

# Monthly

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## Gatemore Pensions Summary (GPS)

April 2020

## In case you missed it

### MARKET COMMENTARY

Equities mounted a strong recovery in April, with global equities returning 11.2%, despite the continued negative macroeconomic data. Risk assets are still down double-digit percentages for the year, on the back of the pandemic. As case fatalities began to show signs of slowing across Europe, governments began to mull easing lockdown measures and planning exit strategies. Investors meanwhile had much to digest from a mixed Q1 earnings season that saw the energy and aerospace sectors amongst the worst impacted. Gilt yields fell to 0.28% from 0.36% in March, whilst Sterling ended April flat. Crude oil endured another historic month, falling to \$15p/b before recovering to end April at \$21p/b, and May oil futures contracts briefly turned negative.

#### 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.

	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020	APR 2020	YTD	1yr	3yr
WINNERS vs. Gilts		PE 12.8%				EM 4.2%		EM 7.5%							
		EQ 6.7%				EQ 2.5%	PE 5.5%	COM 5.0%							
		EM 6.2%				PRO 2.3%	EQ 2.8%	PE 4.3%							
		UK 4.0%			PE 4.0%	COM 2.0%	UK 1.8%	EQ 2.9%							
		HY 3.2%			UK 3.0%	IG 1.2%	HF 1.0%	UK 2.8%							
		IG 2.8%			PRO 2.7%	HY 0.8%	HY 0.1%	HY 2.6%				PE 21.1%			
		COM 2.7%			EQ 2.0%	HF 0.3%	EM (0.1%)	HF 1.2%				EQ 11.2%			
		PRO 2.1%			EM 1.9%	PE (0.6%)	IG (0.2%)	IG 0.9%				EM 9.2%			
		HF 1.6%			COM 1.2%	UK (1.9%)	PRO (1.1%)	PRO (0.1%)				PRO 7.8%			
		Over 15y Gilts													
LOSERS vs. Gilts	>15Y 4.5%	>15Y 0.2%	>15Y 3.2%	>15Y 6.6%	>15Y 0.9%	>15Y (3.1%)	>15Y (1.3%)	>15Y (2.4%)	>15Y 6.3%	>15Y 2.1%	>15Y 2.5%	>15Y 5.5%	>15Y 17.4%	>15Y 27.3%	>15Y 9.8%
	IG 0.7%		UK 2.2%	PRO 2.5%	HY 0.5%		COM (2.6%)		IG 1.6%	IG 0.3%	HF (5.9%)	IG 4.8%	IG (0.9%)	IG 5.7%	PE 5.7%
	PRO (0.2%)		PE 1.5%	IG 1.9%	HF 0.4%				PRO 0.8%	HF (1.4%)	IG (7.2%)	HY 4.4%	HF (4.5%)	HF 0.4%	EQ 5.5%
	HF (0.7%)		HF 0.8%	HF 0.4%	IG (0.8%)				HF 0.4%	HY (1.8%)	COM (12.8%)	UK 3.9%	HY (11.3%)	EQ (3.0%)	IG 4.1%
	HY (1.0%)		PRO 0.7%	HY (1.6%)					HY 0.1%	COM (5.0%)	EQ (13.1%)	HF 2.5%	EQ (11.7%)	HY (6.9%)	EM 0.6%
	UK (2.9%)		EQ 0.6%	EQ (1.9%)					EQ (0.4%)	EM (5.3%)	UK (13.4%)	COM (1.5%)	EM (16.6%)	PE (8.9%)	HY 0.3%
	COM (3.4%)		HY 0.4%	COM (2.3%)					PE (0.5%)	PRO (8.2%)	HY (13.5%)		PE (19.1%)	EM (12.0%)	HF 0.1%
	EQ (5.8%)		IG 0.1%	PE (2.6%)					UK (3.4%)	EQ (8.3%)	EM (15.4%)		UK (20.9%)	PRO (16.2%)	PRO (1.2%)
	EM (7.3%)		COM (0.7%)	UK (4.1%)					EM (4.7%)	UK (9.0%)	PE (19.5%)		PRO (23.3%)	UK (17.1%)	UK (2.5%)
	PE (11.3%)		EM (1.2%)	EM (4.9%)					COM (7.4%)	PE (16.6%)	PRO (23.1%)		COM (24.5%)	COM (23.2%)	COM (8.6%)

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

### Do not count on a fast global economy bounceback

COVID-19 shows more pervasive effects on the economy than previous epidemics.

[Financial Times\\*](#)

### The 1930s depression was 'great.' This one might be greater

Aftershocks could lead to prolonged spell of uncertainty and risk avoidance.

[Stanford Business](#)

### NYSE says industry to review circuit breaker system

NYSE feature has led to increased pressure on stocks at the opening trading in the US.

[ETF Stream](#)

### Exclusive: Hedge fund Elliott says stocks could fall 50% from February highs

Gold and credit investments could be the most worthwhile in order to escape from the slump.

[Reuters](#)

### In defense of the rally: Five pros who say the new bull has legs

Stocks have already retraced 50% of losses since the fall in March.

[Bloomberg](#)

## STAT OF THE MONTH

# 40,320\$

The amount you would have been paid on the 20<sup>th</sup> of April to accept delivery of 1000 barrels of oil in May via the futures market

Source: Bloomberg (WTI May futures contract data).

### GPS VIEWPOINT

## Could Covid-19 Accelerate the ESG Drive?

Even before Covid-19, sustainable investing had made its way to the top of trustee agendas. ESG and impact funds were gaining popularity as investors took sustainable investing more seriously, demanding more conscious decision making.

According to CNBC, sustainable funds saw inflows of \$21bn in 2019, representing a 400% increase from 2018 levels. The latest evidence suggests Covid-19 has not slowed this move, with ESG Clarity reporting €30bn of capital allocated to European sustainable funds during Q1 this year, whilst €148bn was pulled from the wider European fund universe.

This trend may be attributed to relatively good performance: UK ESG funds fell an average of 14% during the coronavirus sell-off according to Reuters, compared to the 17% fall of non-ESG funds. Some of this is due to lower energy exposure in ESG funds. However, longer-term performance is attributable to the focus on companies with sustainable business models, such as remote conferencing company Zoom.

When some kind of normality returns, more people will likely work from home, more meetings will be conducted via video conference, business travel will therefore decline, and perhaps some of the human tragedy can be offset by a better environment, improved society and better governed businesses. Perhaps this is the catalyst for permanent positive change and the complete integration of ESG into investment processes. Perhaps.

### QUOTE OF THE MONTH

*All we have to do is decide what to do  
with the time that is given us.*

”

JRR Tolkien

*‘The Fellowship of the Ring’*



### 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.