2024 Economic & Market Review

Events

Jan 4 - India-Maldives Diplomatic Row.

Jan 29 - Chinese property giant Evergrande with more than $300 billion in debt is ordered to liquidate by a Hong Kong court.

Jan 29 - Elon Musk tweets his company Neuralink has implanted a 'brain-reading' device into a person for the first time.

Jan 30 - Former Pakistani PM Imran Khan, already in jail on corruption charges, sentenced to a further 10 years for leaking state secrets.

Feb 7 - Israeli Prime Minister Benjamin Netanyahu rejects Hamas's ceasefire proposal.

Feb 16 - Donald Trump and Trump Organization ordered to pay $354 million in fines in NY civil fraud case.

Mar 13 - US House of Representatives votes to force TikTok owner China-based ByteDance to sell the social media platform or face a ban in the US.

Mar 17 - Vladimir Putin is re-elected as Russian President.

Apr 10 - South Korea's liberal opposition party wins landslide majority in the country's general election.

Apr 13 - Iran launches a strike on Israel with 300 drones and missiles in retaliation for the bombing of its embassy in Damascus.

Apr 15 - Donald Trump becomes the first former US President to stand trial on criminal charges.

May 5 - Chinese Premier Xi Jinping visits Europe for the first time in five years, arriving in France.

May 16 - Dow Jones Industrial Average surpasses 40,000 points for 1st time.

May 19 - Iran's President Ebrahim Raisi dies in a helicopter crash.

May 23 - UK Prime Minister Rishi Sunak calls an early general election for the 4th of July.

May 30 - Jury in New York City find former US President Donald Trump guilty on 34 felony counts of falsifying business records.

Jun 4 - Indian Prime Minister Narendra Modi's Bharatiya Janata party wins the most seats but not a majority, in the country's general election.

Jun 12 - South Florida floods.

Jun 13 - Elon Musk secures Tesla shareholders' approval for a $46 billion pay deal - the largest in American corporate history.

Jun 18 - Russian President Vladimir Putin is greeted by Kim Jong-un on his arrival in North Korea, his first visit in 24 years.

Jul 1 - US Supreme Court rules ex-presidents have immunity from prosecution for all official acts.

Jul 5 - Keir Starmer succeeds Rishi Sunak as Prime Minister of the United Kingdom in a landslide victory for the Labour Party.

Jul 13 - Former US President Donald Trump survives an assassination attempt at an outdoor campaign rally in rural Butler, Pennsylvania.

Jul 18 - Chinese Third Plenum, a five-yearly decision-making summit, ends with a focus on "Chinese Modernisation".

Jul 21 - US President Joe Biden abandons his campaign for re-election and endorses Vice President Kamala Harris.

Jul 26 - Opening Ceremony for the XXXIII Olympiad in Paris.

Jul 29 - America's gross national debt tops $35 trillion for the first time, according to the US Treasury Department.

Jul 30 - Hamas political leader Ismail Haniyeh is assassinated in Iran's capital Tehran.

Sep 15 - Man arrested and charged with the attempted assassination of former US president Donald Trump.

Sep 25 - Canadian Prime Minister Justin Trudeau survives a no-confidence vote in parliament.

Sep 27 - Hezbollah leader for more than 30 years, Hassan Nasrallah is killed by an Israeli airstrike.

Sep 30 - The UK is the first major economy to give up coal, stopping operations at its last coal-fired power station at Ratcliffe-on-Soar.

Oct 1 - Shigeru Ishiba becomes Japan's new Prime Minister as leader of the ruling Liberal Democratic Party, after a leadership contest, to replace Fumio Kishida.

Oct 13 - SpaceX completes the first recapture of a rocket, as its Starship rocket booster is caught by a giant pair of mechanical arms in a test flight near Brownsville, Texas.

Oct 17 - Israel claims to have killed Hamas leader Yahya Sinwar.

Oct 28 - UK records its lowest-ever fertility rate of 1.44 children per woman in 2023, with 591,072 births in England and Wales, the lowest in 172 years.

Nov 5 - President Donald Trump is re-elected.

Nov 6 - Germany's coalition government collapses after Chancellor Olaf Scholz fires Finance Minister Christian Lindner.

Nov 14 - US Republicans re-gain control of the House of Representatives, they now control all three parts of US federal government, the House, Senate and the Presidency.

Nov 19 - Ukraine for the first time fires American-made longer-range missiles into Russia, after the US eases restrictions on their use.

Nov 28 - Australia is the first country to pass legislation banning children under 16-years-old from social media. confidence vote for the first time since 1962.

Dec 3 - South Korean president President Yoon Suk Yeol declares martial law for the first time in 50 years, prompting an emergency vote against it by the National Assembly.

Dec 4 - French government led by Prime Minister Michel Barnier is toppled by a no confidence vote for the first time since 1962.

