

Multi-Asset Performance Summary – September 2023

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

Risk sentiment deteriorated in third quarter of 2023 as investors embraced the “higher for longer” narrative leading to rise in global bond yields. By region, US economic data surprised on the upside fuelling expectations of tighter monetary policy. US consumer spending remained robust while job market continued to show resilience. Price trends continued to show signs of disinflation. On the other hand, economic data out of other regions showed weakness. In Eurozone, economic data pointed to bleak economic activity. Eurozone 2Q23 GDP was revised lower to 0.1% q-o-q from initial estimate of 0.4% q-o-q. Eurozone inflation fell to the lowest level in two years in September. In the UK, July GDP print showed that the economy contracted faster than expected, but GDP growth rate increased on a three month rolling basis. UK unemployment rose unexpectedly in three months to July while total wage growth accelerated during the same period. In Japan, the second estimate for 2Q23 GDP was revised down to 4.8% q-o-q, from 6.0% in the first reading. Finally, China recovery picked up pace slowly with subtle signs of improving economic outlook. Global activity data showed evidence of manufacturing activity bottoming out. On the other hand, global services activity slowed especially in the Eurozone and the UK, where the services PMI moved into contractionary territory.

In central bank meetings, the Federal Reserve left rates unchanged in September after raising once in July. However, the latest September summary of economy projections indicated the possibility of another rate hike this year and fewer rate cuts in 2024. Elsewhere, the ECB raised rates both in July and then in September however it indicated that it was at the end of its hiking cycle. The BoE raised rates in August but surprised with a pause in September, taking a dovish U-turn. The BoJ surprised the markets with a policy tweak in its yield curve control policy but continued to advocated a dovish bias, despite commentary suggesting otherwise. Elsewhere, the PBOC eased monetary policy to support economic activity, surprising with cut in its loan prime rate and also reducing the reserve ratio requirements.

Equities: Global equities as measured by the MSCI All Country World index recorded losses of 3.40% in 3Q 23, after a strong 1H 23, taking the year-to-date gains to 10%. DM equities underperformed EM, both declining in 3Q 23. By countries, in DM, Europe-ex-UK underperformed the most while UK fell the least in 3Q 23. In EM, EM LatAM was the worst performer while EM EMEA was the best performer in 3Q 23. By sectors energy and communication services were the only two sectors posting positive performance.

Fixed income: Global aggregate bonds declined by 3.6%, underperforming global equities in 3Q 23. The underperformance was led by Global inflation-linked and Global treasuries due to their long-duration exposure. On the other hand, Global HY was the best performer in 3Q 23. By sub-sectors, EU HY, US HY and EU IG recorded positive returns in 3Q 23. Yields on the 10Y UST hit its highest level since 2007 in September while yields on 10Y German bunds rose to the highest level since 2011. As a result, long-dated sovereigns underperformed the most while the 1-3yr maturity segment recorded positive returns.

Commodities: Commodities were the best performing asset class in 3Q 23, helped by the rise in oil prices. Oil prices jumped in 3Q 23 with Brent crude prices rising by 28%. Extension of supply cuts from Saudi Arabia and Russia was the main driver. Industrial metals jumped 2% in 3Q 23, but fluctuated tracking the economic news out of China. Precious metals declined by c5% in 3Q 23 amidst rising bond yields and strong USD bias. Gold prices declined for the second quarter in a row.

FX: The USD was also the best performer in 3Q 23 with the DXY index rising 3%, posting its best quarterly gain in a year. The EUR, GBP, and JPY all lost against the USD on the growth exceptionalism of the US.

Others: Cryptocurrencies index rose 1.77% in September but was down c13% for 3Q. Global REITs continued to drop in September falling 7%, the biggest underperformer out of major asset classes.

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Exhibit 1: Performance of major asset classes

Asset classes*	1Y	YTD	6M	3M	1M
Dollar Index spot	-5.30%	2.56%	3.58%	3.17%	2.47%
Cryptocurrencies index	9.53%	36.44%	-14.55%	-12.74%	1.77%
Commodity Aggregate	-5.96%	-7.06%	-0.63%	3.31%	-1.12%
Global HY Credit	13.41%	5.05%	1.84%	-0.17%	-1.59%
Global Aggregate Bonds	2.24%	-2.21%	-5.06%	-3.59%	-2.92%
Global Equities	20.80%	10.06%	2.56%	-3.40%	-4.14%
Global REIT	-1.27%	-6.91%	-7.42%	-7.26%	-7.00%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of September 29, 2023.

