

## Multi-Asset Performance Summary – August 2023

**This monthly note summarises performance trends across key asset classes and detailed segments of equities and fixed income.**

August proved to be a volatile month for the global financial markets on the back of sharp rally in DM rates. UST yields jumped on the back of 1) surprise Fitch ratings downgrade of US sovereign rating “AAA” to “AA+” 2) BoJ announcing new flexibility in its YCC policy 3) US Treasury announcing a larger-than expected issuance to offset the decline in issuance during the debt-ceiling stand-off and 4) upward surprises in economic data. Following the Fitch sovereign ratings downgrade, Moody’s also revised down the credit ratings of ten mid-sized US banks and placed six of the larger banks on a watch for potential downgrade. End-August, S&P Global downgraded its credit ratings on five regional US banks citing risks in the commercial real estate sector. Economic data positively surprised, thus further delaying the prospects of DM policy accommodation. July ADP private payrolls was upbeat while July non-farm payrolls was in line with June’s revised number. Data for the month of July which was released during August showed that average hourly earnings rose faster than expected and the unemployment rate dropped. July US CPI data was in line with market expectations and confirmed that disinflation is in progress. US retail sales, industrial production, housing starts and Philadelphia Fed manufacturing outlook survey were also better than expected. In Europe, Q2 preliminary GDP rose at a better-than-expected rate of 0.3% q-o-q. Eurozone headline inflation declined in July while core inflation was unchanged. In the UK, data pointed to acceleration in wage growth, rising unemployment, weaker-than-expected retail sales, and higher-than-expected inflation. In Japan, Q2 GDP growth was upbeat while CPI slowed in line with expectations. In PMI surveys, services sector PMIs disappointed, falling into contractionary territory in Europe while they remained in expansion in the US. Manufacturing sector, which remains in contractionary zone across the board, disappointed further in the US and UK but surprised positively in the Eurozone. Japan reported rising PMIs in both manufacturing and services sectors. Finally, data out of China disappointed – trade (growth in both exports and imports), inflation (especially PPI), monetary statistics (aggregate financing, new yuan loans, and M2), industrial production, retail sales, and fixed asset investments were all below market expectations.

The Fed and the ECB did not meet in August. However, July FOMC Meeting minutes highlighted “significant upside to inflation”. In the much-awaited Jackson Hole Symposium, global central banks stressed on the need to keep rates higher to tame inflation. In the UK, the Bank of England raised interest rates by 25bp to 5.25%, the highest level since February 2008. The central bank acknowledged the recent mixed economic data but stressed that interest rates will remain elevated. China central bank, PBoC reduced its policy interest rates and increased injections of short-term liquidity into banking system.

**Equities:** Global equities recorded losses in August with the MSCI all country world index declining 2.8%. EM equities underperformed DM, but both posted negative returns. In DM, Canada and UK equities underperformed the most while US outperformed. In EM, EM LatAm was the worst performer. All sectors barring energy, registered losses. Energy was the best performer while utilities and material underperformed.

**Fixed income:** Global aggregate bonds came under pressure as 10Y UST yields jumped to the highest level since the global financial crisis while the UST yield curve significantly steepened. All sub-sector fixed income assets posted losses with the exception of EU Treasury, EU HY, US HY and EU IG. EM LCY sovereign was the worst performer, reversing July gains. Global Inflation-linked and Global Treasuries recorded losses. On the other hand, EU treasury was the best performer.

**Commodities:** Commodity prices declined in August, led by industrial metal prices. Oil prices, on the other hand, rose 1.9%. Precious metals fluctuated, with gold prices and silvers prices declining while platinum prices jumped.

**FX:** The USD shined in August, the only major asset recording positive returns. Increased safe haven demand amidst bond market volatility and equity market volatility spurred appetite for the USD. The EUR, GBP and JPY weakened against the USD.

**Others:** Cryptocurrencies index declined 13.72%. Global REITs dropped 3.37%.

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## Exhibit 1: Performance of major asset classes

Asset classes*	1Y	YTD	6M	3M	1M
Dollar Index spot	-4.67%	0.09%	-1.19%	-0.68%	1.73%
Global HY Credit	9.38%	6.74%	4.44%	4.03%	-0.51%
Commodity Aggregate	-12.83%	-6.01%	-0.12%	8.23%	-1.22%
Global Aggregate Bonds	-0.09%	0.74%	0.89%	-0.69%	-1.37%
Global Equities	13.95%	14.80%	10.29%	6.61%	-2.79%
Global REIT	-7.72%	0.10%	-3.90%	2.28%	-3.37%
Cryptocurrencies index	-0.13%	34.07%	-5.99%	-12.12%	-13.72%

Source: Bloomberg, and ADCB Asset Management | Notes: \*based on Bloomberg total return indices in USD terms as at close of August 31, 2023.

