Market Commentary: April 2024

SYMMETRY® Invested In Your Goals

Big Picture

Surging inflation has fueled concerns that the Federal Reserve is becoming more hawkish.

These fears weighed on markets in April, driving U.S. equity indices down over 4% for the month (but still positive on the year), while international developed markets were down a bit less, and emerging markets managed to eke out a slightly positive result. Fixed-income performance was also negative, as yields climbed higher during the month. On the other hand, commodities continued to post strong performance, led by industrial metals.

Returns % as of 4/30/24

Index	1 MO	QTD	YTD	1 YR	3 YR	5 YR	10 YR
U.S. Equity							
S&P 500 TR USD	-4.08	-4.08	6.04	22.66	8.06	13.19	12.41
DJ Industrial Average TR USD	-4.92	-4.92	092	13.25	5.87	9.61	11.10
NASDAQ Composite TR USD	-4.38	-4.38	4.52	29.08	4.71	15.07	15.44
International Developed Markets							
MSCI World ex USA NR USD	-2.65	-2.65	2.79	9.14	2.93	6.31	4.36
Emerging Markets Equity							
MSCI EM NR USD	0.45	0.45	3.82	9.88	-5.69	1.89	2.96
U.S. Fixed Income							
BBgBarc U.S. Agg Bond TR USD	-2.53	-2.53	-3.28	-1.47	-3.54	-0.16	1.20
Global Fixed Income							
BBgBarc Global Aggregate TR USD	2.52	-2.52	-4.55	-2.47	-5.93	-1.61	-0.44

Source: Morningstar. Past performance does not guarantee future results. All data is from sources believed to be reliable but cannot be guaranteed or warranted. Please see disclosure at the end of commentary for limitations to index performance.

Equities

Equity markets pulled back from Q1's hot start.

- After posting its best first-quarter performance since 2019, the S&P 500 closed down each of the first three weeks of the month.
- The NASDAQ and DJ Industrial Average followed suit, dropping roughly 4.4% and 5%, respectively, for the month.[1]
- All the sectors of the S&P 500, except utilities, were in the red for the month.[2]

Fixed Income

Fresh data has dimmed hopes for interest rate cuts and yields spiked higher.

- The benchmark 10-year Treasury yield settled at 4.69%, up 30bps over the month.
- The Bloomberg US Aggregate bond index, a widely tracked measure of total returns on U.S. fixed income, finished down –2.53%.
- International debt mirrored U.S. markets, as the Bloomberg Global Aggregate bond index finished the month down –2.52%.[3]

1 Morningstar Direct as of March 30, 2024

2 S&P Dow Jones Indices data as of April 30, 2024

3 Morningstar Direct as of March 30, 2024

Factors

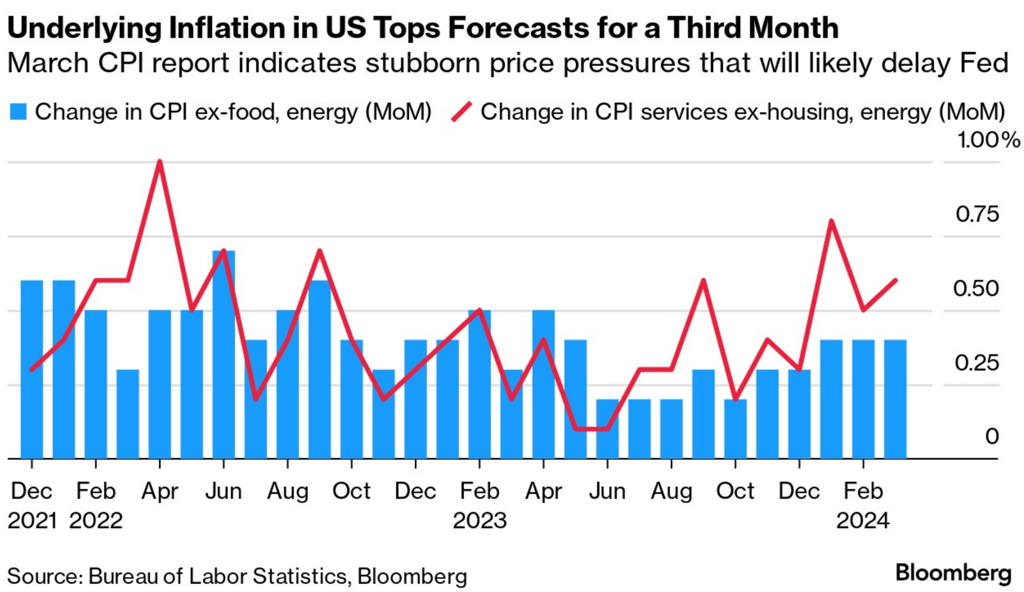
Equity risk factors were mixed for the month. Value was a positive contributor across all markets, while Minimum Volatility strategies held up well relative to market beta in the United States and international developed markets. Small-cap exposure struggled—except for Emerging Markets, where it led all factors.[4]

