

Gatmore Pensions Summary (GPS) July 2018

CONTACT

Gatmore Capital Management LLP
020 7580 0300
info@gatmore.com
www.gatmore.com

In case you missed it

MARKET COMMENTARY

Economic data from around the world continued to paint a picture of relatively strong growth, improving labour markets and the beginning of inflationary pressures. So much so that the ECB announced that it will end its quantitative easing programme in December and the BoE did little to unwind investor expectation of a rate rise in August.

However, July was not without dramatic headlines and corresponding market volatility. The ongoing threat of a full-blown trade war remained as US policy and rhetoric remained hostile towards China, whilst easing only slightly towards Europe. In the UK, the threat of a 'no deal Brexit' grew as the EU raised numerous concerns about the Government's limply supported white paper, and sterling reached its lowest level against the dollar since September 2017.

Despite the 'noise' markets performed well. Equities in particular posted strong returns, helped by strong earnings reports, and emerging markets overcame trade tension to rebound from losses in June. Commodities were the most noteworthy detractor, falling over 2% for the second consecutive month. Gilts struggled as yields rose slightly, underperforming all asset classes except commodities.

PERIODIC TABLE INDEX KEY

UK	UK Equities
EQ	World Equities
EM	Emerging Equities
>15Y	UK 15+ Gilts
IG	Global IG Credit
HY	Global HY Credit
COM	Commodities
PRO	Global Property
HF	Hedge Funds
PE	Private Equity

PERIODIC TABLE OF ASSET CLASSES

The chart below shows stacked performance figures for selected asset classes from best to worst. From left to right it shows a monthly performance for the last 12 months, then the YTD, 1yr and 3yr numbers. Gilt returns run across the middle, with anything above it outperforming and anything below underperforming.

	AUG 2017	SEP 2017	OCT 2017	NOV 2017	DEC 2017	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	YTD	1yr	3yr	
WINNERS vs. Gilts																
		PE 3.5%				PE 8.5%			UK 6.8%							
		EQ 2.2%				EM 8.3%			COM 2.6%			PE 5.8%				
		HY 0.7%				EQ 5.4%			PRO 1.6%		PRO 2.5%	EQ 3.3%				
		HF 0.6%	PE 4.2%			HF 2.4%			EQ 0.9%		PE 0.0%	EM 2.2%				
		COM 0.1%	EM 3.5%			COM 2.0%			PE 0.2%		EQ 0.0%	HY 1.7%		PE 22.6%		
		IG 0.2%	COM 2.1%		UK 5.0%	HY 1.2%			HF 0.2%		UK 0.2%	UK 1.5%	PE 4.7%	EQ 12.1%	PE 13.5%	
		PRO 0.3%	EQ 2.0%	PE 5.7%	EM 3.6%	IG 0.6%			HY 0.2%		HF 0.4%	PRO 0.9%	EQ 3.8%	UK 9.4%	EQ 9.4%	
		EM 0.4%	UK 1.8%	PRO 3.1%	COM 3.0%	PRO 1.6%			EM 0.4%		HY 0.5%	IG 0.6%	UK 3.2%	EM 4.4%	UK 9.2%	
		UK 0.7%	HF 0.7%	EQ 2.3%	PE 2.6%	UK 2.0%			IG 1.1%	PE 3.6%	IG 0.5%	HF 0.1%	PRO 1.4%	PRO 4.3%	EM 8.9%	
LOSERS vs. Gilts																
		>15Y 3.4%	>15Y 4.0%	>15Y 0.5%	>15Y 0.6%	>15Y 2.5%	>15Y 3.0%	>15Y 0.6%	>15Y 4.0%	>15Y 2.2%	>15Y 2.8%	>15Y 1.0%	>15Y 0.6%	>15Y 0.5%	>15Y 3.4%	>15Y 7.0%
		EM 2.2%		HY 0.4%	IG 0.6%	PRO 1.2%		HY 1.4%	PRO 2.8%		UK 2.8%	COM 3.5%	COM 2.1%	HY 0.9%	COM 2.7%	HY 6.2%
		UK 1.6%		IG 0.1%	EM 0.2%	EQ 1.1%		COM 1.7%	IG 0.4%		PRO 2.2%	EM 4.2%		HF 0.9%	HF 1.4%	PRO 5.9%
		IG 0.8%		PRO 1.0%	HF 0.1%	IG 0.8%		IG 1.8%	HY 0.1%		COM 1.4%			COM 2.1%	HY 1.3%	IG 3.0%
		HY 0.6%			HY 0.0%	HF 0.7%		HF 2.4%	COM 0.6%		EQ 0.7%			IG 2.6%	IG 0.6%	HF 0.8%
		COM 0.4%			COM 0.5%	HY 0.5%		UK 3.4%	HF 1.0%		HF 0.2%			EM 4.6%		COM 1.6%
		HF 0.3%			UK 1.8%			EQ 4.0%	EM 1.9%		IG 0.8%					
		PE 0.2%						EM 4.6%	UK 2.0%		HY 1.5%					
		EQ 0.2%						PRO 6.6%	EQ 2.3%		EM 3.5%					
		PRO 0.2%						PE 7.4%	PE 5.2%							

CMA spares investment consultant market from wholesale change

CMA says schemes seeking fiduciary management for the first time must run tenders and those with existing mandates must do so within the next five years.