## Exhibit 2: Performance of major global bond indices

Global bond indices*	1Y	YTD	6M	3M	1M
EU Treasury	-3.35%	2.68%	2.64%	-0.12%	0.31%
EU HY	6.58%	5.94%	2.82%	1.94%	0.31%
US HY	7.16%	7.13%	4.54%	3.36%	0.28%
EU IG	1.07%	3.42%	2.65%	0.76%	0.16%
Global High Yield	9.38%	6.74%	4.44%	4.03%	-0.51%
US Treasury	-2.07%	0.70%	0.59%	-1.61%	-0.52%
US IG	0.90%	2.76%	2.05%	-0.02%	-0.78%
EM USD Corp + Quasi-Sov	2.72%	2.48%	1.50%	0.44%	-0.89%
Global Aggregate Credit	2.86%	3.32%	2.81%	0.70%	-0.98%
Global Corporate	3.05%	3.46%	2.78%	0.74%	-1.01%
Global Aggregate	-0.09%	0.74%	0.89%	-0.69%	-1.37%
EM USD sovereign	5.50%	4.16%	3.31%	2.63%	-1.54%
Global Treasuries	-1.13%	-0.48%	0.12%	-1.35%	-1.63%
Global Infl-Linked	-3.01%	1.52%	1.53%	0.57%	-1.78%
EM LCY sovereign	3.15%	2.05%	1.75%	0.46%	-2.04%

Source: Bloomberg, and ADCB Asset Management | Notes: \*based on Bloomberg total return indices in USD terms as at close of August 31, 2023.

## Exhibit 3: Performance of US Treasury index – by maturity

US Treasury Index by maturity*	1Y	YTD	6M	3M	1M
1-3 Year	1.27%	1.72%	1.77%	0.21%	0.39%
3-5 Year	-0.06%	1.20%	1.55%	-0.90%	0.08%
5-7 Year	-1.32%	0.98%	1.21%	-1.65%	-0.24%
7-10 Year	-3.53%	0.24%	0.39%	-2.59%	-0.74%
10-20 Year	-7.22%	-0.85%	-1.53%	-4.14%	-2.20%
20+ Year	-11.01%	-1.70%	-3.37%	-5.38%	-3.15%

Source: Bloomberg, and ADCB Asset Management | Notes: \*based on Bloomberg total return indices in USD terms as at close of August 31, 2023.

## Exhibit 4: Performance of EU Treasury index – by maturity

EU Treasury Index by maturity*	1Y	YTD	6M	3M	1M
3-5 Year	-1.55%	1.97%	2.25%	-0.03%	0.44%
7-10 Year	-2.90%	3.88%	3.35%	-0.13%	0.42%
5-7 Year	-2.13%	2.87%	2.88%	-0.08%	0.40%
1-3 Year	-0.49%	1.35%	1.58%	0.22%	0.37%
10+ Year	-7.60%	3.52%	3.23%	-0.45%	0.06%
20+ Year	-11.43%	2.15%	2.53%	-0.95%	-0.23%

Source: Bloomberg, and ADCB Asset Management | Notes: \*based on Bloomberg total return indices in USD terms as at close of August 31, 2023.

**Exhibit 5: Performance of EM USD sovereign bonds – by grade and by region**

EM USD sovereign	1Y	YTD	6 month	3 month	1 month
EM sovereign IG	-0.01%	1.86%	1.71%	-0.76%	-1.45%
EM USD sovereign	5.50%	4.16%	3.31%	2.63%	-1.54%
EM sovereign HY	11.86%	6.43%	5.28%	6.26%	-1.73%
<b>Region</b>					
Asia	1.45%	3.73%	2.67%	0.47%	-1.19%
China	-0.65%	1.41%	1.27%	-1.14%	-0.18%
South Korea	-2.29%	1.01%	0.66%	-2.04%	-0.85%
Malaysia	-1.70%	1.81%	1.12%	-1.49%	-0.89%
Indonesia	1.24%	2.01%	1.60%	-0.98%	-1.66%
Philippines	-0.83%	1.16%	1.98%	-1.34%	-1.71%
EMEA	4.57%	2.68%	2.76%	2.30%	-1.91%
Kuwait	-1.05%	0.96%	0.90%	-1.37%	-0.37%
Turkey	18.47%	7.68%	8.84%	7.97%	-0.37%
Oman	7.34%	5.01%	3.07%	1.83%	-0.61%
Bahrain	7.90%	4.71%	2.58%	3.11%	-0.62%
Saudi Arabia	-3.16%	0.03%	0.89%	-1.33%	-1.21%
Poland	0.35%	0.77%	1.39%	-1.25%	-1.53%
UAE	-1.71%	0.48%	0.93%	-1.12%	-1.55%
Qatar	-2.93%	0.33%	0.87%	-1.26%	-1.66%
Hungary	5.32%	4.35%	1.85%	1.39%	-1.74%
South Africa	5.39%	1.42%	1.39%	4.25%	-2.90%
Egypt	-4.01%	-11.14%	-9.11%	7.59%	-7.63%
LATAM	9.03%	6.57%	4.46%	4.21%	-1.16%
Peru	2.12%	4.10%	3.58%	0.43%	-1.14%
Mexico	4.53%	5.88%	3.45%	0.45%	-1.16%
Brazil	5.70%	5.37%	3.87%	1.18%	-1.43%
Colombia	9.22%	7.03%	7.95%	5.38%	-1.56%
Chile	3.93%	3.67%	3.01%	-1.06%	-1.74%
Argentina	39.25%	23.12%	6.05%	29.93%	-1.85%