NEWS Impacting Markets

The Economy, Inflation & the Fed

Despite a recent slowdown in inflation, the first quarter has seen a resurgence, which has postponed any potential rate reductions. The Fed is tasked with the delicate balance of managing two risks—one of easing too quickly and allowing inflation to embed above its 2% target, and the other of delaying until the economy buckles under high rates.

The Fed, acknowledging a setback in its battle against inflation, has signaled that it will likely maintain current interest rates longer than anticipated. After a series of economic data unveiling persistent price pressures, officials resolved to hold the benchmark federal funds rate steady at a range between 5.25% and 5.5%, the highest level in two decades. Federal Reserve Chair Jerome Powell has suggested that the benchmark for reducing interest rates has risen.



The central bank also approved decelerating the ongoing reduction of its $7.4 trillion asset portfolio, reflecting an effort to prolong the winding down of the emergency pandemic stimulus measures initiated four years ago.[5]

---

4 Morningstar Direct as of March 30, 2024

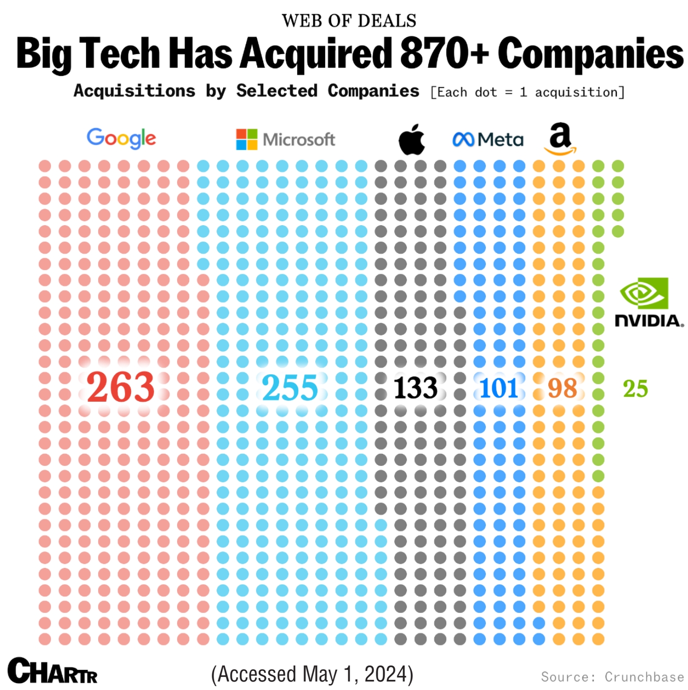
5 Timiraos, N., "Fed Says Inflation Progress Has Stalled and Extends Wait-and-See Rate Stance," Wall Street Journal, May 1, 2024. https://www.wsj.com/economy/central-banking/fed-says-inflation-progress-has-stalled-and-extends-wait-and-see-rate-stance-51b74bbf

The M7 Has Become the Market

Since the late 1990s, the number of U.S. publicly traded companies has significantly decreased, from around 8,000 in 1996 to approximately 4,600 in 2022. A 2023 research paper attributes this trend primarily to mergers and acquisitions (M&A), fueled chiefly by seven major companies—the "Magnificent Seven," comprised of Alphabet, Amazon, Apple, Google, Meta, Microsoft, and Nvidia.

