
| MSCI All-Country World ex-US | 2.8% | 11.2% | 18.2% |
| MSCI EAFE | 3.3% | 12.0% | 19.4% |
| MSCI Europe | 1.7% | 12.5% | 17.5% |
| MSCI Japan | -2.4% | 17.3% | 20.3% |
| MSCI Emerging Markets | 1.6% | 9.5% | 15.1% |
| **Fixed Income** | | | |
| U.S. Intermediate Treasuries | 1.1% | 3.2% | 6.3% |
| U.S. Long Treasuries | 2.0% | 0.4% | 4.9% |
| U.S. TIPS | 0.8% | 3.3% | 6.2% |
| Corporate IG Bond | 1.6% | 3.5% | 9.3% |
| High-Yield Bonds | 1.6% | 6.3% | 12.6% |
| Tax-Exempt Bonds | 1.0% | 4.4% | 9.8% |
| International Bonds | 2.4% | 1.9% | 6.9% |
| Emerging Market Bonds | 2.1% | 6.3% | 12.3% |
| **Currencies** | | | |
| Us Dollar | -2.3% | 0.4% | -1.9% |
| Euro | 2.1% | 0.1% | 1.9% |
| Yen | -2.5% | 3.6% | 0.4% |
| Emerging Markets | 2.0% | 1.3% | 5.1% |
| **Real Assets** | | | |
| Commodities | 0.0% | 0.9% | -4.4% |
| Energy | -4.3% | -4.6% | -18.4% |
| Industrial Metals | 3.4% | 5.0% | 6.9% |
| Gold | 1.0% | 22.5% | 30.6% |
| Master Limited Partnerships | 0.4% | 18.9% | 28.9% |
| Real Estate Investment Trust | 6.4% | 12.9% | 22.3% |
| **Alternative Investments*** | | | |
| Equity Hedge | 0.8% | 6.7% | 9.7% |
| Equity Market Neutral | 1.0% | 6.2% | 9.5% |
| Event Driven | 0.6% | 3.4% | 4.9% |
| Relative Value Arbitrage | 1.0% | 3.3% | 5.1% |
| Macro | -1.5% | 1.9% | 1.2% |

Source: Bloomberg data

*AI Source: HFRI Hedge Fund Indices

# MONTHLY MARKET COMMENTARY, AS OF AUGUST 2024

In August, investor sentiment was initially negative due to disappointing U.S. economic data along with the BOJ's unexpected 25 bps rate hike, which triggered a global equity sell-off and increased market volatility. U.S. indicators such as a below-expectation ISM manufacturing index and a weak jobs report raised recession fears, further fueled by a slight rise in the unemployment rate. The BOJ's rate increases also led to the unwinding of carry trade positions, contributing to the market downturn. However, by the end of the month, expectations of a more aggressive Federal Reserve policy easing spurred a market rebound, with global equities rising 2.8% [ii] and real estate investments up by 6.4% [ii]. Meanwhile, commodity markets struggled due to concerns over weaker global growth and manufacturing, causing the Bloomberg Commodity Index to remain flat.

**Equity:** In a volatile month for equities, the TOPIX Index suffered a significant 12% drop on August 5th, its largest daily decline since Black Monday in 1987 [i]. Profit-taking also affected other markets, with the Nasdaq falling nearly 6% over three days [i]. However, the sell-off was short-lived as investors grew optimistic about potential lower interest rates and a strong Q2 earnings season, leading most markets to recover by mid-month. The S&P 500 outperformed globally, gaining 2.4% [ii] due to diversified earnings growth beyond the tech sector. Asia ex-Japan and emerging markets also performed well, returning 2% [i] and 1.6% [ii] respectively, as Fed rate cut expectations weakened the dollar. In contrast, Europe underperformed the U.S., delivering 1.7% [ii] returns, with the eurozone's economic environment remaining weak despite a stronger-than-expected service PMI boost.

**Fixed Income:** Global credit markets performed well, with a stable corporate earnings outlook continuing to support the asset class. The flight to quality helped global investment grade bonds which delivered 1.6% [ii]. On the other hand, high yield lagged somewhat rising 1.6% [ii] and 1.2% [i] respectively in the US and Europe. Emerging market debt also posted a strong performance last month delivering returns of 2.1% [ii], as a weaker US dollar provided a tailwind for the region.

**Liquid Real Assets:** Commodities remained flat during the month as losses in the energy sector, mainly in oil and gas, offset the gains in other sectors such as industrial metals [iii]. Gold continued its positive trajectory and remained as a safe-haven asset amid the volatility in currency and rate markets. The best-in-class sector was Real Estate, levered in the growing expectations of rate cuts beginning in September, with Mortgage REITS leading the pack [iii].

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*Sources:*

i. *Monthly Market Review (August 2024) – JPM Asset Management.*
ii. *Bloomberg data.*
iii. *Capital Market Flash Report – Greycourt*

## Disclaimer