

Monthly

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Gatmore Pensions Summary (GPS) September 2019

MARKET COMMENTARY

Evidence of investors' falling optimism over the state of the global economy was apparent in August, as equities fell almost 2% amidst the deepest US yield curve inversion since 2007. The rush into lower risk assets left the value of negative yielding bonds at a record high of \$17tn, whilst 30-year US Treasury yields fell below 2% for the first time. President Trump's oscillating rhetoric regarding relations with China played on global markets, and the imposition of new tariffs from both sides signalled the difficulties in finding a resolution. Similarly, the everchanging chances of Boris Johnson securing a deal with Europe and/or proroguing parliament produced a choppy month for sterling, which ended the month at \$1.21.

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.

	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	YTD	1yr	3yr	
WINNERS vs. Gilts	COM 1.9%		EM 4.1%		PE 11.3%	PE 4.4%		PE 4.6%		PE 12.8%						
	HY 1.4%		PRO 3.6%		PRO 11.0%	EQ 3.0%		EQ 3.6%		EQ 6.7%						
	UK 1.2%		PE 3.3%		EM 8.8%	UK 2.3%		UK 2.3%		EM 6.2%						PE 13.0%
	PE 1.1%		EQ 1.3%		EQ 7.8%	HY 1.4%		EM 2.1%		UK 4.0%						EQ 10.0%
	EQ 0.5%		IG (0.4%)		COM 5.4%	COM 1.0%		HY 0.8%		HY 3.2%						UK 6.4%
	IG (0.4%)		COM (0.6%)		HY 4.4%	HF 0.6%		HF 0.7%		IG 2.8%						EM 5.8%
	EM (0.5%)		HF (0.6%)		UK 3.6%	EM 0.2%		IG 0.5%		COM 2.7%						PRO 5.3%
	HF (0.7%)		HY (1.0%)		IG 2.3%	IG 0.2%		PRO (0.4%)		PRO 2.1%						HY 4.9%
	PRO (2.2%)		UK (1.6%)		HF 2.1%	PRO (0.0%)		COM (0.4%)		HF 1.6%						IG 3.6%
					Over 15y Gilts											
	LOSERS vs. Gilts	>15Y (2.8%)	>15Y (1.2%)	>15Y (3.2%)	>15Y (4.7%)	>15Y (2.1%)	>15Y (1.7%)	>15Y (5.5%)	>15Y (2.5%)	>15Y (4.5%)	>15Y (0.2%)	>15Y (3.2%)	>15Y (6.6%)	>15Y (18.8%)	>15Y (18.5%)	>15Y (3.3%)
		IG (1.7%)		IG (1.2%)		UK 3.3%		IG 0.7%		UK 2.2%	PRO 2.5%	EQ 15.7%	PRO 10.8%	EQ 15.7%	PRO 10.8%	HF 1.9%
HY (1.8%)			HY (0.8%)		PRO 3.0%		PRO (0.2%)		PE 1.5%	IG 1.9%	UK 11.0%	IG 9.1%	UK 11.0%	IG 9.1%	COM (0.9%)	
COM (2.2%)			HF (2.2%)		IG 1.6%		HF (0.7%)		HF 0.8%	HF 0.2%	IG 10.4%	HY 5.9%	IG 10.4%	HY 5.9%		
HF (3.1%)			EM (2.7%)		EQ 1.3%		HY (1.0%)		PRO 0.7%	HY (1.6%)	HY 8.2%	UK 1.4%	HY 8.2%	UK 1.4%		
PRO (3.2%)			UK (3.5%)		EM 0.8%		UK (2.9%)		EQ 0.6%	EQ (1.9%)	EQ 5.3%	EQ 0.6%	EQ 5.3%	EQ 0.6%		
UK (4.9%)			PRO (5.7%)		PE 0.5%		COM (3.4%)		HY 0.4%	COM (2.3%)	EM 3.9%	HF (1.3%)	EM 3.9%	HF (1.3%)		
EQ (7.4%)			COM (6.9%)		HY 0.5%		EQ (5.8%)		IG 0.1%	PE (2.6%)	COM 1.9%	PE (3.1%)	COM 1.9%	PE (3.1%)		
EM (8.7%)			EQ (7.8%)		HF 0.0%		EM (7.3%)		COM (0.7%)	UK (4.1%)		EM (4.4%)		EM (4.4%)		
PE (12.7%)			PE (12.1%)		COM (0.2%)		PE (11.3%)		EM (1.2%)	EM (4.9%)		COM (5.9%)		COM (5.9%)		

In case you missed it

China's transition to a financial market powerhouse

China may run its first current account deficit in more than 25 years.

[Pensions Age article](#)

Maybe Warren Buffett is quietly warning us about stocks

Buffett warns that today U.S. stocks are more expensive than those prior to the financial crisis.

