

## Multi-Asset Performance Summary – July 2023

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

In July 2023, the global market sentiment experienced fluctuations due to a mix of factors with evidence of resilient economic data and concerns about potential global central bank tightening. Economic data played an important role in dictating the market sentiment which ended the month on a positive note. The ISM survey at the first week of July indicated strong growth in the services sector, contrasting with a moderation in manufacturing. Inflation continued to inch lower as US June headline inflation rose 3% y-o-y, at the lowest level since March 2021 while US core inflation rose 4.8% y-o-y below consensus estimates. In Eurozone, June headline inflation dropped and came in below consensus expectations while core inflation ticked higher and remained sticky. In the UK, June headline and core inflation both cooled but core inflation remained sticky. Jobs data showed strength in the labour market. In the US, June ADP private payrolls report came better than expected while June non-farm payrolls report surprised on the downside. Meanwhile, the average hourly wage gains continue to remain elevated at 4.4%, while unemployment rate dropped to 3.6%, both confirming still strong labour market conditions. In the UK, jobless rate jumped to 4% while average wages rose 7.3% in three months to May. Meanwhile PMI surveys continued to highlight weakness in manufacturing activity, particularly in the Eurozone and the UK while services activity also showed signs of stalling, in Eurozone. On the other hand, 2Q US GDP preliminary release showed annualised 2.4% q-o-q expansion, materially stronger than the 1.8% expected, raising prospects of soft landing. Lastly, China GDP surprised on the downside while CPI and PPI indicated a deflationary trend. However, talks of more stimulus measures boosted the market sentiment.

Global risk sentiment improved during the last week of July, helped by signals from DM central banks suggesting possible pauses in their tightening measures. While the Fed and ECB both raised rates by 25bp, they hinted at potential pause. In contrast, the Bank of Japan kept rates unchanged but introduced flexibility to its yield curve control policy.

**Equities:** Global equities rallied in July with the MSCI all country world index gaining 3.66%. The month started on a subdued note but later sentiment improved due to positive economic data and signs of central bank tightening nearing an end. EM equities outperformed DM. In DM, UK equities outperformed the most while Europe underperformed. In EM, EM EMEA was the best performer with South Africa leading the gains. Though all sectors gained, energy and communication services were the top performers, while healthcare rose the least.

**Fixed income:** Global aggregate bonds posted marginal gains in July as DM yields rose led by US Treasuries. All sub-sector fixed income assets recorded gains with the exception of US Treasury and EU Treasury. EM LCY sovereign was the top performer, gaining 2.43%. Global HY also performed well, rising c2% in July. US HY outperformed EU HY while EU IG outperformed US IG. EM USD sovereigns recorded strong gains, driven by EM USD HY sovereigns.

**Commodities:** Commodity prices rose 5.78% in July, making them the best performing asset class. Contrary to the June's performance, oil prices rose 4%, driven by improved growth prospects and supply cuts. Precious metals fluctuated, with gold prices recording declines while silver prices jumped.

**FX:** The USD weakened in the first two weeks of July but slightly bounced back in the latter half of July, as markets turned more optimistic about soft landing hopes. The EUR weakened against the USD, while the GBP ended flat. The JPY slightly strengthened versus the USD on the back of a surprise policy tweak by the Bank of Japan.

**Others:** Cryptocurrencies index declined 0.63%. Global REITs rose 3.21%.

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# Investment Strategy

Multi-Asset | August 03 2023

## Exhibit 1: Performance of major asset classes

Asset classes*	1Y	YTD	6M	3M	1M
Commodity Aggregate	-11.89%	-4.85%	-3.99%	2.90%	5.78%
Global Equities	12.91%	18.11%	10.96%	8.50%	3.66%
Global REIT	-10.47%	3.59%	-5.17%	1.73%	3.21%
Global HY Credit	8.28%	7.29%	2.98%	3.35%	1.96%
Global Aggregate Bonds	-2.70%	2.13%	-1.11%	-1.28%	0.69%
HF Fund weighted Composite	3.71%	3.39%	0.71%	1.94%	0.00%
Cryptocurrencies index	0.75%	55.38%	9.33%	-4.42%	-0.63%
Dollar Index spot	-3.82%	-1.61%	-0.24%	0.19%	-1.03%