Dec 8 - Syrian President Bashar al-Assad resigns and flees to Moscow after rebel forces sweep into the capital city of Damascus.

Dec 9 - Google unveils a new quantum computer, capable of performing a mathematical calculation in 5 minutes, that the most powerful supercomputers could not complete in 10 septillion years.

Dec 14 - South Korean President Yoon Suk Yeol is impeached by a vote in the National Assembly after his failed attempt to impose martial law.

World stock market returns

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Q4 '24
Japan TOPIX 54.4%	US S&P 500 13.7%	Japan TOPIX 12.1%	UK FTSE All-Share 16.8%	MSCI Asia ex-Japan 42.1%	US S&P 500 -4.4%	US S&P 500 31.5%	MSCI Asia ex-Japan 25.4%	US S&P 500 28.7%	UK FTSE All-Share 0.3%	Japan TOPIX 28.3%	US S&P 500 25.0%	Japan TOPIX 5.4%
US S&P 500 32.4%	Japan TOPIX 10.3%	MSCI Europe ex-UK 9.1%	US S&P 500 12.0%	MSCI EM 37.8%	UK FTSE All-Share -9.5%	MSCI Europe ex-UK 27.5%	MSCI EM 18.7%	MSCI Europe ex-UK 24.4%	Japan TOPIX -2.5%	US S&P 500 26.3%	Japan TOPIX 20.5%	US S&P 500 2.4%
MSCI Europe ex-UK 24.2%	MSCI Europe ex-UK 7.4%	US S&P 500 1.4%	MSCI EM 11.6%	Japan TOPIX 22.2%	MSCI Europe ex-UK -10.6%	UK FTSE All-Share 19.2%	US S&P 500 18.4%	UK FTSE All-Share 18.3%	MSCI Europe ex-UK -12.2%	MSCI Europe ex-UK 17.3%	MSCI Asia ex-Japan 12.5%	UK FTSE All-Share -0.4%
UK FTSE All-Share 20.8%	MSCI Asia ex-Japan 5.1%	UK FTSE All-Share 1.0%	MSCI Asia ex-Japan 5.8%	US S&P 500 21.8%	MSCI Asia ex-Japan -14.1%	MSCI EM 18.9%	Japan TOPIX 7.4%	Japan TOPIX 12.7%	US S&P 500 -18.1%	MSCI EM 10.3%	UK FTSE All-Share 9.5%	MSCI Europe ex-UK -3.6%
MSCI Asia ex-Japan 3.3%	UK FTSE All-Share 1.2%	MSCI Asia ex-Japan -8.9%	MSCI Europe ex-UK 3.2%	MSCI Europe ex-UK 14.5%	MSCI EM -14.2%	MSCI Asia ex-Japan 18.5%	MSCI Europe ex-UK 2.1%	MSCI EM -2.2%	MSCI Asia ex-Japan -19.4%	UK FTSE All-Share 7.9%	MSCI Europe ex-UK 8.1%	MSCI Asia ex-Japan -7.4%
MSCI EM -2.3%	MSCI EM -1.8%	MSCI EM -14.6%	Japan TOPIX 0.3%	UK FTSE All-Share 13.1%	Japan TOPIX -16.0%	Japan TOPIX 18.1%	UK FTSE All-Share -9.8%	MSCI Asia ex-Japan -4.5%	MSCI EM -19.7%	MSCI Asia ex-Japan 6.3%	MSCI EM 8.1%	MSCI EM -7.8%

Source: FTSE, LSEG Datastream, MSCI, S&P Global, TOPIX, J.P. Morgan Asset Management. All indices are total return in local currency, except for MSCI Asia ex-Japan and MSCI EM, which are in US dollars. Past performance is not a reliable indicator of current and future results. Data as of 31 December 2024.

US

The S&P 500 delivered an impressive 25.0% return in 2024, achieving back-to-back years of gains exceeding 20% - a milestone last seen during the 1998–1999 period. As the top-performing equity market globally, the index benefited not only from the continued dominance of the “Magnificent Seven” artificial intelligence (AI) stocks but also from strengthening economic momentum, which fuelled a broadening of earnings expectations that are expected to persist into 2025.

Communication services (42.3%) and IT (38.9%) led the market, with AI serving as a strong tailwind for companies in these sectors. Notably, 2024 also marked a broadening of returns beyond AI-driven stocks, as all sectors posted positive performances.

Consumer discretionary (32.2%) and financials (32.2%) delivered standout results, while utilities (24.5%), industrials (19.0%), and consumer staples (16.0%) also achieved double-digit gains, highlighting the widespread nature of the market rally.

GDP growth averaged 2.6% quarter on quarter annualised over the first three quarters of 2024 and the Federal Reserve Bank of Atlanta GDP nowcast is projecting a similarly strong end to the year.

