

## Gatmore Pensions Summary (GPS)

March 2019

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In case you missed it

### MARKET COMMENTARY

March proved unusually accretive for both equities and fixed income, although sentiment see-sawed throughout the month based on global growth data points and mixed news on the progress of US-China trade talks. Hopes that a trade deal may be reached and easing global growth fears were positive for equities. However, growth concerns still remaining combined with central banks making dovish comments resulted in government bonds also being positive, and finishing as the month's best performing asset class. Real yields hit an all-time low towards the end of the month, which will prove detrimental to pension scheme funding, and paints a less rosy picture of the UK economy going forward.

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.

|                   | APR 2018       | MAY 2018   | JUN 2018    | JUL 2018    | AUG 2018  | SEP 2018    | OCT 2018  | NOV 2018    | DEC 2018  | JAN 2019   | FEB 2019    | MAR 2019  | YTD       | 1yr        | 3yr       |          |
|-------------------|----------------|------------|-------------|-------------|-----------|-------------|-----------|-------------|-----------|------------|-------------|-----------|-----------|------------|-----------|----------|
| WINNERS vs. Gilts | UK 6.8%        |            |             |             |           | COM 1.9%    |           | EM 4.1%     |           | PE 11.3%   | PE 4.4%     |           |           |            |           |          |
|                   | COM 2.6%       |            |             | PE 5.8%     |           | HY 1.4%     |           | PRO 3.6%    |           | PRO 11.0%  | EQ 3.0%     |           |           |            |           |          |
|                   | PRO 1.6%       |            | PRO 2.5%    | EQ 3.3%     |           | UK 1.2%     |           | PE 3.3%     |           | EM 8.8%    | UK 2.3%     |           |           | PE 16.7%   |           |          |
|                   | EQ 0.9%        |            | PE 0.0%     | EM 2.2%     |           | PE 1.1%     |           | EQ 1.3%     |           | EQ 7.8%    | HY 1.4%     |           |           | PRO 14.4%  |           |          |
|                   | PE 0.2%        |            | EQ 0.0%     | HY 1.7%     | PE 4.9%   | EQ 0.5%     |           | IG 0.4%     |           | COM 5.4%   | COM 1.0%    |           |           | EQ 12.5%   | PE 14.4%  |          |
|                   | HF 0.2%        |            | UK (0.2%)   | UK 1.5%     | PRO 1.6%  | IG (0.4%)   |           | COM (0.6%)  |           | HY 4.4%    | HF 0.6%     |           |           | EM 9.9%    | EQ 11.0%  |          |
|                   | HY (0.2%)      |            | HF (0.4%)   | PRO 0.9%    | EQ 1.6%   | EM (0.5%)   |           | HF (0.6%)   |           | UK 3.6%    | EM 0.2%     |           |           | UK 9.5%    | PRO 15.3% | EM 10.7% |
|                   | EM (0.4%)      |            | HY (0.5%)   | IG 0.6%     | HF 0.5%   | HF (0.7%)   |           | HY (1.0%)   |           | IG 2.3%    | IG 0.2%     |           |           | HY 6.3%    | PE 8.0%   | UK 10.0% |
|                   | 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%)  |           |           | COM 6.3%   | UK 7.7%   | HY 7.3%  |
|                   | Over 15y Gilts |            |             |             |           |             |           |             |           |            |             |           |           |            |           |          |
| LOSERS vs. Gilts  | >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 5.5% | >15Y 6.0% | >15Y 4.7%  | >15Y 6.3% |          |
|                   | UK 2.8%        | COM (3.5%) | COM (2.1%)  | HY (1.0%)   |           | IG (1.7%)   |           | IG (1.2%)   |           | UK 3.3%    |             |           | IG 4.2%   | EQ 4.3%    | PRO 5.7%  |          |
|                   | PRO 2.2%       | EM (4.2%)  |             | COM (1.8%)  |           | HY (1.8%)   |           | HY (0.8%)   |           | PRO 3.0%   |             |           | HF 2.8%   | HY 2.4%    | IG 3.0%   |          |
|                   | COM 1.4%       |            |             | EM (2.7%)   |           | COM (2.2%)  |           | HF (2.2%)   |           | IG 1.6%    |             |           |           | IG 1.3%    | COM 2.2%  |          |
|                   | EQ 0.7%        |            |             | UK (3.3%)   |           | HF (3.1%)   |           | EM (2.7%)   |           | EQ 1.3%    |             |           |           | HF (3.1%)  | HF 2.0%   |          |
|                   | HF 0.2%        |            |             |             |           | PRO (3.2%)  |           | UK (3.5%)   |           | EM 0.8%    |             |           |           | COM (5.3%) |           |          |
|                   | IG (0.8%)      |            |             |             |           | UK (4.9%)   |           | PRO (5.7%)  |           | PE 0.5%    |             |           |           | EM (7.4%)  |           |          |
|                   | HY (1.5%)      |            |             |             |           | EQ (7.4%)   |           | COM (6.9%)  |           | HY 0.5%    |             |           |           |            |           |          |
|                   | EM (3.5%)      |            |             |             |           | EM (8.7%)   |           | EQ (7.8%)   |           | HF 0.0%    |             |           |           |            |           |          |
|                   |                |            |             |             |           | PE (12.7%)  |           | PE (12.1%)  |           | COM (0.2%) |             |           |           |            |           |          |

Please see disclosures overleaf for indices used.

