



THROGMORTON
PRIVATE CAPITAL

Monthly Market Update



December 2024

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November Commentary

“US equities were buoyed by the US presidential election result and outperformed all other developed markets”

The US election results drove market performance in November. Outside US markets, the election result was met with some caution. Emerging markets under-performed developed markets and Chinese equities declined due to concerns about a potential trade war and a negative assessment of the previously announced government support measures.

Global bond markets ended the month on a positive note, despite volatility earlier in the month surrounding the US elections.

United Kingdom

FTSE All Share: 2.49%

UK equities rose over the month, helping to recoup some of the losses suffered following the October Budget. However, there was a cooling in the UK's services sector, with the UK purchasing managers' index (PMI) for services falling, albeit still remaining at an expansionary level.

The Bank of England (BoE) cut interest rates by 0.25% in November. Meanwhile, the Office for National Statistics confirmed that the unemployment rate was 4.3% for the three months to September (up slightly from 4% Q3 '24). Wage inflation had remained strong at 4.8% and comfortably ahead of inflation.



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United States

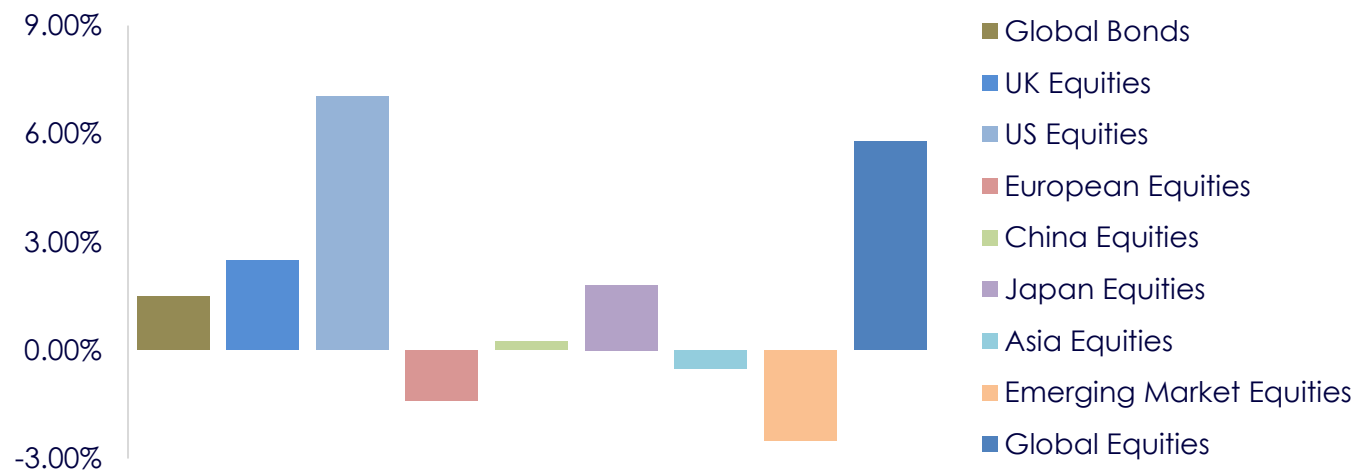
S&P 500: 7.04%

US shares enjoyed strong gains in November. Donald Trump emerged as the clear winner in the US Presidential election and equities were buoyed by expectations that his policy programme will lift growth, lower taxes and cut regulation. The Republican party also gained control of Congress which could make it easier

Eurozone inflation was 2.3% up from 2.0% the previous month. However, the rise is thought unlikely to derail the European Central Bank's (ECB) monetary policy easing, given economic weakness.

Political instability in Germany and France, impacted both equity and bond markets. French borrowing costs rose amid worries that the government would fail to obtain sufficient

Discrete Quarterly Performance as at 30/11/2024



for Trump to implement his campaign promises.

The US Federal Reserve (Fed) lowered interest rates by 0.25% in November. The policy-setting Federal Open Market Committee stated that labour market conditions had generally "eased", and that inflation was still "somewhat elevated". Data released later in the month showed that US annual inflation, as measured by the consumer price index, ticked up to 2.6% from 2.4% the previous month.

Europe

FTSE Developed Europe ex UK: -1.41%

Eurozone shares finished down in November. Exporters were in focus amid concerns over potential tariffs from the US, as well as ongoing lacklustre demand from China.

Economic data from the Eurozone continued to point to weakness. The PMI fell to a 10-month low of 48.1, with both the services and manufacturing sectors showing contraction.

parliamentary support for a cost-cutting budget.

China

CSI 300: 0.25%

Mainland China and Hong Kong experienced sharp declines in the month as the prospect of a second Trump presidency raised the risk of heightened tensions over trade and technology. As part of his election campaign, Donald Trump had pledged to impose tariffs of 60% or more on manufactured Chinese goods.

Japan

MSCI Japan: 1.81%

The Japanese equity market finished November up, but partly due to a weakening Yen, which boosted the returns for foreign investors. Investor sentiment was impacted by concerns over the potential US tariffs, as well as the trade restrictions against China. This led to under-performance of Japanese exporters.

After further depreciation of the Yen following Trump's win, expectations of further rate hikes by the Bank of Japan increased, which in turn supported the performance of financial stocks.

Emerging Markets

MSCI Emerging Markets: -2.49%

Donald Trump's win in the US presidential election acted as a headwind for emerging market equities. Markets weakened in the face of a strengthening US Dollar and investor concerns about the impact of Trump's intended tariffs, particularly on China.

The Philippines, Indonesia and Brazil all underperformed. Korea and Taiwan also declined amid foreign equity outflows.

While Mexico, Saudi Arabia and Malaysia all delivered a negative return, these markets outperformed the index. India was also ahead of the index given it is relatively less affected by global trade than some of its peers.

Global Bonds

Bloomberg Barclays Global Agg: 1.49%

In the US, following the Fed's interest rate cut of 0.5% in September, investors anticipated an additional 0.25% reduction at the November meeting, which was duly delivered.

However, expectations are that the Fed might be forced to keep interest rates higher for longer, following Trump's election win, as his proposed policies are likely to bring inflationary pressures. However, the 10-year Treasury yield ended the month 0.11% lower, dropping to 4.17%, which had a positive impact on capital values.

Despite the uncertainty in Europe, 10-year government bond yields fell. This was also the case in the UK, where Gilts rallied over the month. Following the BoE interest rate cut of 0.25%, the Monetary Policy Committee highlighted the difficulty of interpreting data and that a "gradual approach" to removing policy restraints remains appropriate.

All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Cumulative Performance and Annualised Volatility as at 30/11/2024

	1 Year %	3 Years %	5 Years %	Volatility % ²
Global Bonds	4.22	-7.54	-5.26	5.71
UK Equities	15.75	25.52	32.21	14.13
US Equities	32.81	42.04	106.62	13.89
European Equities	7.38	12.60	38.39	14.46
Japan Equities	12.97	15.60	31.85	12.40
Asia Equities	15.86	14.45	45.83	16.00
China Equities	13.40	-20.06	13.52	19.30
Emerging Market Equities	11.41	0.18	19.13	14.37
Global Equities	27.32	34.01	82.72	13.18

Data source FE Analytics 30/11/2024. Indices used: Global Bonds: Bloomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), China: CSI 300, Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.

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