We believe the US economy is in a far more precarious position than many investors may realise. To briefly outline some key concerns: US households have exhausted over $2 trillion in pandemic savings; bank deposits have reverted to pre-pandemic levels; delinquency rates for credit cards and auto loans have climbed to their highest since 2011; the labour market is showing signs of cooling, with declines in job-finding, quitting, and hiring rates; the inventory of newly completed homes for sale continues to grow; and corporate bankruptcies have surpassed pre-pandemic levels. Despite these challenges, market sentiment remains highly optimistic, with the added headwind of much higher expectations for growth compared to 12 months ago.

We maintain our investments in the US market but with a more cautious approach, focusing on reducing exposure to market beta. Our US exposure is primarily through minimum volatility, growth-at-a-reasonable-price (GARP), and large cap factors.

UK

UK equities delivered a modest outperformance relative to their continental peers, with the FTSE All Share gaining 9.5% as the economy rebounded from the lows of 2023. This cyclical recovery was initially buoyed by post-election optimism, but momentum waned following an autumn budget that introduced steeper-than-expected tax hikes.

The national insurance increase on employment weighed heavily on business sentiment, as late-year surveys indicated declining hiring activity and rising price pressures, leaving the Bank of England in a difficult position.

The Bank of England took a measured approach to monetary policy in 2024. The Monetary Policy Committee initially held the Bank Rate steady at 5.25% before implementing two 25 basis point cuts in August and November, bringing the rate down to 4.75% by year-end.

Looking ahead, the OBR forecasts suggest a continuation of modest economic growth, with real GDP expected to rise by 2.0% in 2025. Inflation is projected to average 2.6% in 2025, gradually returning to the 2% target in subsequent years. The government's fiscal strategy aims to achieve a current budget surplus by 2029-30, with public sector net financial liabilities expected to fall as a share of GDP by the same year.

However, challenges remain, including the need to boost business investment, address labour market constraints, and navigate global economic uncertainties.

The slower growth over 2024 was partly attributed to softer commodity prices, weaker-than-expected sales to China, and heightened risks to global growth stemming from higher trade tariffs under the new US administration. Although, the impact of these tariffs is less pronounced in the UK compared to other parts of Europe.

The UK budget fell short of being as growth- and investment-friendly as anticipated, with measures such as increases in employer National Insurance contributions and the National Living Wage adding pressure on businesses. Nevertheless, the announced spending should provide some support for economic growth in the year ahead.

Consequently, we anticipate inflation to remain elevated in the near term before gradually easing throughout 2025. Public sector pay agreements and increased government spending following the autumn budget are expected to bolster demand in the short term.

Many companies have emerged from an earnings recession, benefiting from cost-cutting measures that have driven margin expansion. In a market where high valuations—such as those in the US—are becoming increasingly prevalent, the UK stands out with its attractive combination of affordability and growth potential.

Europe ex-UK

European economic momentum weakened significantly over the year, with the manufacturing sector particularly hard hit by high energy costs, subsidised competition from China, declining export demand, and restrictive regulations. Political instability in key economies such as France and Germany - driven by fiscal pressures and the rise of populist parties - further compounded the region's challenges.

In a year of strong global equity performance, Europe's limited exposure to AI trends contributed to its relative underperformance, with the MSCI Europe ex-UK index returning 8.1%, lagging markets like the US. The European Central Bank responded to the economic slowdown by cutting its key rate four times since June, reducing it from 4.50% to 3.15% by year-end. Despite persistent inflationary pressures, the ECB signalled a clear path toward further easing in 2025.

The Europe ex-UK region is poised for a challenging 2025, as sluggish growth, persistent core inflation, and limited policy support weigh on economic prospects. High energy costs and weakening global demand are expected to dampen industrial output, while stagnant wages and declining consumer confidence suppress domestic spending. Structural inefficiencies and geopolitical risks further exacerbate the region's vulnerabilities, with export-reliant economies like Germany particularly exposed to slowing global trade (shown in figure below).

