

Monthly

Gatmore Pensions Summary (GPS) February 2019

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MARKET COMMENTARY

February saw returns extended across risk assets, as investors continued to reassess valuations following January's favourable revision in Federal Reserve monetary policy. However, the slowdown in global growth remained as a headwind, not helped by the US and China fast approaching the March trade deal deadline, with little progress made. Emerging market returns cooled after January's sharp gains, despite strong returns in China. Sterling appreciated against its Dollar and Euro counterparts driven by the decreasing likelihood of a no-deal Brexit, which also helped longer-term Gilt yields rise at the end of the month, despite a fall in CPI to a fifteen month low of 1.8%.

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.

	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	YTD	1yr	3yr
WINNERS vs. Gilts	UK 6.8%						COM 1.9%		EM 4.1%		PE 11.3%	PE 4.4%	PE 16.1%		
	COM 2.6%				PE 5.8%		HY 1.4%		PRO 3.6%		PRO 11.0%	EQ 3.0%	EQ 11.0%		
	PRO 1.6%			PRO 2.5%	EQ 3.3%		UK 1.2%		PE 3.3%		EM 8.8%	UK 2.3%	PRO 11.0%		
	EQ 0.9%			PE 0.0%	EM 2.2%		PE 1.1%		EQ 1.3%		EQ 7.8%	HY 1.4%	EM 9.0%		PE 18.1%
	PE 0.2%			EQ 0.0%	HY 1.7%	PE 4.9%	EQ 0.5%		IG 0.4%		COM 5.4%	COM 1.0%	COM 6.5%		EM 15.0%
	HF 0.2%			UK 0.2%	UK 1.5%	PRO 1.6%	IG 0.4%		COM 0.6%		HY 4.4%	HF 0.6%	UK 6.0%		EQ 13.0%
	HY 0.2%			HF 0.4%	PRO 0.9%	EQ 1.6%	EM 0.5%		HF 0.6%		UK 3.6%	EM 0.2%	HY 5.8%		UK 9.5%
	EM 0.4%			HY 0.5%	IG 0.6%	HF 0.5%	HF 0.7%		HY 1.0%		IG 2.3%	IG 0.2%	HF 2.8%		HY 8.9%
	IG 1.1%		PE 3.6%	IG 0.5%	HF 0.1%	IG 0.2%	PRO 2.2%		UK 1.6%		HF 2.1%	PRO 0.0%	IG 2.5%		PRO 15.0%
Over 15y Gilts															
LOSERS vs. Gilts	>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 2.1%	>15Y 1.7%	>15Y 0.4%	>15Y 3.2%	>15Y 4.5%
	PRO 2.8%		UK 2.8%	COM 3.5%	COM 2.1%	HY 1.0%		IG 1.7%		IG 1.2%				UK 2.1%	IG 3.7%
	IG 0.4%		PRO 2.2%	EM 4.2%		COM 1.8%		HY 1.8%		HY 0.8%				PE 1.8%	COM 3.6%
	HY 0.1%		COM 1.4%			EM 2.7%		COM 2.2%		HF 2.2%				HY 1.8%	HF 2.4%
	COM 0.6%		EQ 0.7%			UK 3.3%		HF 3.1%		EM 2.7%				EQ 0.5%	
	HF 1.0%		HF 0.2%					PRO 3.2%		UK 3.5%				IG 0.1%	
	EM 1.9%		IG 0.8%					UK 4.9%		PRO 5.7%				HF 4.1%	
	UK 2.0%		HY 1.5%					EQ 7.4%		COM 6.9%				COM 5.7%	
	EQ 2.3%		EM 3.5%					EM 8.7%		EQ 7.8%				EM 9.9%	
	PE 5.2%							PE 12.7%		PE 12.1%					

In case you missed it

DB superfund regime should be robust but not onerous

Some argue that consolidators may cause issues for the PPF and pensions watchdog.

[Professional Pensions article](#) *

Institutional investors to hasten exit from public markets in 2019

Survey says institutional investors to seek higher allocations in real estate and private equity over the coming year.

[Investment & Pensions Europe](#)

Institutions' \$200bn punt on the elderly

Government and pensions schemes to work together on healthcare infrastructure.

[Portfolio Institutional article](#)

CMA issues draft order on remedies from market review

The watchdog finalises its recommendations for investment consultant and fiduciary management improvements.

[Professional Pensions article](#) *

The big read: the inside story of the BHS schemes' journey to buyout

Trustee Chairman Chris Martin tells of the scheme's four year struggle to buyout.

[Professional Pensions article](#) *

STAT OF THE MONTH

42%

UK pension funds which are impaired or at risk.

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4x

Multi-Asset Award Winner



GPS VIEWPOINT

The Case For Hedge Funds

As loyal GPS readers will know, we are not afraid to speak out and, with all the bad publicity surrounding hedge funds, it is time to put forward the positives of the asset class. We understand why the industry has been vilified in the press following broad under-performance and high fees, and we agree, to a point.

Too many managers have been generating unacceptably large profits from being good at asset gathering, receiving high management fees as a result, with performance becoming a nice 'bonus'. For this reason, many pension funds around the world will no longer invest in this asset class despite the vast array of strategies and large number of funds on offer.

We believe that within such a wide and varied universe of funds there is a subset of smaller hedge funds operating in areas where they have a real specialism and who can deliver superior returns. They are not interested in managing billions, knowing that the smaller they remain the more opportunities there are and, as the CASS Business School Study in 2015 showed, these funds have also done better in times of distress.

We believe strongly in the concept of absolute return and our role is to find the best managers and diversify across drivers of return. This is not easy, especially in a world dominated by brand and size, but they do exist and we have spent 14 years successfully finding them.

QUOTE OF THE MONTH

It's tough making predictions, especially about the future. ”

Yogi Berra

American professional baseball catcher, later manager and coach

We are pleased to announce that we have been named “Multi-Asset Manager of the Year” at the Pensions Age Awards 2019.

This is the fourth award for our Multi-Asset Fund in the last three years.



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.

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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.