



PORTFOLIOMETRIX
Investment Management **by Design**

PORTFOLIOMETRIX QUARTERLY INSIGHTS

SEPTEMBER 2024



GPS PORTFOLIOS

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1 MARKET COMMENTARY

This past quarter delivered strong performances in both global equity and bond markets. Falling interest rates, positive economic data, and a significant stimulus package from China have all contributed to these gains, despite some ups and downs along the way.

1.1 Developed Equity

Developed markets have shown healthy returns across all regions this quarter. The standout performer was the Pacific ex Japan market, driven by gains in Hong Kong and a strong recovery in China, which indirectly benefited the region. In the UK, the Labour party's decisive victory in the general election sparked optimism for a sustained economic recovery, further bolstered by the Bank of England's first rate cut in four years delivered in August.

In the US, while returns were modest compared to other regions, the S&P500 achieved its best performance for the first nine months of the year since the turn of the century. Japan, however, faced high volatility as the market reacted to the Bank of Japan's decision to raise interest rates, leading to significant currency fluctuations. Continental Europe delivered attractive returns in absolute terms but fell in the middle of the pack relative to other regions. Economic data from the Eurozone indicates a slowdown, with softer inflation figures supporting expectations for further interest rate cuts from the European Central Bank.

1.2 Emerging Equity

Emerging markets comfortably outperformed developed markets over the quarter. The primary drivers behind these gains were a substantial stimulus package from China and widespread monetary easing across most of the world, particularly in the US. These measures provided a strong boost to emerging markets, resulting in impressive returns across the region.

1.3 Global Fixed Income

The third quarter of 2024 marked the start of a new phase in the global economy, with many countries beginning to lower interest rates. This trend was reinforced when the US implemented a significant rate cut of 50 basis points in September. When bond yields fall, their prices rise, and vice versa. This inverse relationship meant that the general decline in yields was beneficial for fixed income assets.

1.4 Global Real Assets

Global property and infrastructure were the best-performing asset classes over the quarter, buoyed by lower interest rates and better-than-expected economic conditions.

1.5 Looking Ahead

The global economy is looking reasonably solid right now, especially in the US. With falling interest rates, it's a good time for riskier investments like stocks and property. However, we should be aware of potential risks. So far, the negative impacts of the conflict in the Middle East have been balanced out by the benefits of lower interest rates and a strong economy. But should oil prices spike due to supply and demand issues, it could negatively affect the markets. The same goes for the ongoing Russia/Ukraine crisis, which will hit its third anniversary early next year. The fourth quarter will also see the finalization of the US presidential elections. This has been the year of elections globally, and none have been more dramatic than that of the US.

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2 INDEX RETURNS AND MARKET INDICATORS

As of 30/09/2024

Global Asset Returns (USD)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Global Equity	6.6	18.7	31.8	8.1	12.2	9.4
Global Bonds	7.0	3.6	12.0	-3.1	-0.8	0.6
Global Property	16.8	12.8	31.1	1.3	2.5	5.5
Global Infrastructure	13.8	16.9	29.9	7.6	6.1	7.2

Developed Equity (USD)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Developed Equity	6.4	18.9	32.4	9.1	13.0	10.1
North America Equity	6.1	21.0	35.3	10.4	15.1	12.3
UK Equity	8.5	15.6	24.6	7.2	7.6	4.3
Europe Ex UK Equity	6.2	12.0	25.8	5.7	9.2	6.2
Japan Equity	5.7	12.4	21.6	2.7	7.1	6.4
Pacific Ex Japan Equity	14.3	15.1	28.2	4.8	6.3	5.3

Emerging Equity (USD)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
EM Equity	8.7	16.9	26.1	0.4	5.7	4.0
EM Latin America Equity	3.7	-12.5	2.8	7.2	2.1	0.6
EM Asia Equity	9.5	21.6	29.7	0.8	7.2	5.6
EM Europe Europe Equity	-2.5	12.4	26.9	-27.1	-13.9	-6.7

Fixed Income (USD)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Global Gov Bonds	7.8	2.6	10.9	-4.4	-2.1	-0.2
Global Corp Bonds	5.7	5.5	14.0	-1.0	1.3	3.0
Global HY Bonds	6.2	9.6	19.0	2.7	4.1	4.3
EM Local Currency Govt	7.0	5.7	13.0	1.3	2.2	1.7
EM Hard Currency Agg	6.1	8.1	17.2	-0.7	1.1	2.7

Commodities (USD)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Bloomberg Commodity Index	0.7	5.9	1.0	3.7	7.8	0.0
Gold Spot	13.7	28.4	42.5	14.8	12.5	8.2
Brent Crude	-17.5	-7.5	-25.2	-3.2	3.2	-2.9

Currency

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
EUR/USD	4.1	1.0	5.4	-1.2	0.5	-1.2
GBP/USD	6.1	5.2	9.9	-0.2	1.7	-1.9
US Dollar Index (DXY)	-4.8	-0.5	-5.1	2.3	0.3	1.6

Currency Movements

Positive movements indicate an appreciation of the price currency relative to the base currency in the Price/Base currency quoting convention. For example, if the Pound Sterling strengthens from £1.30/USD to £1.20/USD quarter-to-date (QTD), this is interpreted as an 8.33% appreciation of the Pound against the Dollar over the quarter.