TRUMP TARIFFS THREAT INDEX

	Visibility Risk						Economic Vulnerability									
	Trade surplus with US		Export to US ($)		Defense spending as % of GDP		Export to US (% GDP)		Total export as % of GDP		Manufacturing as % of GDP		Vehicle export as % of GDP		Average	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank	**Index**	**Rank**
Mexico	2.7	1	2.9	1	1.8	1	2.9	1	0.1	6	0	7	1.9	2	**1.7**	**1**
Canada	0.7	5	2.3	2	0.5	6	2.2	2	-0.5	12	-0.7	14	-0.1	9	**0.6**	**2**
Germany More risk	1.1	2	0.4	3	0.2	8	0.4	3	0.2	4	0.9	4	1.1	3	**0.6**	**3**
Belgium	-0.7	15	-0.5	12	0.7	5	-0.5	12	3.1	1	-0.3	10	2.2	1	**0.6**	**4**
Taiwan	0.8	4	0	6	-0.9	16	0.2	5	1.6	2	2.6	1	-0.8	13	**0.5**	**5**
Japan	0.8	3	0.3	4	0.9	3	0.3	4	-0.9	17	0.6	5	0.2	7	**0.3**	**6**
South Korea	0.7	6	0.2	5	-2.3	18	0.2	6	0.1	5	1.5	2	0.7	5	**0.2**	**7**
Switzerland	-0.1	8	-0.4	10	1.5	2	-0.4	10	0	7	0.5	6	-1	16	**0**	**8**
Italy	0.3	7	-0.2	7	-0.3	13	-0.2	7	-0.3	11	0.9	3	-0.4	10	**0**	**9**
Sweden	-0.4	10	-0.6	14	0.4	7	-0.6	15	0	8	-0.2	9	0.7	4	**-0.1**	**10**
Spain	-0.6	14	-0.6	13	0.1	10	-0.6	13	-0.5	13	-0.8	16	0.4	6	**-0.4**	**11**
Denmark	-0.5	11	-0.7	16	0.2	9	-0.7	16	-0.2	10	-0.2	8	-0.8	14	**-0.4**	**12**
France	-0.3	9	-0.3	9	-0.8	15	-0.3	9	-0.8	15	-0.5	11	-0.4	11	**-0.5**	**13**
Norway	-0.5	12	-0.7	17	-0.2	12	-0.7	17	0.7	3	-1.1	17	-1	15	**-0.5**	**14**
New Zealand	-0.6	13	-0.7	18	0.7	4	-0.7	18	-1	18	-0.7	13	-1.1	17	**-0.6**	**15**
Netherlands	-1.6	18	-0.5	11	-0.1	11	-0.5	11	-0.7	14	-0.5	12	-0.1	8	**-0.6**	**16**
UK Less risk	-0.8	16	-0.3	8	-1.4	17	-0.3	8	-0.2	9	-0.8	15	-0.6	12	**-0.6**	**17**
Australia	-1	17	-0.6	15	-0.7	14	-0.6	14	-0.8	16	-1.3	18	-1.1	18	**-0.9**	**18**

Source: BCA Research

Adding to these pressures is the potential for another round of tariffs from the incoming Trump administration, which could significantly impact global growth. Tariffs and trade wars represent a substantial headwind for European growth and equities, given their close ties to global exports.

Japan

Renewed optimism about the end of deflation, combined with a weak yen and ongoing corporate reforms, propelled the Japanese TOPIX index to a record high, delivering impressive local returns of 20.5% in 2024. This performance positioned it as the second-best performing major equity market of the year. When measured in sterling terms, the gains were more modest, at 9.68%.

On July 30, 2025, the Bank of Japan (BoJ) raised its key interest rate for the second time in 17 years, increasing the rate to 0.25% from the previous range of 0% to 0.1%. This decision marked a significant shift in the country's monetary policy.

The Japanese market experienced considerable volatility in August, primarily due to the unwinding of carry trades. The "yen carry trade," a strategy in which investors borrow funds from low-interest-rate countries like Japan to invest in higher-yielding currencies, faced substantial unwinding. This led to a sharp decline in the Nikkei 225 and TOPIX, both falling around 20% within a few days in early August.

A rapid appreciation of the yen contributed to the downturn in the stock market, triggering further unwinding of "yen short" positions—bets on the yen's depreciation. This led to a sharp rise in the yen's value as traders liquidated their positions.
For instance, in mid-July, the US dollar was valued at over 161 yen, but by the end of the Asian trading session in early August, it had fallen to 142 yen, representing a 12% decline. This sharp appreciation was sufficient to negate an entire year's worth of interest payments on yen carry trade positions.

Although the rate increase did shift the direction of the yen, market conditions, including stretched short-term positioning in both the yen and the Nikkei, were already contributing to the instability. Furthermore, the softer US employment data in July likely played a more significant role in exacerbating global market reactions. Japan appears to have sidestepped deflation in 2024, with recent data underscoring the economy's resilience. A tight labour market has bolstered wage growth, fuelling robust consumer spending. While manufacturing continues to face external challenges, the services sector has shown a notable rebound.

Inflation remains persistently high, with core CPI (excluding fresh food) at 2.7%, exceeding the Bank of Japan's target. Reflecting confidence in sustained above-trend growth, the BoJ maintains a hawkish stance heading into 2025.

Looking ahead, the new government's ¥39 trillion fiscal package is set to drive a modest increase in government expenditure in 2025. Planned income tax threshold adjustments and a higher minimum wage are expected to support a gradual recovery in private consumption. Weak consumer confidence will likely limit household spending, with a portion of real income gains being saved rather than spent.