[Bloomberg article](#)

Japan Inc wakes up to investor activism in its own backyard

Japan's corporate governance code and investors stewardship code call for pursuit of higher returns.

[Financial Times article *](#)

How BAT's buy-in has paved the way for future deals

Deals such as these show a significant step towards reducing risk for pensioners and deferred members.

[Professional Pensions article *](#)

Does proposed rule spell the end for lay trustees?

TPR is considering whether lay trustees should demonstrate a 'minimum standard' of qualifications.

[Pensions Expert article](#)

STAT OF THE MONTH

46%

Percentage of issued capital that does not vote at UK general meetings in 2018



GPS VIEWPOINT

Is Your Asset Manager Engaged?

There is voting and there is shareholder engagement and it is not uncommon for asset managers to confuse the two.

Voting at an AGM is important but, in our opinion, is a minimum requirement for fund managers. However, for investors in large cap stocks it is very hard to have any say at a board level let alone be able to influence, which is why voting is labelled as engagement – it papers over the shortcoming.

Our preference is to take meaningful positions in companies and fully engage with the board of directors to force change and unlock value. It is the same with funds in which we invest – we would rather engage and have influence than be a small part of the investment machine.

This distinction is going to become even more important in the next twelve months as pension fund trustees have to update their SIPs to explain their policies on how they monitor and engage with organisations (such as the companies in which they invest, investment managers, and other stakeholders).

It is now time to consider how you want your fund managers to behave.

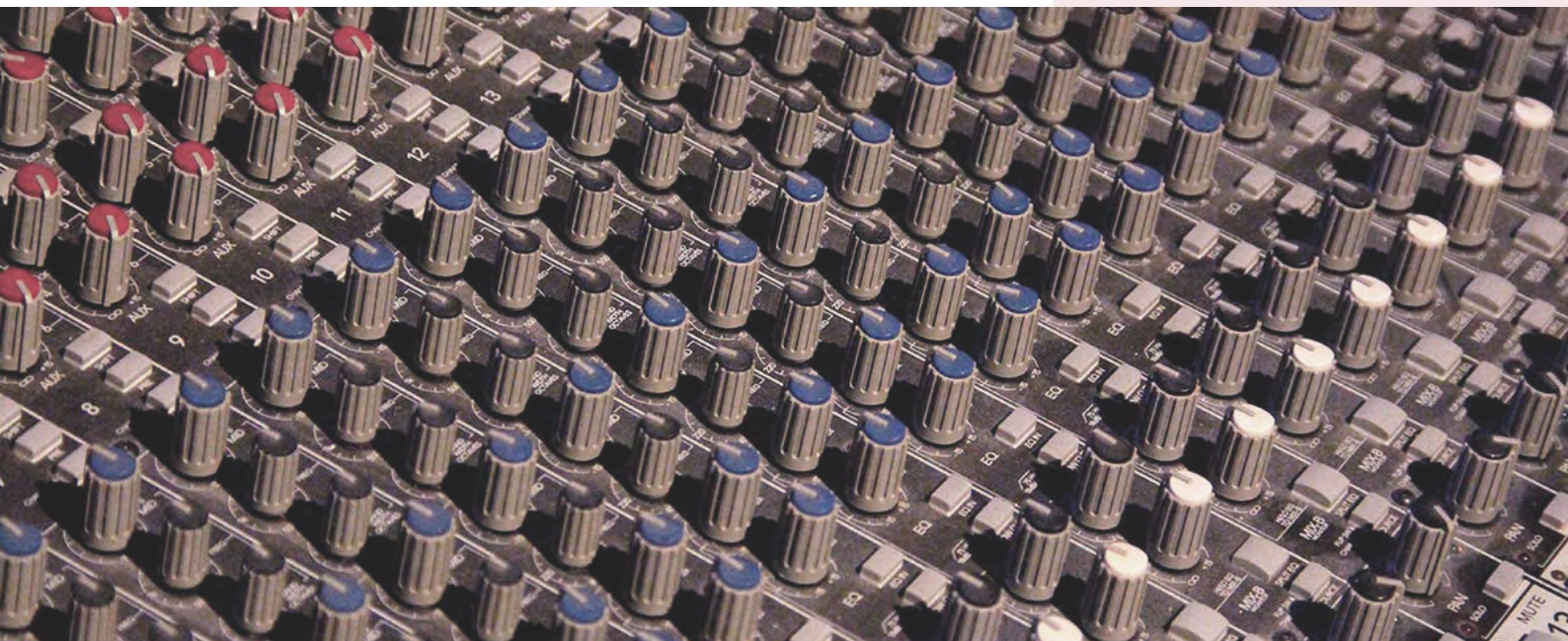
QUOTE OF THE MONTH

*Stone me Del, you've
been engaged more times
than a switchboard.*



Only Fools and Horses

British Sitcom



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.