Exhibit 2: Performance of major global bond indices

Global bond indices*	1Y	YTD	6M	3M	1M
EU HY	11.30%	6.30%	3.51%	1.78%	0.33%
EU IG	3.65%	2.53%	0.77%	0.34%	-0.86%
US HY	10.28%	5.86%	2.21%	0.46%	-1.18%
EM USD Corp + Quasi-Sov	6.47%	1.12%	-1.06%	-1.62%	-1.33%
Global High Yield	13.41%	5.05%	1.84%	-0.17%	-1.59%
EM LCY sovereign	5.85%	-0.04%	-3.05%	-1.71%	-2.04%
US Treasury	-0.81%	-1.52%	-4.40%	-3.06%	-2.21%
EU Treasury	-2.18%	-0.06%	-2.46%	-2.52%	-2.66%
Global Corporate	6.13%	0.71%	-2.66%	-2.73%	-2.67%
US IG	3.65%	0.02%	-3.37%	-3.09%	-2.67%
Global Aggregate Credit	5.82%	0.51%	-2.73%	-2.81%	-2.72%
Global Aggregate	2.24%	-2.21%	-5.06%	-3.59%	-2.92%
Global Treasuries	1.01%	-3.63%	-6.51%	-4.17%	-3.17%
EM USD sovereign	9.02%	0.69%	-1.37%	-3.07%	-3.33%
Global Infl-Linked	1.41%	-2.58%	-6.75%	-5.08%	-4.04%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of September 29, 2023.

Exhibit 3: Performance of US Treasury index – by maturity

US Treasury Index by maturity*	1Y	YTD	6M	3M	1M
1-3 Year	2.44%	1.69%	0.10%	0.71%	-0.03%
3-5 Year	1.56%	0.29%	-1.96%	-0.62%	-0.90%
5-7 Year	0.43%	-0.86%	-3.73%	-2.15%	-1.82%
7-10 Year	-1.93%	-2.87%	-6.18%	-4.42%	-3.11%
10-20 Year	-6.34%	-7.16%	-11.96%	-9.97%	-6.37%
20+ Year	-10.69%	-9.46%	-15.04%	-12.99%	-7.90%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of September 29, 2023.

Exhibit 4: Performance of EU Treasury index – by maturity

EU Treasury Index by maturity*	1Y	YTD	6M	3M	1M
3-5 Year	0.31%	1.08%	0.32%	0.57%	-0.27%
7-10 Year	-0.48%	0.94%	-0.49%	-0.05%	-1.00%
5-7 Year	-0.78%	0.97%	-1.25%	-1.07%	-1.85%
1-3 Year	-1.43%	0.84%	-2.41%	-2.54%	-2.93%
10+ Year	-6.65%	-2.79%	-6.77%	-7.44%	-6.09%
20+ Year	-11.11%	-6.12%	-9.97%	-10.53%	-8.09%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of September 29, 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	16.16%	3.90%	2.73%	-0.49%	-2.38%
EM USD sovereign	9.02%	0.69%	-1.37%	-3.07%	-3.33%
EM sovereign IG	3.11%	-1.98%	-4.55%	-4.86%	-3.77%
Region					
Asia	6.57%	0.88%	-1.69%	-3.30%	-2.75%
China	0.56%	-0.29%	-3.19%	-1.94%	-1.68%
Malaysia	-0.43%	-0.83%	-4.36%	-3.74%	-2.59%
South Korea	-1.64%	-1.99%	-5.25%	-4.36%	-2.97%
Indonesia	5.02%	-1.31%	-3.80%	-4.28%	-3.25%
Philippines	3.14%	-2.56%	-4.31%	-4.92%	-3.68%
EMEA	8.36%	0.44%	-0.77%	-1.75%	-2.18%
Egypt	8.25%	-10.03%	-0.03%	2.85%	1.24%
Kuwait	2.79%	0.35%	-1.56%	-0.91%	-0.60%
Turkey	17.69%	6.34%	3.26%	3.02%	-1.25%
Bahrain	10.28%	3.33%	1.15%	0.04%	-1.32%
Oman	11.41%	3.03%	0.50%	-0.85%	-1.89%
UAE	1.92%	-2.09%	-3.93%	-3.78%	-2.56%
Saudi Arabia	0.52%	-2.79%	-4.12%	-3.86%	-2.82%
South Africa	8.94%	-1.72%	-3.33%	-2.17%	-3.09%
Qatar	0.79%	-3.07%	-5.26%	-4.82%	-3.39%
Poland	-0.60%	-2.65%	-4.39%	-4.15%	-3.39%
Hungary	8.73%	0.41%	-2.87%	-4.26%	-3.78%
LATAM	11.25%	0.91%	-2.11%	-4.92%	-5.31%
Brazil	7.32%	3.19%	-0.95%	-1.68%	-2.07%
Colombia	11.83%	2.56%	-1.24%	-1.87%	-4.18%
Peru	4.65%	-0.96%	-4.31%	-6.12%	-4.86%
Chile	4.79%	-1.74%	-6.32%	-6.80%	-5.22%
Mexico	5.86%	-0.43%	-5.42%	-6.60%	-5.96%
Argentina	39.47%	4.52%	-0.02%	-13.75%	-15.10%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of September 29, 2023