Emerging Markets

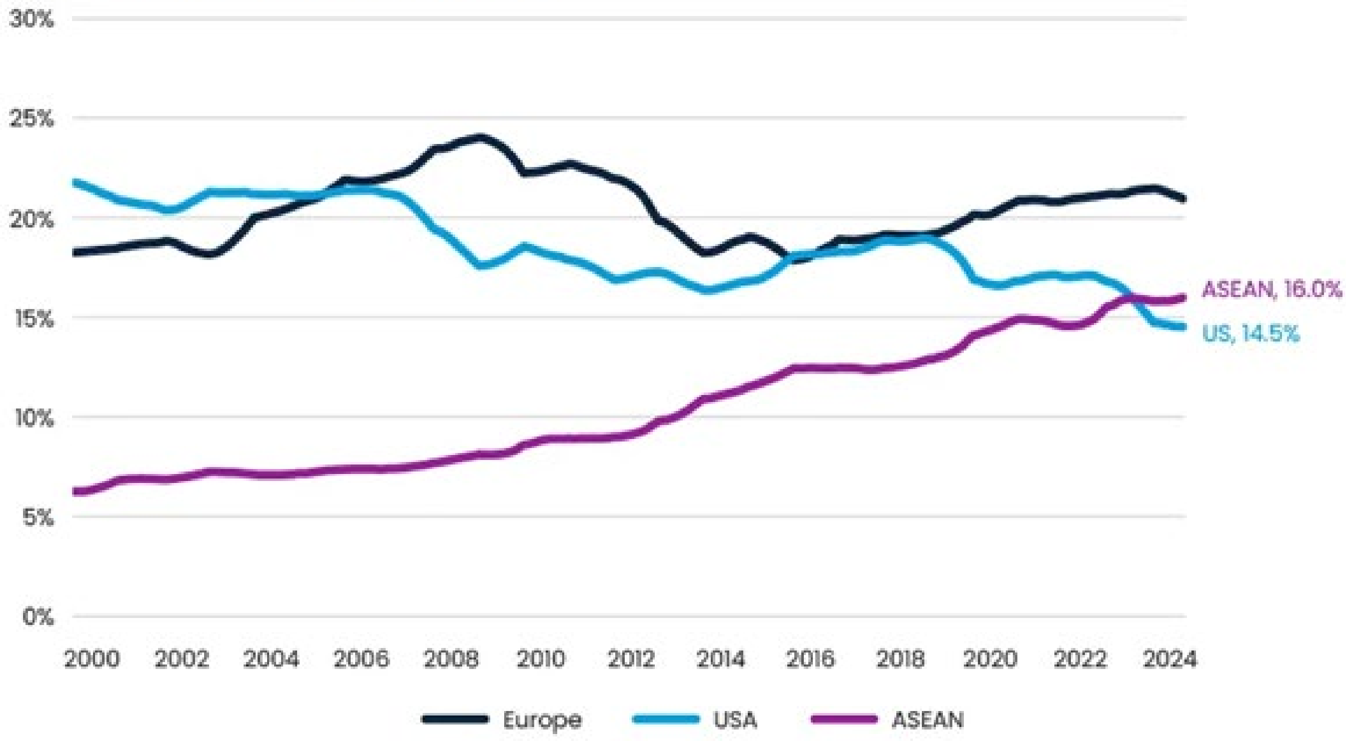
Emerging markets posted an 8.1% gain in 2024 according to the MSCI Emerging Markets Index, driven by strong performances from major constituents such as Taiwan (+36.8%), China (+21.6%), and India (+13.2%). Taiwan benefited significantly from the ongoing AI boom, while Chinese equities attracted cautious foreign inflows, supported by appealing valuations and a series of stimulus measures introduced by Chinese policymakers in September.

China's economic activity remained subdued, weighed down by declining property prices and low consumer confidence. Initial policy responses failed to inspire investor confidence. However, more comprehensive policy measures announced in September appeared to signal a turning point, bolstering expectations that 2025 would bring the substantial stimulus needed to reignite economic growth. This shift in sentiment drove a strong rally in Chinese equities during the latter half of the year, culminating in a 19.5% gain for 2024 according to the MSCI China Index.

Conversely, South Korea (-22.0%) and Brazil (-28.6%) were notable detractors. Brazil's underperformance stemmed from concerns over sluggish economic growth, fiscal instability, and rising inflation, which prompted a reversal of interest rate cuts.

Over 2025 US tariffs on Chinese exports will likely remain a prominent topic, but since the first Trump presidency, China has diversified away from reliance on the US. Exports to the US now account for a much smaller percentage compared to previous years (shown below).

Figure 5. China exports by destination



Source: UBS, accessed 09.12.24

We believe the Chinese government's recent actions demonstrate a clear commitment to preventing further economic deterioration, effectively placing a floor under the stock market. Looking ahead, we expect the government to take necessary measures, albeit in small, incremental steps that will require time to materialise. We remain somewhat cautious due to the significant structural challenges facing consumers and businesses. Despite this, we maintain an overweight position in China, driven by low investor positioning and compelling valuations.

