GLOBAL KANDOR ADVISORS

MONTHLY MARKET COMMENTARY, AS OF JANUARY 2025

US Equity	Jan-25	YTD	Last 12m
S&P 500	2.8%	2.8%	26.4%
Russell 1000	3.2%	3.2%	26.7%
Russell 1000 Value	4.6%	4.6%	19.5%
Russell 1000 Growth	2.0%	2.0%	32.7%
Russell 2000	2.6%	2.6%	19.1%
Russell 2000 Value	2.1%	2.1%	15.5%
Russell 2000 Growth	3.2%	3.2%	22.7%
International Equity			
MSCI All-Country World ex-US	4.0%	4.0%	10.9%
MSCI EAFE	5.3%	5.3%	8.7%
MSCI Europe	6.9%	6.9%	8.9%
MSCI Japan	1.6%	1.6%	5.1%
MSCI Emerging Markets	1.8%	1.8%	14.8%
Fixed Income			
U.S. Intermediate Treasuries	0.5%	0.5%	2.8%
U.S. Long Treasuries	0.4%	0.4%	-3.9%
U.S. TIPS	1.3%	1.3%	3.0%
Corporate IG Bond	0.6%	0.6%	2.9%
High-Yield Bonds	1.4%	1.4%	9.7%
Tax-Exempt Bonds	0.7%	0.7%	5.4%
International Bonds	0.6%	0.6%	0.3%
Emerging Market Bonds	1.1%	1.1%	8.3%
Currencies			
Us Dollar	-0.1%	-0.1%	4.9%
Euro	0.1%	0.1%	-4.2%
Yen	-1.3%	-1.3%	5.6%
Emerging Markets	0.8%	0.8%	1.1%
Real Assets			
Commodities	4.0%	4.0%	9.1%
Energy	1.8%	1.8%	0.2%
Industrial Metals	1.4%	1.4%	7.0%
Gold	12.3%	12.3%	35.6%
Master Limited Partnerships	8.8%	8.8%	29.6%
Real Estate Investment Trust	1.0%	1.0%	14.6%

The year went off to a strong start on both equity and fixed income markets. In equities, Europe (6.9%) [i] outperformed the US (2.8%) [i], marking a shift from the past two years. Value stocks (4.6%) [i] also surpassed growth stocks (2.0%) [i]. While President Trump's Pro-America agenda supported US equities, the rise of China´s DeepSeek raised concerns about the US tech sector's ability to meet expectations and how fair their elevated valuations are.

Bond markets saw volatility in January, with Trump's proposed tax cuts, immigration restrictions, and tariffs driving inflation concerns and pushing yields higher. However, the Bloomberg Global Aggregate Bond Index still gained 0.6% [ii], supported by tighter credit spreads and a lower-than-expected US inflation report for December [ii].

Equity: The S&P 500 delivered 2.8% [i] return for January, benefitting from strong job growth (256,000 new jobs in December) [i] and solid GDP expansion (2.3% in Q4 2024) [ii]. Optimism over Trump's tax cuts and deregulation supported markets, but tech-sector had its challenges, particularly DeepSeek's AI advancements impacting stocks like Nvidia, who suffered a record $600B market loss on January 27 [ii].

Europe (6.9%) [i] was the top-performing region, driven by strength in financial and consumer discretionary stocks. Positive economic signals, including an uptick in eurozone PMI (50.2) and steady retail sales growth (+1.2% YoY), supported the rally [ii]. Limited exposure to the struggling tech sector and upward earnings revisions also played a role.

Japan (0.1%) [i] lagged as the Bank of Japan raised rates by 25 bps, strengthening the yen and weighing on the country's export-heavy stock market.

Finally, China saw modest gains amid improving economic data and less aggressive tariff threats from Trump. However, India's fourth consecutive monthly decline (-3.5%) [ii], driven by weak earnings and economic uncertainty, dragged down emerging market indices, which delivered a (1.8%) [i] return for the month.

Fixed Income: In January, bond markets saw volatility driven by inflation data, political developments, and market shifts. US Treasury yields initially rose by 20 basis points due to expectations of fiscal expansion under Trump [ii]. However, yields later fell following a weaker-than-expected December inflation print and an AI tech sell-off, resulting in a 0.5% [i] monthly gain in US government bonds. European government bonds experienced mixed performance, with Italy flat, Spain down by 0.1% [ii], and German Bunds falling 0.4% [ii], partly due to rising expectations for fiscal policy changes after the upcoming federal election. In credit markets, spreads tightened across both high-yield and investment-grade bonds. The US high-yield market outperformed its European counterpart, returning 1.4% [i], compared to Europe's 0.6% [i]. Investment-grade bonds posted a 0.6% [i] return, and emerging market debt gained 1.1% [i], supported by a weaker US dollar.

Liquid Real Assets: Commodities performed exceptionally well in January, with the Bloomberg Commodity Index increasing by 4.0% [i]. Gold and other metal prices saw significant gains, largely driven by Trump's renewed threats of tariffs, which heightened market uncertainty [ii]. Meanwhile, oil prices also rose, supported by a combination of cold winter weather, which increased demand for heating fuels, and the ongoing US sanctions on Russia, which constrained supply [ii]. This confluence of factors helped propel the broader commodities market to strong gains for the month.

Sources:

i. *Bloomberg data.*
ii. *Monthly Market Review (January 2025) – JPM*

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