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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	11.18%	1.82%	0.23%	-0.23%	-0.54%
EM USD Corp + Quasi-Sov	6.47%	1.12%	-1.06%	-1.62%	-1.33%
EM USD Corp + Quasi-Sov IG	4.62%	0.83%	-1.58%	-2.17%	-1.63%
Region					
Asia	4.72%	0.65%	-2.07%	-2.14%	-1.11%
South Korea	1.39%	7.57%	1.03%	0.20%	0.06%
India	7.63%	3.15%	1.73%	-1.00%	-0.44%
Philippines	3.10%	2.41%	-0.05%	0.06%	-0.61%
China	3.71%	-0.65%	-3.24%	-2.51%	-0.88%
Malaysia	4.42%	1.48%	-1.97%	-3.35%	-2.38%
Thailand	10.20%	1.36%	-1.93%	-3.87%	-2.93%
Indonesia	2.63%	-0.20%	-4.45%	-4.54%	-3.13%
EMEA	6.23%	2.13%	-0.05%	-0.85%	-1.12%
Turkey	7.67%	3.80%	2.57%	1.25%	0.29%
Kuwait	17.34%	7.53%	4.83%	4.05%	0.24%
Bahrain	4.74%	3.21%	1.57%	0.61%	-0.13%
UAE	3.99%	0.89%	-0.83%	-1.58%	-1.14%
Qatar	8.27%	2.41%	-0.87%	-0.25%	-1.19%
Poland	2.13%	-0.41%	-2.31%	-2.69%	-1.76%
South Africa	3.76%	1.52%	-2.87%	-2.31%	-1.80%
Saudi Arabia	2.39%	-0.81%	-2.93%	-2.94%	-2.11%
LATAM	10.10%	0.99%	-0.18%	-1.42%	-1.90%
Colombia	7.96%	0.84%	1.26%	0.12%	-1.08%
Argentina	9.03%	1.73%	1.18%	-1.25%	-1.67%
Brazil	10.49%	0.43%	-1.67%	-2.14%	-1.84%
Peru	15.32%	4.74%	3.60%	1.39%	-1.88%
Mexico	6.44%	-2.09%	-3.10%	-4.21%	-2.66%
Chile	28.06%	11.42%	6.06%	-0.94%	-4.80%

Source: Bloomberg, and ADCB Asset Management | Notes: *based on Bloomberg total return indices in USD terms as at close of September 29, 2023.

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Exhibit 7: Performance of equities – by region

Equities: Regions*	1Y	YTD	6M	3M	1M
UK	24.90%	6.77%	0.62%	-1.54%	-0.84%
Japan	25.92%	11.21%	4.73%	-1.59%	-2.10%
EM LatAm	19.37%	12.89%	8.63%	-4.75%	-2.30%
GCC	-6.19%	0.21%	1.73%	-2.31%	-2.54%
EM	11.70%	1.82%	-2.05%	-2.93%	-2.62%
APac ex Japan	11.60%	-0.45%	-4.37%	-3.37%	-2.71%
EM EMEA	5.62%	-0.16%	0.92%	-1.77%	-2.98%
Canada	11.49%	3.79%	-0.50%	-4.04%	-2.99%
ACWI	20.80%	10.06%	2.56%	-3.40%	-4.14%
DM	21.95%	11.10%	3.13%	-3.46%	-4.31%
US	21.03%	13.13%	5.15%	-3.18%	-4.72%
Europe ex UK	30.10%	8.32%	-3.22%	-5.94%	-4.89%

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of September 29, 2023.

