CANTOR FITZGERALD ASSET MANAGEMENT

Market Update

OCTOBER 2024

Fund Commentary

Entering the final quarter of the year and markets have two unexpected tail winds from the final weeks of Q3 in the form of the US Federal Reserve and the PBOC in China. That the Fed was going to be cutting rates this year is not a surprise. Originally 6 cuts had been priced in for this year. However, to have cut initially by 50bps so close to an election and to have delivered a dovish message afterwards highlights how uncomfortable they are with policy rates this high. They are confident that inflation has fallen precipitously and is likely to stay low. Our expectation had been for this cutting cycle to happen after the election and that the market would take that unfavourably. Traditionally a 50bps cut to begin a rate cutting cycle was at the start of a crisis. For it to happen now is indicative of a central bank who is keen to maintain the soft landing they have so expertly navigated. It is a material positive for asset prices.

The Chinese Authorities followed suit with the most comprehensive list of stimulus measures announced since the GFC. Free from the risk of a currency crisis now the US has begun to cut rates the support their economy has needed for so long is finally being delivered. Broad, deep and aggressive policy cuts with the intention to do more. Welfare supports to the lowest income earners, relaxation of housing investment rules, re capitalising the banks as well as a stock market stabilisation fund all point to a leadership who are determined to not allow growth to slow any further. Although the two largest central banks were in the headlines this was a theme globally with the most amount of interest rate cuts in a single month since April 2020 and before that the GFC. For all the valid topical concerns out there around a consumer slowdown, geo political issues or the more pressing US election outcome it's important not to lose sight of this stimulative policy backdrop.

The Multi Asset funds had a strong September to round off what's been a very good quarter. The decision to raise cash levels in the summer proved fruitful as the drawdowns in equity markets seen over the late summer months allowed us to add back exposure in some favoured technology names which in some cases had retraced 30% plus. Our long term holdings in Green Industrials outperformed as the investment requirements for an ever growing demand for electricity continue to accelerate. As yields fell the value on offer in Defensive sectors such as Utilities or even Real Estate came to the fore. The merits of our multi asset funds being invested in our alternatives fund too were clear as this fund alone was able to deliver returns of over 5% on the quarter due to its ability to take market neutral positions and in its use of index protection around those aggressive market drawdowns.

We enter Q4 with the Multi Asset funds sitting at neutral in terms of asset allocation. All the ingredients are there for another year of strong returns as 2025 approaches. The traditional volatility seen around US elections will be a further opportunity for us increase our exposures if needed. In the meantime, the funds continue to perform well as the current holdings outperform their benchmarks. Thematically our key over weights in the growth areas of the market are AI infrastructure, Software and MedTech. Our main exposure to favoured sustainable and decarbonisation plays is through European Utilities and industrials involved in the electrification of the Grid.

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Market Summary

For value we see opportunity in China and western real estate and housing. A substantial increase in our holdings of equities exposed to China was the largest change on the month. There is a plethora of high-quality names listed in Europe or the US whose valuations have suffered due to seemingly no end in sight of the Chinese slowdown. The policy intervention mentioned above has drawn a line in the slowdown and could even see a nascent recovery begin in early 2025. This has potential positive implications for global growth too.

WARNING: Past performance is not a reliable guide to future performance.

WARNING: The value of your investment may go down as well as up.

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