Meanwhile, markets like India and Taiwan appear expensive but may remain supported by distinct growth drivers: structural expansion for India and AI-related capital expenditure for Taiwan. Frontier market economies appear well-positioned to sustain their upward momentum in 2025, with improving macroeconomic fundamentals, moderating inflation, and attractive equity valuations.

While global uncertainties, such as Fed policy shifts and trade tensions, linger, frontier markets are poised to benefit from local growth drivers. Additionally, their low correlation with developed and emerging markets offers a degree of protection against global volatility.

Fixed income sector returns

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Q4 '24
Euro Gov. 1.6%	US HY 17.5%	EM Debt 9.3%	Euro Gov. 1.0%	EM Debt 14.4%	Global IL 12.7%	US HY 5.3%	US HY -11.2%	US HY 13.5%	Euro HY 8.6%	Euro HY 1.7%
EM Debt 1.2%	EM Debt 10.2%	Global IG 9.1%	US Treas. 0.9%	US HY 14.4%	Global IG 10.4%	Euro HY 3.4%	Euro HY -11.7%	Euro HY 11.9%	US HY 8.2%	US HY 0.2%
US Treas. 0.8%	Euro HY 10.1%	Global IL 8.7%	US HY -2.3%	Global IG 11.5%	US Treas. 8.0%	Global IL 2.7%	US Treas. -12.5%	EM Debt 10.5%	EM Debt 5.7%	Euro Gov. -0.1%
Euro HY 0.5%	Global IG 4.3%	US HY 7.5%	Global IG -3.6%	Euro HY 10.7%	US HY 6.1%	EM Debt -1.5%	EM Debt -16.5%	Global IG 9.6%	Euro Gov. 1.9%	EM Debt -2.1%
Global IG -3.6%	Global IL 3.9%	Euro HY 6.1%	Euro HY -3.6%	Global IL 8.0%	EM Debt 5.9%	US Treas. -2.3%	Global IG -16.7%	Euro Gov. 7.1%	Global IG 1.1%	US Treas. -3.1%
US HY -4.6%	Euro Gov. 3.2%	US Treas. 2.3%	Global IL -4.1%	US Treas. 6.9%	Euro Gov. 5.0%	Global IG -2.9%	Euro Gov. -18.5%	Global IL 5.8%	US Treas. 0.6%	Global IG -4.0%
Global IL -5.0%	US Treas. 1.0%	Euro Gov. 0.2%	EM Debt -4.6%	Euro Gov. 6.8%	Euro HY 2.7%	Euro Gov. -3.5%	Global IL -22.9%	US Treas. 4.1%	Global IL -3.7%	Global IL -6.7%

Source: Bloomberg, BofA/Merrill Lynch, J.P. Morgan Economic Research, LSEG Datastream, J.P. Morgan Asset Management. Global IL: Bloomberg Global Inflation-Linked; Euro Gov.: Bloomberg Euro Aggregate - Government; US Treas.: Bloomberg US Aggregate Government - Treasury; Global IG: Bloomberg Global Aggregate - Corporate; US HY: BofA/Merrill Lynch US HY Constrained; Euro HY: BofA/Merrill Lynch Euro Non-Financial HY Constrained; EM Debt: J.P. Morgan EMBIG. All indices are total return in local currency, except for EM and global indices, which are in US dollars. Past performance is not a reliable indicator of current and future results. Data as of 31 December 2024.

Fixed income government bond returns

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Q4 '24
Italy 4.8%	UK 10.7%	Global 7.5%	Spain 2.5%	Italy 10.6%	Global 9.7%	Japan -0.2%	Japan -5.4%	Italy 9.3%	Italy 5.3%	Italy 0.5%
Spain 1.7%	Spain 4.1%	US 2.3%	Germany 1.9%	Spain 8.3%	UK 8.9%	US -2.3%	US -12.5%	Spain 6.9%	Spain 3.4%	Spain 0.3%
Japan 1.2%	Germany 3.4%	UK 2.0%	Japan 1.0%	UK 7.1%	US 8.0%	Germany -2.9%	Global -16.8%	Germany 5.7%	Germany 1.2%	Germany -0.4%
US 0.8%	Japan 3.2%	Spain 1.1%	US 0.9%	US 6.9%	Italy 7.9%	Italy -3.0%	Italy -17.2%	Global 4.3%	US 0.6%	Japan -1.4%
UK 0.5%	Global 1.7%	Italy 0.8%	UK 0.5%	Global 5.6%	Spain 4.3%	Spain -3.0%	Germany -17.4%	US 4.1%	Global -3.1%	US -3.1%
Germany 0.4%	US 1.0%	Japan 0.2%	Global -0.7%	Germany 3.1%	Germany 3.0%	UK -5.3%	Spain -17.5%	UK 3.6%	Japan -3.2%	UK -3.5%
Global -3.7%	Italy 0.8%	Germany -1.0%	Italy -1.3%	Japan 1.7%	Japan -0.8%	Global -5.8%	UK -25.1%	Japan 0.5%	UK -4.0%	Global -5.8%