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

## Exhibit 2: Performance of major global bond indices

Global bond indices*	1Y	YTD	6M	3M	1M
EM LCY sovereign	3.86%	4.17%	-0.09%	1.08%	2.43%
Global High Yield	8.28%	7.29%	3.04%	3.35%	1.96%
EM USD sovereign	6.09%	5.79%	2.37%	3.43%	1.83%
US HY	4.41%	6.83%	3.07%	2.13%	1.38%
EU HY	4.96%	5.61%	2.44%	2.34%	1.12%
EU IG	-3.35%	3.26%	1.12%	0.78%	1.05%
Global Corporate	0.22%	4.52%	0.77%	-0.16%	0.95%
Global Aggregate Credit	0.07%	4.34%	0.82%	-0.20%	0.90%
Global Infl-Linked	-7.29%	3.35%	-0.33%	-0.82%	0.70%
Global Aggregate	-2.70%	2.13%	-0.99%	-1.28%	0.69%
Global Treasuries	-3.77%	1.17%	-1.79%	-1.91%	0.60%
EM USD Corp + Quasi-Sov	3.45%	3.40%	0.55%	0.59%	0.60%
US IG	-1.30%	3.56%	0.05%	-0.70%	0.34%
EU Treasury	-8.66%	2.36%	0.03%	-0.01%	-0.16%
US Treasury	-4.01%	1.23%	-0.88%	-2.25%	-0.35%

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

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

US Treasury Index by maturity*	1Y	YTD	6M	3M	1M
1-3 Year	0.07%	1.33%	0.74%	-0.52%	0.35%
3-5 Year	-2.38%	1.12%	-0.21%	-1.80%	0.20%
5-7 Year	-4.17%	1.21%	-0.75%	-2.44%	-0.10%
7-10 Year	-6.53%	0.99%	-1.64%	-3.28%	-0.62%
10-20 Year	-9.34%	1.37%	-3.39%	-4.53%	-1.69%
20+ Year	-12.18%	1.50%	-4.37%	-5.15%	-2.46%

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

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

EU Treasury Index by maturity*	1Y	YTD	6M	3M	1M
3-5 Year	-5.01%	1.52%	0.51%	-0.07%	0.52%
1-3 Year	-2.27%	0.98%	0.62%	0.10%	0.47%
5-7 Year	-6.77%	2.46%	0.70%	0.07%	0.39%
7-10 Year	-8.78%	3.44%	0.63%	0.11%	-0.02%
10+ Year	-16.16%	3.45%	-1.45%	-0.16%	-1.49%
20+ Year	-21.45%	2.38%	-3.66%	-0.75%	-2.43%

Source: Bloomberg, and ADCB Asset Management | Notes: \*based on Bloomberg total return indices in USD terms as at close of July 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 HY	14.17%	8.30%	4.37%	8.00%	3.73%
EM USD sovereign	6.09%	5.79%	2.37%	3.43%	1.83%
EM sovereign IG	-0.76%	3.35%	0.92%	-0.72%	0.32%
<b>Region</b>					
Asia	2.31%	4.98%	2.19%	1.24%	0.62%
Indonesia	1.72%	3.73%	1.50%	-0.08%	0.61%
Philippines	-0.75%	2.92%	1.12%	-0.40%	0.44%
China	-2.62%	1.59%	-0.16%	-1.83%	-0.09%
Malaysia	-2.11%	2.73%	0.53%	-1.60%	-0.29%
South Korea	-3.84%	1.88%	-0.57%	-2.24%	-0.59%
EMEA	6.21%	4.67%	2.56%	3.21%	2.39%
Egypt	15.16%	-3.80%	-7.73%	18.41%	9.98%
Turkey	20.78%	8.08%	8.81%	5.12%	4.71%
South Africa	5.20%	4.45%	1.46%	3.25%	3.96%
Bahrain	9.90%	5.37%	2.64%	2.60%	2.01%
Oman	9.02%	5.66%	2.26%	1.49%	1.68%
Hungary	1.39%	6.21%	2.78%	1.16%	1.27%
Poland	1.45%	2.33%	1.27%	-1.20%	0.76%
UAE	-1.90%	2.06%	0.29%	-0.91%	0.30%
Qatar	-3.47%	2.03%	-0.56%	-1.48%	0.18%
Saudi Arabia	-3.86%	1.26%	-0.28%	-1.66%	0.14%
Kuwait	-1.18%	1.33%	-0.22%	-1.31%	0.06%
LATAM	7.87%	7.81%	2.17%	4.86%	1.58%
Colombia	6.20%	8.72%	5.98%	7.55%	4.03%
Argentina	48.55%	25.44%	0.56%	40.28%	3.51%
Brazil	5.43%	6.89%	4.25%	2.28%	1.84%
Mexico	3.52%	7.13%	2.36%	0.06%	0.49%
Chile	-0.68%	5.51%	1.58%	-1.38%	0.07%
Peru	-0.34%	5.30%	3.03%	-0.29%	-0.18%

