CANTOR FITZGERALD ASSET MANAGEMENT

Market Update

NOVEMBER 2024

October Market Summary

Global equities rose by 0.3% in Euro terms during October which surprised market participants given the historical declines seen ahead of US elections in the past and this was despite the Volatility index rising by 38% to 23. The strength of the USD drove the outperformance, and a US investor would have seen equity market losses for the month to give some context.

October was in fact the worst month for global bonds since 2022 driven by a mixture of stronger economic data and fiscal policy risks, particularly with the imminent US election and post the UK Budget.

With the economic outlook becoming more positive, investors also dialled back the likelihood of rapid rate cuts from the Fed and by the end of the month futures were expecting a 3.62% rate at the December 2025 meeting, up from 2.95% at the end of September.

The US Dollar also had its strongest monthly gain (+3.2%) since April 2022, driven largely by the dramatic dialling back of rate cut expectations.

Fund Commentary

The Multi Asset Funds delivered a solid October to continue the strong year to date performance.

Post the UK Budget, we reduced exposure to the UK on the initial equity rally which was subsequently faded. The UK are simultaneously increasing taxes at a time of increased fiscal borrowing which is likely to put pressure on the UK bond market as funding costs rise on higher bond supply, with the spread of 10yr gilts over bunds widening +18bps in October to 206bps, the highest since October 2022 when Liz Truss was PM.

The funds added further to China equity exposure including Miners, Luxury goods and Insurance as conviction grew on further stimulus and stronger Chinese macro data with names pulling back to attractive entry points. In October, policymakers introduced new initiatives which will allow local governments to use special purpose local government bonds to purchase land from troubled developers alongside a planned debt ceiling hike for local governments. This indicated Beijing's commitment to managing the real estate bubble and boosting consumption.

We enter November ahead of the US election at neutral in terms of growth asset allocation and have taken down the duration of the bond portfolios.

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The traditional volatility seen around US elections will be a further opportunity for us to increase our exposures, if needed.

Historically equity performance is strong after a US election with the US market (S&P 500) up 79% of the time over the November-December period on average and median returns of 3.9% and 4.1% respectively.

Conor McDermott
Senior Fund Manager

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

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

Want to talk to us about investments? Contact us.

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