

JUNE 2024

# MONTHLY INVESTMENT COMMENTARY

## Market Overview

**In June equity and bond markets continued to move together, with both asset classes rallying over the month. Inflation in the US came in at 0.0% month on month, below market expectations, which proved positive for both equities and bonds. Retail sales in the US were also below market expectations, highlighting that the strength of the consumer is softening somewhat, after a very strong start to the year. At the Federal Reserve meeting, whilst the deposit rate was unchanged, the forward projections from the Fed (the Dots), showed just one cut this year, fewer than the two cuts that were previously implied for the year.**

## Equities

- Equity markets rallied, with the MSCI World up over 3.0% on the month.
- Within equities, returns were once again strongest in US markets, and our holding in a SPDR S&P 500 ETF was a large contributor to returns.
- Stock markets continue to perform in part due to higher earnings expectations, particularly in businesses involved in AI.
- European equity markets lagged, beset by rising political volatility, as a surge in the polls for both the far-right and far-left parties in France impacted markets.

## Fixed Income

- Fixed income also generated positive returns, with the 10-year US bond rallying 11bps over the month.
- Within the asset class, our position in UK Government bonds added value over the course of the month.

## Alternatives and Diversifying Assets

- Our holdings in both Diversifying Assets and Alternatives were slight detractors over the month, as commodities and REITs both fell slightly.
- In the case of REITs, we believe that their valuations and persistent discounts to net asset value represent excellent opportunities over the medium term.

## PLEASE GET IN TOUCH



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## 5 STAR DEFAQTO RATED

Pacific Asset Management has received the highest possible rating from Defaqto for 2024, meaning it is considered to be one of the highest quality MPS offerings on the market.



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