These giant tech corporations have acquired around 875 companies since the late 1990s. Significant acquisitions include Fitbit, Instagram, LinkedIn, Whole Foods, and YouTube. Had these companies not been absorbed by the tech giants, they might have been robust, stand-alone, publicly traded businesses today.

The paper raises concerns about the implications of reducing publicly traded companies for the broader economy. It suggests that consolidating them under one roof may add to the market's overall volatility when a handful of stocks swing in one direction or another.[6]



Final Thoughts

One of the greatest challenges for investors is focusing solely on their investment strategy and performance toward their benchmarks, as opposed to comparing their performance with others. A recent study from Ben Gurion University found that investor behavior is skewed by such comparisons, even when investors are leading the group, causing them to take unnecessary risks—which can ultimately result in overall performance that lags the overall market.

We believe the recipe for long-term success is taking a thoughtful, Evidence-Based approach to building your portfolio—informed by your well-defined goals—and then monitoring it against your benchmarks while avoiding the temptation to compare it against others.

Disclosures

Symmetry Partners, LLC is an investment advisory firm registered with the Securities and Exchange Commission (SEC).

The firm only transacts business in states where it is properly registered or excluded or exempt from registration requirements. Registration with the SEC or any state securities authority does not imply a certain level of skill or training. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, product or any non-investment-related content made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may not be reflective of current opinions or positions. Please note the material is provided for educational and background use only. Moreover, you should not assume that any discussion or information contained in this material serves as the receipt of, or as a substitute for, personalized investment advice. Diversification seeks to improve performance by spreading your investment dollars into various asset classes to add balance to your portfolio. Using this methodology, however, does not guarantee a profit or protection from loss in a declining market. Past performance does not guarantee future results.

Index Disclosure and Definitions: All indexes have certain limitations. Investors cannot invest directly in an index. Indexes have no fees. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance. Actual performance for client accounts may differ materially from the index portfolios.

S&P 500 Index represents the 500 leading U.S. companies, approximately 80% of the total U.S. market capitalization. Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ. The Nasdaq Composite Index (NASDAQ) measures all NASDAQ domestic and international-based common-type stocks listed on The NASDAQ Stock Market and includes over 2,500 companies. MSCI World Ex USA GR USD Index captures large and mid-cap representation across 22 of 23 developed markets countries, excluding the U.S. The index covers approximately 85% of the free float-adjusted market capitalization in each country. MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets (as defined by MSCI). The index consists of the 25 emerging market country indexes. Bloomberg U.S. Aggregate Bond Index measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed-income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than one year. Bloomberg Global Aggregate (USD Hedged) Index is a flagship measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging market issuers. Index is USD hedged. Stock returns represented by Fama/French Total U.S. Market Research Index, provided by Ken French and available at http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html. This value-weighed U.S. market index is constructed every month, using all issues listed on the NYSE, AMEX, or NASDAQ with available outstanding shares and valid prices for that month and the month before. Exclusions: American depositary receipts. Sources: CRSP for value-weighted U.S. market return. Rebalancing: Monthly. Dividends: Reinvested in the paying company until the portfolio is rebalanced.

6 Lattanzio, G., Megginson, W.L., and Sanati, A. "Dissecting the Listing Gap: Mergers, Private Equity, or Regulation?" Journal of Financial Markets, Forthcoming, April 11, 2023. Available at SSRN: https://ssrn.com/abstract=3329555 or http://dx.doi.org/10.2139/ssrn.3329555

7 Afik, Z., Dafna, H.H., and Lahave, Y., "Winners, Losers, and Others in Investment Competition – Experimental Study." Available at SSRN: https://ssrn.com/abstract=4560089 or http://dx.doi.org/10.2139/ssrn.4560089