Source: Bloomberg, and ADCB Asset Management | Notes: \*based on Bloomberg total return indices in USD terms as at close of August 31, 2023.

**Exhibit 6: Performance of EM USD corporate bonds – by grade and by region**

EM corporate bonds	1Y	YTD	6 month	3 month	1 month
EM USD Corp + Quasi-Sov HY	5.40%	2.38%	0.90%	2.51%	-0.77%
EM USD Corp + Quasi-Sov	2.72%	2.48%	1.50%	0.44%	-0.89%
EM USD Corp + Quasi-Sov IG	1.64%	2.50%	1.73%	-0.37%	-0.94%
<b>Region</b>					
Asia	1.55%	1.78%	0.31%	-0.81%	-0.97%
South Korea	1.47%	3.03%	2.45%	0.25%	0.28%
India	3.36%	3.62%	3.38%	-0.09%	-0.57%
Philippines	-1.48%	7.51%	0.26%	2.98%	-0.86%
China	0.92%	0.24%	-1.32%	-1.50%	-1.24%
Malaysia	-0.66%	3.03%	1.27%	-1.75%	-1.45%
Thailand	1.30%	3.96%	1.91%	-0.73%	-1.48%
Indonesia	3.81%	4.42%	2.39%	0.05%	-1.55%
EMEA	2.89%	3.29%	2.40%	0.97%	-0.53%
Turkey	16.49%	7.27%	7.49%	7.35%	1.13%
Kuwait	2.40%	3.34%	1.26%	0.84%	0.23%
Bahrain	5.13%	3.50%	2.05%	1.37%	0.20%
UAE	0.26%	2.06%	1.40%	-0.39%	-0.72%
Qatar	-0.88%	1.37%	0.78%	-0.59%	-0.90%
Poland	1.55%	3.38%	1.29%	-0.22%	-1.09%
South Africa	3.70%	3.65%	1.51%	2.21%	-1.14%
Saudi Arabia	-0.78%	1.33%	1.09%	-0.96%	-1.19%
LATAM	4.75%	2.95%	2.81%	2.23%	-1.10%
Colombia	9.07%	6.74%	7.66%	5.65%	0.06%
Argentina	28.88%	17.03%	6.94%	12.34%	-0.08%
Brazil	2.46%	1.94%	4.22%	2.05%	-0.20%
Peru	4.00%	3.45%	3.16%	2.36%	-1.01%
Mexico	4.22%	2.32%	0.94%	1.80%	-1.67%
Chile	2.47%	0.59%	1.13%	-0.93%	-2.41%

Source: Bloomberg, and ADCB Asset Management | Notes: \*based on Bloomberg total return indices in USD terms as at close of August 31, 2023.

## Exhibit 7: Performance of equities – by region

Equities: Regions*	1Y	YTD	6M	3M	1M
US	15.19%	18.73%	14.22%	8.35%	-1.74%
DM	15.60%	16.11%	11.11%	6.99%	-2.39%
Japan	15.30%	13.59%	11.22%	4.64%	-2.42%
ACWI	13.95%	14.80%	10.29%	6.61%	-2.79%
GCC	-10.43%	2.83%	6.54%	3.07%	-3.10%
Europe ex UK	24.95%	13.89%	5.08%	3.89%	-3.95%
UK	14.82%	7.67%	0.84%	3.12%	-4.01%
Canada	5.15%	6.99%	2.63%	5.37%	-4.19%
EM EMEA	0.37%	2.90%	5.07%	6.34%	-5.32%
APac ex Japan	0.29%	2.32%	1.03%	2.39%	-6.09%
EM	1.25%	4.55%	3.62%	3.47%	-6.16%
EM LatAm	18.20%	15.55%	12.12%	9.21%	-7.28%

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: \*based on MSCI total return indices in USD terms as at close of August 31, 2023.

