

# FORTITUDE FOCUS

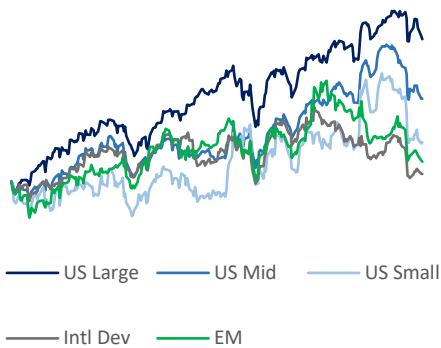


Investment Department

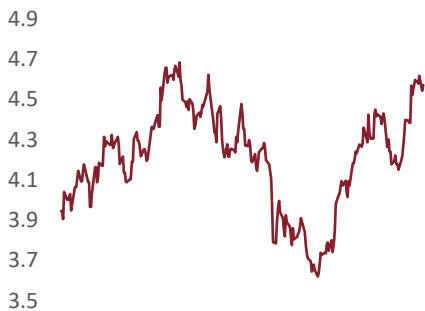
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## THE STORY

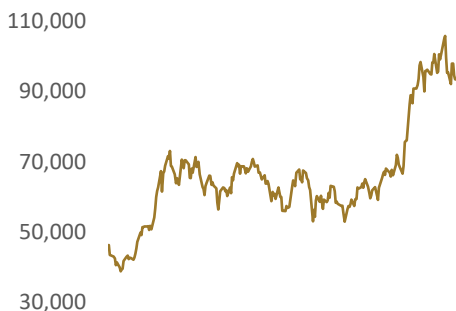
### 2024 Global Equity Returns<sup>1</sup>



### 10Y's Volatile 2024 Journey<sup>2</sup>



### Bitcoin's 2024 Breakout<sup>3</sup>



<sup>1,2,3</sup>Source: Calculated internally using daily return data from Morningstar Direct for the year 2024.

## 2024 – The Good, The Bad, & The Alternative:

2024 was marked by several dynamic shifts which impacted equities, fixed income and alternative markets each in their own distinct way.

Equities were the year's top performer, with US large caps leading the charge. This was primarily thanks to continued optimism around artificial intelligence (AI) and expectations for a friendlier business environment under president elect Donald Trump. While continued dollar strength bolstered the US rally, it weakened international returns.

Fixed income, meanwhile, had a more tumultuous year as revolving hopes for aggressive US rate cuts were repeatedly unwound by ongoing inflation concerns. Between unrelenting economic growth and large fiscal deficits, elevated bond volatility seems likely to continue.

Lastly, alternatives enjoyed continued growth, especially in private credit, where floating rate strategies such as direct lending were particularly attractive. While the rate environment continued to lock up private equity funds, other diversifiers such as hedge funds were able to take advantage of increased market volatility to deliver returns above their historical averages.

Outside of private real estate, other store of value alternatives such as gold and bitcoin also delivered strong returns in 2024 amidst increased fiscal and political tensions worldwide.

As we welcome the new year, it's a useful time to reflect on strategy. With so many different moving parts in play, a patient well-diversified approach will remain necessary to confidently navigate our evolving market landscape.



## UPCOMING EVENTS

Monthly CPI – 1/15

MLK Day – 1/20

FOMC Meeting – 1/28

**“We Don’t Learn From Experience. We Learn From Reflecting On Experience.”**

- John Dewey



# WHAT HAPPENED?

**Bitcoin Price Hits \$100k:** Demand for the digital currency continued to surge following an election that saw victories for crypto-friendly candidates led by Donald Trump. At one point this optimism drove prices up to a high of +\$106k before reversing course in the last couple weeks of the year ([NBC](#)).

**Britain's Economy Flatlines In Q3:** In another blow to its new Labour government, the British economy flatlined in the third quarter of 2024 according to downwardly revised official estimates ([NBC](#)).

**Appeals Court Upholds Law Banning TikTok In The US:** A federal appeals court on Friday cited national security concerns when it upheld the law requiring China-based ByteDance to sell TikTok or face an effective ban in the United States ([CNBC](#)).

**France's Credit Rating Cut By Moody's:** Just hours after France's new prime minister was appointed, Moody's cut its rating on France from Aa3 to Aa2 citing political fragmentation as a likely driver of persistent fiscal deficits ([Politico](#)).



## EQUITIES DECLINED

US equity markets fell in December with the S&P 500 down **-2.4%**. Global ex-US equity markets also fell with the MSCI World ex-US Index down **-2.7%**.

	MONTH*	YTD*
US Large	-2.4%	25.0%
US Mid	-7.1%	13.9%
US Small	-8.0%	8.7%
Global ex-US	-2.7%	4.4%
Int'l Dev	-2.3%	3.8%
Emerging	-0.1%	7.5%



## FIXED INCOME SLOWED

Fixed income markets rolled over in December as renewed fears of potentially inflationary tariffs and higher for longer rates pushed the Bloomberg Agg Index down **-1.6%**.

	MONTH*	YTD*
Ultra-Short	0.4%	5.5%
Short	0.2%	4.1%
Core	-1.6%	1.3%
Long	-6.2%	-7.7%
High Yield	-0.4%	8.2%
US TIPS	-1.6%	2.1%
Intl Bonds	-2.2%	-1.7%
EM Bonds	-1.6%	4.3%



## ALTERNATIVES WERE MIXED

Credit alternatives continued to produce stable, high yield income while infrastructure gave back some of its gains and liquid alternatives yielded mixed results.

	MONTH*	YTD*
Gold	-1.1%	26.6%
Merger Arbitrage	0.7%	5.8%
Infrastructure	-5.6%	14.5%
Direct Lending	0.8%	12.6%
Hedge Funds*	2.2%	10.1%
Managed Futures	3.0%	-5.7%

Due to reporting lags, some data represents the latest return as of the month prior to this period.

\*Sources: Each asset class is represented by a corresponding index or fund as of each report's month-end date. The associated indexes can be found below. This has been provided for informational purposes only, and reflects the current opinion of the author, which is subject to change without notice, as are statements of financial trends, which are based on current conditions.



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Reference Above	Benchmark Index	Reference Above	Benchmark Index
US Large	S&P 500 Index	Hedge Funds	Eurekahedge Hedge Fund NR Index
US Mid	S&P 400 Index	Managed Futures	Credit Suisse Mgd Futures Liquid TR
US Small	S&P 600 Index	Ultra-Short	Bloomberg US Treasury Flt Rate Index
Global ex-USA	MSCI World ex-USA All Cap NR Index	Short	ICE US Treasury 1-3Y Bond Index
Intl Dev	MSCI EAFE NR USD Index	Core	Bloomberg Aggregate Bond Index
Emerging	MSCI EM NR US Index	Long-Term	ICE US Treasury +20Y Bond Index
Gold	S&P GSCI Gold TR	High Yield	Bloomberg US Corporate HY Index
Merger Arbitrage	IQ Hedge Merger Arb TR USD Index	US TIPS	ICE US Treasury Inflation Linked Index
Infrastr (Infrastructure)	MSCI ACWI Infrastructure NR Index	Intl Bonds	Bloomberg Global Agg ex-USD Index
Direct Lending	Cliffwater Corporate Lending I	EM Bonds	Morningstar EM BD GR Index