Source: Bloomberg, LSEG Datastream, J.P. Morgan Asset Management. All indices are Bloomberg benchmark government indices. Total returns are shown in local currency, except for global, which is in US dollars. Past performance is not a reliable indicator of current and future results. Data as of 31 December 2024.

Fixed Income

In the US, rising inflation fears were fuelled by speculation over potential inflationary policies under an incoming Trump administration and a Republican-controlled Congress. After a promising start to 2024, during which the US 10-year yield fell below 3.6% by mid-September, an unexpected uptick in inflation pushed yields higher, ending the year around 4.5%. Despite the Federal Reserve cutting its target rate three times in 2024, inflation concerns have led the central bank to signal fewer rate cuts in the future.

UK Gilts were the worst-performing sector, with the long duration of UK debt making it especially vulnerable to rising yields. In the UK, market sentiment soured following the Labour government's Autumn Budget, where Chancellor Rachel Reeves introduced £40 billion in tax hikes alongside expectations of increased borrowing.

This pushed UK 10-year government yields up from 3.54% to 4.57% in 2024. Inflationary concerns tied to the budget further dampened the prospect of additional interest rate cuts.

Japanese bonds also underperformed after the Bank of Japan became the last major central bank to end negative interest rates and abandon its yield curve control policy in March. In contrast, European bonds outperformed, benefiting from weaker economic conditions. While Germany faced significant challenges, activity in the European periphery remained relatively strong, allowing peripheral spreads to tighten. As a result, Italian bonds were the standout performer, delivering a 5.3% return in 2024.

Meanwhile, political instability in France, marked by the collapse of two governments, triggered concerns about the future trajectory of French debt. This led to French spreads widening by 30bps relative to Germany, now surpassing Spanish spreads for the first time since the global financial crisis.

Overall, riskier assets outperformed, with high-yield bonds surpassing investment-grade counterparts. In addition, global corporates outperformed government bonds in the UK, Europe, and the US.

Asset class and style returns

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Q4 '24
Small cap 32.9%	Global REITS 22.9%	Growth 3.5%	Small cap 13.3%	MSCI EM 37.8%	Global Agg -1.2%	Growth 34.1%	Growth 34.2%	Global REITs 32.6%	Cmdty 16.1%	Growth 37.3%	Growth 26.2%	Growth 3.9%
Value 27.5%	Growth 6.5%	Global REITS 0.6%	Value 13.2%	Growth 28.5%	Global REITS -4.9%	DM Equities 28.4%	MSCI EM 18.7%	Cmdty 27.1%	Value -5.8%	DM Equities 24.4%	DM Equities 19.2%	DM Equities -0.1%
DM Equities 27.4%	DM Equities 5.5%	Small cap 0.1%	Cmdty 11.8%	Small cap 23.2%	Growth -6.4%	Small cap 26.8%	DM Equities 16.5%	Value 22.8%	Global Agg -16.2%	Small cap 16.3%	Value 12.3%	Cmdty -0.5%
Growth 27.2%	Value 4.4%	DM Equities -0.3%	MSCI EM 11.6%	DM Equities 23.1%	DM Equities -8.2%	Global REITs 24.4%	Small cap 16.5%	DM Equities 22.3%	DM Equities -17.7%	Value 12.4%	Small cap 8.6%	Small cap -2.5%
Global REITS 2.3%	Small cap 2.3%	Global Agg -3.2%	DM Equities 8.2%	Value 18.0%	Value -10.1%	Value 22.7%	Global Agg 9.2%	Growth 21.4%	Small cap -18.4%	Global REITs 10.9%	MSCI EM 8.1%	Value -4.1%
MSCI EM -2.3%	Global Agg 0.6%	Value -4.1%	Global REITS 6.5%	Global REITS 8.0%	Cmdty -11.2%	MSCI EM 18.9%	Value -0.4%	Small cap 16.2%	MSCI EM -19.7%	MSCI EM 10.3%	Cmdty 5.4%	Global Agg -5.1%
Global Agg -2.6%	MSCI EM -1.8%	MSCI EM -14.6%	Growth 3.2%	Global Agg 7.4%	Small cap -13.5%	Cmdty 7.7%	Cmdty -3.1%	MSCI EM -2.2%	Global REITs -23.7%	Global Agg 5.7%	Global REITs 2.8%	MSCI EM -7.8%
Cmdty -9.5%	Cmdty -17.0%	Cmdty -24.7%	Global Agg 2.1%	Cmdty 1.7%	MSCI EM -14.2%	Global Agg 6.8%	Global REITs -10.4%	Global Agg -4.7%	Growth -29.1%	Cmdty -7.9%	Global Agg -1.7%	Global REITs -8.9%