Professional Pensions article *

Hedge funds: Out of the shadows?

51% of public pensions funds invest in hedge funds despite fees paid in 2016 being 36 times higher than low cost alternatives.

Portfolio Institutional article

TPR doubles funding requirements for small master trusts

From October schemes of fewer than 2,000 members required to hold £150k of capital under new TPR regime.

Professional Pensions article *

Is there an over-reliance on models in the pensions industry?

Models can be improved by transparent communication of results and advisors' limitations, as well as improved education for trustees.

Professional Pensions article *

Record corporate debts – a covenant warning signal?

Recent weak profits have led to borrowing being used to support payments to shareholders.

Pensions Expert article

STAT OF THE MONTH

55%

of FTSE 350 Pension Schemes are cashflow negative

Monthly

Gatmore Pensions Summary (GPS) July 2018

 3x Multi-Asset Award Winner



GPS VIEWPOINT

The Zen Master's View on Brexit

Two years ago, on the heels of the Brexit vote, we wrote to our clients the following:

In one of the final scenes of the movie Charlie Wilson's War, CIA agent Gust Avrakotos tells Congressman Charlie Wilson the following parable relating to how the Afghan war might play out:

"A boy is given a horse on his 14th birthday. Everyone in the village says, 'Oh how wonderful.' But a Zen master who lives in the village says, 'We'll see.' The boy falls off the horse and breaks his foot. Everyone in the village says, 'Oh how awful.' The Zen master says, 'We'll see.' The village is thrown into war and all the young men have to go to war. But, because of the broken foot, the boy stays behind. Everyone says, 'Oh, how wonderful.' The Zen master says, 'We'll see.'

With all of the uncertainty surrounding Brexit, it is too soon to take a view on how it will all play out. With every piece of news which comes out, we find ourselves saying "we'll see."

Two years later, with uncertainties over Brexit as high as ever, we are watching each piece of news emerging saying, "we'll see."

QUOTE OF THE MONTH

A trade deal with the EU could be sorted out in "an afternoon over a cup of coffee".

”

Gerard Batten

BRITISH POLITICIAN, MEMBER OF EUROPEAN PARLIAMENT

Comment on trade relations with the EU in February 2017



Important Information

Investors should read and carefully consider the Fund's offering documentation in full prior to making any investment decision in relation to the Fund.

Important Disclosure on Gatmore Capital Management LLP – Gatmore Capital Management LLP is authorised and regulated by the Financial Conduct Authority. Registered No. OC346366. Registered Office: 33 Cavendish Square, London W1G 0PW, United Kingdom. The information in this document is communicated by Gatmore Capital Management LLP "Gatmore" and is directed only at persons who are professional clients, eligible counterparties and professional investors, as defined in EU Directive 2011/61/EU (AIFMD) for the purposes of the rules and guidance of the Financial Conduct Authority and the services or investments referred to in this document are only available to professional clients, eligible counterparties and professional investors. Retail clients should not rely on the information herein.

Accuracy of information – All information presented in the tables herein has been extracted or sourced from third parties which Gatmore believe to be reliable and any opinions expressed based on such information is given on the basis that no reliance can be placed on it (such information and opinions are referred herein as "Content"). No representation, warranty or undertaking, express or implied, is made or given by Gatmore or any representative of Gatmore as to the accuracy, reliability or completeness of the Content. In no event will Gatmore or any of its directors, officers or employees be liable to any person for any direct, indirect, special or consequential damages arising any use or misuse of the Content.

The Content is valid as at the date of this document and are subject to change depending on changing market conditions. Gatmore has no obligation to update, modify or amend this document or to otherwise notify any recipients if the Content changes or becomes out of date or inaccurate.

No investment advice – The Content does not constitute generic or tailored investment advice. The Content is provided on the understanding that any person who acts upon or in reliance on the information does so at its own risk.

Risk factors – The investments described herein may experience substantial or sudden loss, including total loss of investment. Past performance is not necessarily a guide to future performance or returns. Applications to invest in any product referred to in this document must only be made on the basis of the documentation relating to the specific investment.

Indices in the periodic table – (UK) FTSE 100 Total Return Index GBP; (EQ) MSCI Daily TR Net World Ex UK USD; (EM) MSCI Emerging Net Total Return USD Index; (>15Y) FTSE Actuaries Govt Securities UK Gilts TR over 15 Yr; (IG) Bloomberg Barclays Global Agg Corporate Total Return Index Value Unhedged USD; (HY) Bloomberg Barclays Global High Yield Total Return Index Value Unhedged; (HF) Hedge Fund Research HFRX Global Hedge Fund Index; (PRO) S&P Global REIT USD Total Return Index; (COM) Bloomberg Commodity Index Total Return; (PE) Thomson Reuters Private Equity Buyout Index.