## Exhibit 8: Performance of equities – by sector

Equities: Sectors*	1Y	YTD	6M	3M	1M
Energy	12.24%	5.37%	7.34%	15.01%	1.23%
Health Care	9.41%	0.99%	5.97%	3.54%	-0.96%
IT	27.34%	37.40%	24.92%	6.20%	-2.17%
Comm. Services	16.88%	30.12%	20.78%	6.83%	-2.42%
Real Estate	-7.58%	-0.14%	-2.78%	3.56%	-3.28%
Industrials	19.17%	13.25%	8.31%	8.36%	-3.34%
Cons. Staples	4.98%	2.10%	3.29%	1.66%	-3.49%
Cons. Discr.	11.13%	24.15%	12.98%	10.46%	-3.50%
Financials	10.05%	4.79%	-0.60%	7.30%	-4.00%
Materials	11.50%	4.64%	1.04%	7.13%	-5.03%
Utilities	-6.80%	-4.58%	0.87%	-1.20%	-5.68%

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: \*based on MSCI total return indices in USD terms as at close of August 31, 2023.

## Exhibit 9: Performance of equities – by factors and themes

Equities: Factors and themes*	1Y	YTD	6M	3M	1M
US Large Cap Growth	23.73%	38.99%	27.53%	9.60%	-0.81%
Quality	22.31%	23.50%	18.75%	7.58%	-1.14%
Nasdaq-100**	26.31%	41.69%	28.72%	8.75%	-1.62%
Momentum	9.18%	4.72%	7.01%	8.13%	-1.64%
Growth	17.86%	25.04%	17.10%	6.53%	-2.51%
Dividend yield	11.18%	5.59%	5.82%	6.02%	-2.52%
NYSE FANG+**	49.07%	76.20%	43.07%	9.34%	-2.53%
Large cap	14.98%	16.02%	11.65%	6.62%	-2.63%
Value	9.72%	5.19%	3.55%	6.70%	-3.10%
Small cap	8.67%	9.61%	2.90%	7.60%	-3.48%
Mid cap	8.34%	8.24%	3.01%	6.56%	-3.73%
HK Tech**	-2.20%	1.23%	6.48%	15.24%	-8.14%

Source: MSCI, NYSE, Hang Seng, Nasdaq, Refinitiv, and ADCB Asset Management | Notes: \*based on MSCI total return indices in USD terms as at close of August 31, 2023; \*\*price return indices in USD terms as at close of August 31, 2023.

**Exhibit 10: Performance of select country equity indices**

Equities: Select countries*	1Y	YTD	6M	3M	1M
US	15.19%	18.73%	14.22%	8.35%	-1.74%
India	1.33%	6.19%	14.70%	5.77%	-1.90%
Saudi Arabia	-9.06%	6.22%	12.21%	3.24%	-2.27%
Japan	15.30%	13.59%	11.22%	4.64%	-2.42%
UAE	-7.94%	-0.69%	1.81%	3.64%	-2.77%
Spain	35.50%	20.99%	5.95%	7.84%	-2.96%
Switzerland	14.42%	10.94%	8.22%	2.53%	-3.54%
France	29.83%	16.21%	4.58%	4.70%	-3.88%
UK	14.82%	7.67%	0.84%	3.12%	-4.01%
Canada	5.15%	6.99%	2.63%	5.37%	-4.19%
Kuwait	-8.38%	-5.58%	-4.87%	2.59%	-4.32%
Australia	4.92%	2.55%	-0.84%	4.55%	-4.32%
Taiwan	6.52%	15.45%	3.63%	-2.12%	-4.49%
Mexico	42.19%	26.94%	8.69%	5.56%	-4.50%
Germany	31.37%	15.62%	4.84%	3.27%	-4.84%
Qatar	-21.12%	-2.30%	-2.53%	0.00%	-7.56%
South Korea	8.70%	12.61%	7.74%	-1.02%	-7.60%
China A	-13.27%	-8.13%	-12.23%	-2.58%	-7.95%
Brazil	11.17%	12.36%	15.73%	11.51%	-8.32%
Hong Kong	-8.05%	-12.88%	-9.67%	-2.80%	-8.59%
Netherlands	24.18%	14.07%	2.71%	-1.72%	-8.61%
China	-7.53%	-4.66%	-4.84%	4.84%	-8.96%
South Africa	0.69%	-6.62%	-2.99%	8.21%	-12.30%

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: \*based on MSCI total return indices in USD terms as at close of August 31, 2023.



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