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## Gatmore Pensions Summary (GPS) December 2018

### In case you missed it

### MARKET COMMENTARY

2018 ended on a sour note, as equity markets suffered their worst month of a difficult year, with financials and energy hit hardest. Though there was some regional variation, the sell-off was broad based. Once again this stemmed from fears around trade relations between the US and China, and was exacerbated by various data points indicating slower global growth ahead, along with more hawkish tones from the Fed. However, there was some relief in Europe after the Italian budget was agreed.

Though risk assets suffered over the month, investment grade credit and government bonds were positive as investors moved to 'safer' assets.

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

### Bogle sounds a warning on index funds

Should trends continue, a small minority of institutional investors could hold voting control of every major U.S. corporation.

[The Wall Street Journal article \\*](#)

### Government fires 'starting gun' on superfund deals

DB consolidators begin pushing deals ahead whilst many trustees hold tight with regulatory questions.

[Pensions Expert article](#)

### What were the top pension news stories of 2018?

Professional Pensions takes a look at the top stories of 2018.

[Professional Pensions article \\*](#)

### 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.

	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	YTD	1yr	3yr
WINNERS vs. Gilts	PE 8.5%			UK 6.8%					COM 1.9%			EM 4.1%			
	EM 8.3%			COM 2.6%			PE 5.8%		HY 1.4%			PRO 3.6%			
	EQ 5.4%			PRO 1.6%		PRO 2.5%	EQ 3.3%		UK 1.2%			PE 3.3%			
	HF 2.4%			EQ 0.9%		PE 0.0%	EM 2.2%		PE 1.1%			EQ 1.3%			
	COM 2.0%			PE 0.2%		EQ 0.0%	HY 1.7%	PE 4.9%	EQ 0.5%			IG (0.4%)			
	HY 1.2%			HF 0.2%		UK (0.2%)	UK 1.5%	PRO 1.6%	IG (0.4%)			COM (0.6%)			
	IG 0.6%			HY (0.2%)		HF (0.4%)	PRO 0.9%	EQ 1.6%	EM (0.5%)			HF (0.6%)			
	PRO (1.6%)			EM (0.4%)		HY (0.5%)	IG 0.6%	HF 0.5%	HF (0.7%)			HY (1.0%)			EM 9.2%
	UK (2.0%)			IG (1.1%)	PE 3.6%	IG (0.5%)	HF (0.1%)	IG 0.2%	PRO (2.2%)			UK (1.6%)			PE 8.0%
	Over 15y Gilts														
	>15Y (3.0%)	>15Y 0.6%	>15Y 4.0%	>15Y (2.2%)	>15Y 2.8%	>15Y (1.0%)	>15Y (0.6%)	>15Y 0.1%	>15Y (2.8%)	>15Y 1.2%	>15Y (3.2%)	>15Y 4.7%	>15Y 0.3%	>15Y 0.3%	>15Y 7.1%
LOSERS vs. Gilts		HY (1.4%)	PRO 2.8%		UK 2.8%	COM (3.5%)	COM (2.1%)	HY (1.0%)		IG (1.7%)		IG (1.2%)	IG (3.6%)	IG (3.6%)	UK 6.8%
		COM (1.7%)	IG 0.4%		PRO 2.2%	EM (4.2%)		COM (1.8%)		HY (1.8%)		HY (0.8%)	HY (4.1%)	HY (4.1%)	EQ 6.7%
		IG (1.8%)	HY (0.1%)		COM 1.4%			EM (2.7%)		COM (2.2%)		HF (2.2%)	PRO (4.8%)	PRO (4.8%)	HY 6.6%
		HF (2.4%)	COM (0.6%)		EQ 0.7%			UK (3.3%)		HF (3.1%)		EM (2.7%)	HF (7.0%)	HF (7.0%)	PRO 3.4%
		UK (3.4%)	HF (1.0%)		HF 0.2%					PRO (3.2%)		UK (3.5%)	UK (8.3%)	EQ (8.3%)	IG 3.1%
		EQ (4.0%)	EM (1.9%)		IG (0.8%)					UK (4.9%)		UK (4.9%)	PRO (5.7%)	UK (8.7%)	HF 0.3%
		EM (4.6%)	UK (2.0%)		HY (1.5%)					EQ (7.4%)		EQ (7.4%)	COM (6.9%)	COM (11.2%)	COM 0.3%
		PRO (6.6%)	EQ (2.3%)		EM (3.5%)					EM (8.7%)		EM (8.7%)	EQ (7.8%)	PE (11.9%)	PE (11.9%)
		PE (7.4%)	PE (5.2%)							PE (12.7%)		PE (12.7%)	EM (14.6%)	EM (14.6%)	

Please see disclosures overleaf for indices used. \* Paywall.

Source: 'Eye on the market outlook 2019', JP Morgan.

### STAT OF THE MONTH

# 32

## \$bn

Outflow from active US equity mutual funds in the week ending 18 December, the largest on record.

# Monthly

## Gatmore Pensions Summary (GPS) December 2018

 3x Multi-Asset Award Winner



### GPS VIEWPOINT

## A Brief History of 2018

2018 has been a tumultuous year. Politically, Brexit kept us all guessing, and still does going into what is likely to be a momentous year for the United Kingdom. However, Theresa May is proving resilient in the face of the greatest pressure any Prime Minister has faced since the war. Trump also filled newspaper headlines whether it be trade wars, legal questions, Iran, China or his infamous tweets, and he received a bloody nose in the US mid-term elections. Russia's Putin was re-elected and South Africa's Zuma resigned. North met South Korea, with Kim Jong-un crossing the Demilitarized Zone. In Europe, Angela Merkel announced her resignation plans, Emanuel Macron backed down in the face of social unrest and Italy "challenged" EU budget rules, with Italian banks providing a worrying backdrop to it all.

Away from politics England reached the World Cup semi-finals, there were two Royal Weddings and in Thailand the rescue of a junior football team from a cave system gripped the world. Water was discovered on Mars and Apple became the first trillion dollar company, at least until November when technology stocks were routed.

The earth continues to warm, a warning that something needs to be done about climate change, and we finally realised that our oceans are on the brink of a plastic catastrophe.

So, what of 2019? Brexit, Trump, the Fed, Europe and trade will all be in the headlines and there are rugby and cricket world cups to look forward to. Will it be more of the same or something different? We'll see!

### QUOTE OF THE MONTH

*Don't worry about a thing.  
'Cause every little thing is  
gonna be alright.*



**Bob Marley**

*Jamaican singer-songwriter (1945 – 1981)*

# Happy New Year!

### Important Information

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**Indices**. 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. Credit spreads chart: BC UA Corporate Avg OAS, BC U.S. Corp HY Avg OAS, Barclays EA Corp Avg OAS, EM USD Aggregate Avg OAS. Source: Bloomberg.