Exhibit 8: Performance of equities – by sector

Equities: Sectors*	1Y	YTD	6M	3M	1M
Energy	27.33%	8.12%	11.58%	10.70%	2.61%
Financials	17.45%	2.73%	4.26%	-0.86%	-1.97%
Comm. Services	29.06%	26.00%	7.55%	0.46%	-3.16%
Health Care	10.64%	-2.21%	-0.50%	-2.69%	-3.17%
Materials	16.80%	0.52%	-4.55%	-3.74%	-3.94%
Cons. Staples	8.14%	-2.74%	-5.91%	-6.22%	-4.74%
Utilities	0.02%	-9.32%	-8.70%	-8.62%	-4.96%
Industrials	26.43%	7.61%	0.81%	-5.16%	-4.98%
Cons. Discr.	16.71%	17.59%	2.98%	-4.85%	-5.29%
Real Estate	-0.77%	-6.30%	-6.76%	-6.63%	-6.16%
IT	35.88%	28.47%	6.68%	-6.16%	-6.50%

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of September 29, 2023.

Exhibit 9: Performance of equities – by factors and themes

Equities: Factors and themes*	1Y	YTD	6M	3M	1M
Dividend yield	17.42%	2.95%	0.86%	-1.28%	-2.50%
Value	16.98%	2.42%	1.17%	-1.76%	-2.63%
Large cap	21.73%	11.26%	3.15%	-3.35%	-4.10%
Mid cap	15.67%	3.58%	-0.69%	-3.68%	-4.31%
Momentum	13.13%	0.12%	1.21%	-2.68%	-4.39%
Quality	28.73%	17.70%	6.28%	-2.73%	-4.70%
Small cap	15.24%	4.34%	0.09%	-3.41%	-4.80%
Nasdaq-100**	34.13%	34.51%	11.64%	-3.06%	-5.07%
Growth	24.41%	18.17%	3.85%	-4.89%	-5.50%
US Large Cap Growth	30.47%	31.13%	10.73%	-3.35%	-5.65%
NYSE FANG+**	57.06%	65.69%	19.06%	-4.84%	-5.96%
HK Tech**	13.64%	-5.04%	-8.90%	0.24%	-6.19%

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 September 29, 2023.; **price return indices in USD terms as at close of September 29, 2023.

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Exhibit 10: Performance of select country equity indices

Equities: Select countries*	1Y	YTD	6M	3M	1M
UAE	2.23%	3.80%	12.27%	6.11%	4.52%
India	10.10%	7.96%	15.28%	2.72%	1.67%
Brazil	15.24%	12.60%	16.29%	-3.63%	0.21%
Qatar	-17.84%	-3.01%	-2.35%	0.06%	-0.73%
UK	24.90%	6.77%	0.62%	-1.54%	-0.84%
Kuwait	-1.90%	-7.24%	-3.63%	-2.73%	-1.75%
China A	-5.90%	-9.77%	-13.80%	-3.51%	-1.79%
Japan	25.92%	11.21%	4.73%	-1.59%	-2.10%
China	5.24%	-7.29%	-11.46%	-1.94%	-2.75%
Australia	15.24%	-0.38%	-3.08%	-3.34%	-2.86%
Spain	44.29%	17.40%	1.51%	-3.85%	-2.96%
Canada	11.49%	3.79%	-0.50%	-4.04%	-2.99%
South Africa	6.67%	-9.86%	-9.33%	-4.64%	-3.46%
Taiwan	21.78%	11.09%	-3.19%	-7.38%	-3.78%
Saudi Arabia	-5.87%	1.70%	1.62%	-4.41%	-4.26%
US	21.03%	13.13%	5.15%	-3.18%	-4.72%
South Korea	26.21%	6.85%	-2.49%	-6.62%	-5.11%
France	34.48%	10.06%	-3.98%	-6.98%	-5.29%
Switzerland	16.01%	5.07%	-1.55%	-5.36%	-5.29%
Hong Kong	-2.58%	-17.59%	-15.57%	-11.08%	-5.40%
Germany	35.52%	8.79%	-5.14%	-7.72%	-5.90%
Mexico	33.65%	18.82%	-1.26%	-6.48%	-6.39%
Netherlands	27.03%	4.98%	-10.00%	-13.58%	-7.97%

Source: MSCI, Refinitiv, and ADCB Asset Management | Notes: *based on MSCI total return indices in USD terms as at close of September 29, 2023.

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