Source: Bloomberg, and ADCB Asset Management | Notes: \*based on Bloomberg total return indices in USD terms as at close of July 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	7.45%	3.18%	-0.81%	2.01%	1.10%
EM USD Corp + Quasi-Sov	3.45%	3.40%	0.55%	0.59%	0.60%
EM USD Corp + Quasi-Sov IG	1.85%	3.48%	1.09%	0.04%	0.40%
<b>Region</b>					
Asia	2.23%	2.78%	-0.06%	-0.59%	-0.06%
Philippines	-0.14%	8.44%	1.75%	0.86%	1.00%
Indonesia	5.47%	6.06%	2.13%	1.21%	0.59%
Thailand	2.16%	5.53%	1.07%	-0.02%	0.50%
South Korea	-0.19%	2.75%	1.42%	-0.35%	0.39%
India	3.78%	4.21%	2.87%	0.92%	0.01%
Malaysia	0.75%	4.55%	1.21%	-0.78%	0.00%
China	1.94%	1.50%	-1.48%	-1.31%	-0.40%
EMEA	3.66%	3.84%	1.47%	0.64%	0.82%
Turkey	19.21%	6.07%	5.36%	3.76%	2.65%
South Africa	4.83%	4.84%	0.53%	1.21%	2.11%
Bahrain	6.82%	3.29%	1.55%	1.54%	0.75%
Poland	3.64%	4.52%	-0.38%	1.12%	0.58%
Kuwait	2.83%	3.10%	0.78%	0.62%	0.51%
Saudi Arabia	-0.29%	2.55%	0.17%	-1.05%	0.34%
UAE	1.51%	2.80%	0.88%	-0.15%	0.28%
Qatar	-1.03%	2.29%	0.30%	-0.59%	-0.06%
LATAM	5.57%	4.09%	0.77%	2.74%	1.60%
Argentina	45.16%	17.13%	6.82%	16.27%	4.14%
Colombia	9.04%	6.68%	3.34%	6.09%	3.27%
Peru	5.82%	4.51%	2.61%	2.89%	1.46%
Brazil	2.44%	2.14%	0.36%	2.03%	1.41%
Mexico	4.24%	4.06%	-0.35%	2.00%	1.39%
Chile	4.00%	3.07%	0.69%	0.76%	0.84%

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

## Exhibit 7: Performance of equities – by region

Equities: Regions*	1Y	YTD	6M	3M	1M
EM EMEA	5.18%	8.69%	5.30%	5.65%	6.94%
EM	8.35%	11.42%	2.03%	8.41%	6.23%
APac ex Japan	6.59%	8.96%	-0.93%	6.47%	5.76%
EM LatAm	30.94%	24.62%	14.12%	16.78%	5.15%
ACWI	12.91%	18.11%	10.96%	8.50%	3.66%
GCC	-6.64%	6.12%	4.08%	2.54%	3.44%
UK	12.87%	12.16%	4.53%	0.37%	3.44%
US	12.58%	20.83%	15.10%	10.93%	3.41%
DM	13.48%	18.95%	12.13%	8.52%	3.36%
Canada	5.27%	11.66%	3.44%	3.95%	3.24%
Japan	15.14%	16.41%	9.22%	9.23%	3.02%
Europe ex UK	21.74%	18.58%	8.20%	2.05%	2.96%