**Gatmore nominated for multiple Professional Pensions and Pensions Expert awards 2019!**

[Professional Pensions shortlist](#)

[Pensions Expert shortlist](#)

**Infrastructure: China's connective tissue**  
A look into institutional capital raising in China.  
[Funds Europe article](#)

**UK government seeks to open up illiquid assets to DC funds**  
The DWP announced new intentions of accommodating performance fees into auto-enrolment schemes, whilst also encouraging consolidation.

[Investment & Pensions Europe article](#)

**Making an entrance**  
Superfunds could encourage companies to better uphold their pension obligations.  
[Pensions Age article](#)

**Data Crunch: Rush of pension capital into infrastructure continues**  
In 2018 new mandates, reweightings and planned allocations totalling £4.2bn were assigned to infrastructure.  
[Pensions Expert article](#)

### STAT OF THE MONTH

**802 million**  
Chinese internet users

Source: 'China's Connective Tissue'; Funds Europe article.

# Monthly

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4x

Multi-Asset Award Winner



### GPS VIEWPOINT

## Is Stock Picking A Dying Art?

Having an active approach to investing in equities can help mitigate drawdowns in periods of volatility, similarly it can help generate returns when markets are flat. However, since the Great Financial Crisis the industry's ability to outperform when markets are rallying has been called into question.

Bloomberg last month published data comparing the performance of US equity fund managers against the S&P 500 and International 700 during the strongest period of the decade-long bull market. The conclusion was that, over the three years to 2015, little over a quarter of managers examined outperformed the US market, whilst half of those investing overseas bettered their respective benchmarks. However, the percentage of these successful managers who were able to extend their success over the next three years diminished substantially. Only 2.7% of managers who beat the US benchmark in the first three-year period managed to outperform over the six years in total, compared to less than 1% of international investing managers.

There is no doubt that active managers have struggled to keep up with their passive counterparts as markets have rallied hard. The S&P 500 for example averaged annual returns of over 16% from 2012 through 2017, setting a very high standard for any manager to compete with. The question is whether, when markets turn, can active managers deliver on their promises?

### QUOTE OF THE MONTH

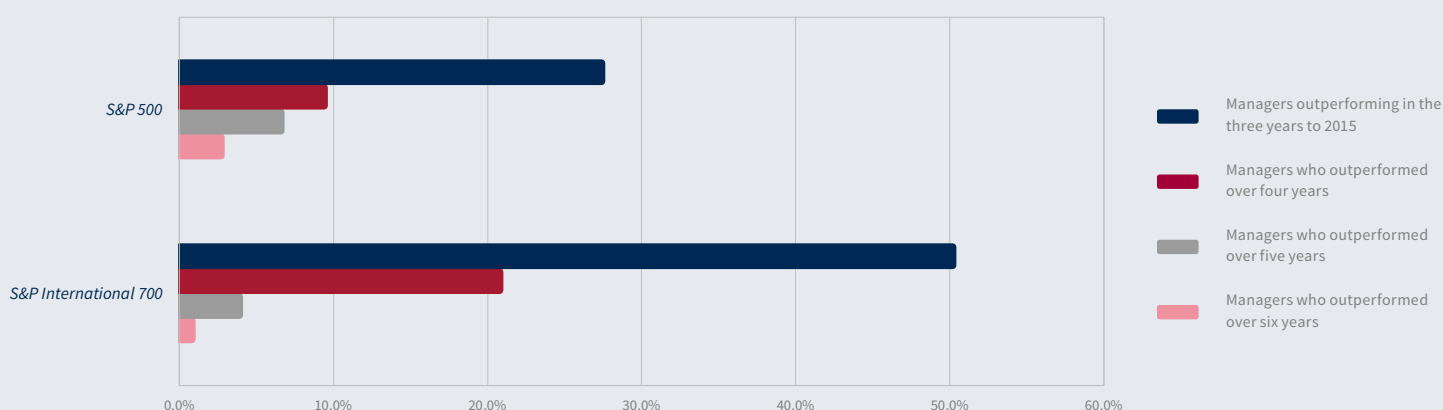
*I remain just one thing, and one thing only, and that is a clown. It places me on a far higher plane than any politician.*



**Charlie Chaplin**

*English comic actor, filmmaker, composer ("a clown")*

### US equity fund managers' performance compared to S&P benchmarks during bull market



### 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.