Source: Morningstar Direct

Quarterly Insights



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3 ASSET CLASS PERIODIC TABLE

As of 30/09/2024

Asset Class Performance (USD)

	2019	2020	2021	2022	2023	YTD	QTD
Best	North American Equity 30.7	North American Equity 19.9	Global Property 28.7	Dollar Cash 1.7	North American Equity 26.0	North American Equity 21.0	Global Property 16.5
	Global Infrastructure 25.1	Emerging Market Equity 18.3	North American Equity 26.4	Global Infrastructure -4.9	Europe Ex UK Equity 21.7	Emerging Market Equity 16.9	Pacific Ex Japan Equity 14.3
	Europe Ex UK Equity 24.8	Japan Equity 14.5	UK Equity 17.2	Pacific Ex Japan Equity -5.9	Japan Equity 20.3	Global Infrastructure 16.2	Global Infrastructure 13.6
	UK Equity 24.0	Europe Ex UK Equity 10.9	Europe Ex UK Equity 15.7	UK Equity -10.9	UK Equity 14.4	UK Equity 15.6	Emerging Market Equity 8.7
	Global Property 22.8	Global Corporate Bonds 9.7	Global Infrastructure 14.9	Global High Yield Bonds -12.7	Global High Yield Bonds 14.0	Pacific Ex Japan Equity 15.1	UK Equity 8.5
	Japan Equity 19.6	Global Government Bonds 9.5	Pacific Ex Japan Equity 4.7	Global Corporate Bonds -15.3	Emerging Market Equity 9.8	Japan Equity 12.4	Global Government Bonds 7.8
	Emerging Market Equity 18.4	Global High Yield Bonds 7.0	Japan Equity 1.7	Japan Equity -16.6	Global Property 9.7	Europe Ex UK Equity 12.0	Global High Yield Bonds 6.2
	Pacific Ex Japan Equity 18.4	Pacific Ex Japan Equity 6.6	Global High Yield Bonds 1.0	Global Government Bonds -17.5	Global Corporate Bonds 8.5	Global Property 11.9	Europe Ex UK Equity 6.2
	Global Corporate Bonds 14.1	Dollar Cash 0.4	Dollar Cash 0.0	Europe Ex UK Equity -18.0	Pacific Ex Japan Equity 6.4	Global High Yield Bonds 9.6	North American Equity 6.1
	Global High Yield Bonds 12.6	Global Infrastructure -4.1	Global Corporate Bonds -0.9	North American Equity -19.5	Dollar Cash 5.2	Global Corporate Bonds 5.5	Japan Equity 5.7
	Global Government Bonds 5.6	UK Equity -6.9	Emerging Market Equity -2.5	Emerging Market Equity -20.1	Global Government Bonds 4.2	Dollar Cash 4.1	Global Corporate Bonds 5.7
Worst	Dollar Cash 2.3	Global Property -8.8	Global Government Bonds -6.6	Global Property -26.5	Global Infrastructure 2.2	Global Government Bonds 2.6	Dollar Cash 1.4

Source: Morningstar Direct

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4 PORTFOLIO PERFORMANCE

4.1 Core Portfolios

PortfolioMetrix Global Portfolio Series Performance (USD)

	QTD	YTD	1 Year	3 Years	5 Years	Since Inception
EAA Fund USD Cautious Allocation	4.1	6.6	12.7	1.0	2.5	2.8
GPS Profile 3	6.1	10.1	20.7	1.3	4.8	4.6
GPS Profile 4	6.1	11.0	22.0	2.0	5.5	5.2
EAA Fund USD Moderate Allocation	4.7	9.4	17.5	2.0	4.4	4.4
GPS Profile 5	6.1	12.4	23.8	2.9	6.8	6.1
GPS Profile 6	6.0	13.5	25.3	3.8	7.9	6.8
GPS Profile 7	6.0	14.5	26.7	4.6	8.9	7.7
EAA Fund USD Aggressive Allocation	4.6	11.6	20.2	3.3	6.7	5.9

4.2 Contributors and Detractors

The top performers this quarter were Catalyst Global Real Estate, which went up by 15.2%, Vanguard Pacific ex Japan with a 14.3% increase, and the M&G Global Listed Infrastructure fund, which rose by 12.5%. These funds did well thanks to a boost in global real assets and a positive recovery in China and nearby regions.

On the other hand, while emerging markets overall had a good quarter, Latin America and Emerging Europe didn't do as well. The Amundi MSCI EM Latin America fund only managed a 3.8% return, and the Trigon New Europe fund was the weakest, with just a 2.4% increase.

5 PORTFOLIO CHANGES

5.1 Strategic Asset Allocation

Towards the end of the quarter, we took a close look at our strategic asset allocation and proposed some significant changes for the investment committee to review. Once the team finalises any decisions, we'll share the details of such in a separate notice.

5.2 Equity Portfolio Changes

Over the quarter, we made some key changes within the global equity building block. We swapped the Invesco FTSE RAFI 1000 for a cheap S&P 500 passive portfolio. While the FTSE RAFI 1000 was more focused on fundamental value, the S&P 500 is a more straightforward market-capitalization approach. Nevertheless, we remain actively invested in US small caps through the William Blair US Small-Mid Cap Core fund, as this better aligns with market efficiencies and relative risk. Additionally, we are shifting towards a general approach for emerging market equities rather than focusing on specific sub-regions, and this transition is ongoing.

5.3 Fixed Income Portfolio Changes

There were no changes made in this asset class over the quarter.

5.4 Real Asset Changes

There were no changes made in this asset class over the quarter.

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