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

## Exhibit 8: Performance of equities – by sector

Equities: Sectors*	1Y	YTD	6M	3M	1M
Energy	13.38%	4.09%	1.43%	3.21%	6.57%
Comm. Services	15.50%	33.35%	18.69%	11.87%	6.31%
Materials	14.38%	10.18%	0.65%	5.00%	5.51%
Financials	12.39%	9.16%	1.56%	7.28%	5.35%
Cons. Discr.	10.98%	28.65%	14.11%	13.61%	4.11%
Industrials	18.68%	17.17%	11.66%	9.00%	3.27%
Real Estate	-9.64%	3.25%	-4.51%	1.10%	2.88%
IT	22.82%	40.45%	28.25%	17.39%	2.60%
Cons. Staples	5.95%	5.80%	5.09%	-1.39%	2.01%
Utilities	-2.23%	1.16%	1.55%	-1.03%	1.94%
Health Care	3.94%	1.97%	3.01%	0.26%	1.47%

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

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

Equities: Factors and themes*	1Y	YTD	6M	3M	1M
HK Tech**	5.05%	10.20%	-0.66%	16.62%	16.33%
Small cap	9.68%	13.56%	5.72%	8.94%	5.12%
Mid cap	9.20%	12.44%	4.86%	7.24%	4.56%
Value	10.13%	8.56%	4.11%	5.39%	4.13%
Dividend yield	9.89%	8.32%	5.50%	3.79%	3.87%
NYSE FANG+**	47.08%	80.77%	55.43%	31.41%	3.83%
Nasdaq-100**	21.69%	44.03%	32.27%	18.96%	3.81%
Large cap	13.58%	19.15%	12.10%	8.72%	3.50%
Momentum	9.02%	6.47%	5.69%	4.64%	3.49%
US Large Cap Growth	18.04%	40.12%	28.90%	16.40%	3.28%
Growth	15.32%	28.26%	17.94%	11.45%	3.23%
Quality	16.96%	24.92%	18.07%	11.04%	3.23%

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 July 31, 2023; \*\*price return indices in USD terms as at close of July 31, 2023.

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

Equities: Select countries*	1Y	YTD	6M	3M	1M
South Africa	10.14%	6.48%	0.20%	6.15%	12.64%
China	1.79%	4.71%	-7.37%	5.44%	10.76%
Qatar	-13.09%	5.69%	1.43%	8.59%	9.03%
China A	-9.28%	-0.19%	-9.79%	-2.64%	6.74%
South Korea	13.74%	21.87%	5.82%	12.26%	6.50%
Brazil	29.03%	22.56%	15.76%	22.42%	4.89%
Mexico	41.44%	32.92%	13.25%	7.71%	4.61%
UAE	-7.06%	2.14%	5.92%	0.91%	4.41%
Australia	8.53%	7.19%	-3.52%	4.07%	4.00%
Switzerland	12.14%	15.01%	8.06%	1.46%	3.60%
Kuwait	-4.61%	-1.32%	-1.72%	-0.19%	3.46%
UK	12.87%	12.16%	4.53%	0.37%	3.44%
US	12.58%	20.83%	15.10%	10.93%	3.41%
Canada	5.27%	11.66%	3.44%	3.95%	3.24%
Germany	29.26%	21.50%	7.98%	2.44%	3.06%
Japan	15.14%	16.41%	9.22%	9.23%	3.02%
India	7.54%	8.25%	11.14%	10.96%	2.99%
Hong Kong	-2.93%	-4.69%	-9.62%	-2.91%	2.84%
Netherlands	22.08%	24.81%	8.88%	8.44%	2.75%
France	26.50%	20.90%	8.48%	0.79%	2.18%
Saudi Arabia	-5.11%	8.69%	6.10%	2.44%	2.17%
Spain	33.74%	24.68%	11.85%	4.82%	2.10%
Taiwan	10.08%	20.87%	5.02%	10.01%	0.78%

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

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