Source: Bloomberg, FTSE, LSEG Datastream, MSCI, J.P. Morgan Asset Management. DM Equities: MSCI World; REITs: FTSE NAREIT Global Real Estate Investment Trusts; Cmdty: Bloomberg Commodity Index; Global Agg: Bloomberg Global Aggregate; Growth: MSCI World Growth; Value: MSCI World Value; Small cap: MSCI World Small Cap. All indices are total return in US dollars. Past performance is not a reliable indicator of current and future results. Data as of 31 December 2024.

Commodities

The Bloomberg Commodity Index (BCom) gained 5.4% over 2024. The BCom weights at the end of 2024 were as follows:

Individual Sector Weights

Sector	Weights
Energy	28.55%
Agriculture	27.76%
Industrial Metals	15.40%
Precious Metals	22.68%
Livestock	5.61%

The energy sector displayed a mixed performance in 2024. US natural gas prices experienced a substantial increase of 65%, reaching their highest levels since December 2022. This growth was driven by strong global demand, geopolitical tensions, and expectations of expanded LNG export permits under the incoming Trump administration.

In contrast, the crude oil market faced challenges. Brent crude prices declined by 4.5%, while WTI crude fell by 3%. The primary factor behind these declines was subdued demand from China, which exerted significant downward pressure on global oil markets.

Going into 2025 we maintain an allocation to commodities as a hedge against geopolitical risks and volatility, offering diversification, inflation protection, and opportunities from global supply disruptions.

Sources

https://www.onthisday.com

https://www.gov.uk/government/publications/autumn-budget-2024/autumn-budget-2024-html

https://assets.bbhub.io (Bloomberg)

https://www.bcaresearch.com

https://www.investing.com/economic-calendar/

https://www.feanalytics.com

MPS

All London Tyne portfolios continued to make positive gains over 2024, all outperforming their respective benchmarks.

Cautious Performance

A - Cautious TR in GB (27.89%)
B - IA Mixed Investment 0-35% shares TR in GB (-0.99%)

30/07/2021 - 31/12/2024. Data from FE fundinfo 2024
Launch date: 06/09/2023

Cumulative Performance to 31/12/2024

Model	3 Months	6 Months	1 Year	2 Years	Since Inception
London Tyne - Cautious	-0.15%	2.04%	8.57%	18.34%	27.89%
Benchmark	-0.22%	2.23%	4.42%	10.65%	-0.99%

Discrete Annual Performance

Model	2023	2024
London Tyne - Cautious	9.00%	8.57%
Benchmark	5.97%	4.42%

Balanced Performance

A - Balanced TR in GB (29.90%)
B - IA Mixed Investment 20-60% shares TR in GB (4.61%)

30/07/2021 - 31/12/2024. Data from FE fundinfo 2024
Launch date: 06/09/2023

Cumulative Performance to 31/12/2024

Model	3 Months	6 Months	1 Year	2 Years	Since Inception
London Tyne - Balanced	-0.03%	2.34%	9.68%	20.79%	29.90%
Benchmark	0.06%	2.34%	6.07%	13.29%	4.61%

Discrete Annual Performance

Model	2023	2024
London Tyne - Balanced	10.13%	9.68%
Benchmark	6.81%	6.07%

Opportunistic Performance

A - Opportunistic TR in GB (36.39%)
B - IA Mixed Investment 40-85% shares TR in GB (9.77%)

31/07/2021 - 31/12/2024. Data from FE fundinfo 2024

Launch date: 06/09/2023

Cumulative Performance to 31/12/2024

Model	3 Months	6 Months	1 Year	2 Years	Since Inception
London Tyne - Opportunistic	0.61%	2.53%	11.90%	25.98%	36.39%
Benchmark	1.23%	2.89%	8.98%	17.78%	9.77%

Discrete Annual Performance

Model	2023	2024
London Tyne - Opportunistic	12.58%	11.90%
Benchmark	8.08%	8.98%

Returns Disclosure

Figures refer to both simulated and model past performance and that past performance is not a reliable indicator of future performance. Returns are net of holdings' management fees and expenses based on the cheapest share class available; however they do not include the fees charged by the manager (estimated to be 0.35% per annum), the adviser or the Platform. Returns are calculated assuming a single trading date in relation to any changes to underlying holdings which will not necessarily be the date that actual platform transactions occurred. Therefore, platform performance may vary from actual performance. For periods longer than one year, cumulative performance has not been annualised. Movement in exchange rates may affect the value of some underlying investments.

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