

Monthly

Gatmore Pensions Summary (GPS) June 2020

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MARKET COMMENTARY

Although concerns over a second wave of the coronavirus surfaced towards the end of June, European equities led gains across the board, taking encouragement from economies gradually returning to normal and massive global stimulus packages. US non-farm pay rolls for the previous month, which were reported in June, showed a gain of 2.5 million, in stark contrast to the 8.3 million estimated decline, furthering the optimists claim that the economic impact of Covid-19 will be short-lived. Long-dated Gilts fell 1.3% as yields rose slightly, whilst Sterling gained marginally to \$1.24, despite climbing as high as \$1.28 mid-month. Oil prices continued to recover, closing the month at \$41.50pb from lows of \$15.00pb in April.

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.

	JUL 2019	AUG 2019	SEP 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020	APR 2020	MAY 2020	JUN 2020	YTD	1yr	3yr	
WINNERS vs. Gilts				EM 4.2%		EM 7.5%					PE 6.3%	EM 7.4%				
				EQ 2.5%	PE 5.5%	COM 5.0%					HY 5.1%	PE 3.2%				
				PRO 2.3%	EQ 2.8%	PE 4.3%					EQ 5.0%	EQ 2.7%				
			PE 4.0%	COM 2.0%	UK 1.8%	EQ 2.9%					COM 4.3%	PRO 2.4%				
			UK 3.0%	IG 1.2%	HF 1.0%	UK 2.8%					UK 3.3%	COM 2.3%				
			PRO 2.7%	HY 0.8%	HY 0.1%	HY 2.6%				PE 21.1%	IG 1.5%	HY 2.3%				
			EQ 2.0%	HF 0.3%	EM (0.1%)	HF 1.2%				EQ 11.2%	HF 1.4%	IG 2.1%				
			EM 1.9%	PE (0.6%)	IG (0.2%)	IG 0.9%				EM 9.2%	PRO 1.0%	UK 1.7%				
			COM 1.2%	UK (1.9%)	PRO (1.1%)	PRO (0.1%)				PRO 7.8%	EM 0.8%	HF 1.6%				
	Over 15y Gilts															
		>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 (0.4%)	>15Y (1.3%)	>15Y 15.5%	>15Y 19.8%	>15Y 10.2%
	LOSERS vs. Gilts	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 2.7%	IG 5.8%	PE 8.6%
PE 1.5%		IG 1.9%	HF 0.4%				PRO 0.8%	HF (1.4%)	IG (7.2%)	HY 4.4%			HF (1.2%)	EQ 4.1%	EQ 7.3%	
HF 0.8%		HF 0.4%	IG (0.8%)				HF 0.4%	HY (1.8%)	COM (12.8%)	UK 3.9%			HY (4.7%)	HF 3.0%	IG 4.6%	
PRO 0.7%		HY (1.6%)					HY 0.1%	COM (5.0%)	EQ (13.1%)	HF 2.9%			EQ (4.8%)	PE (0.2%)	HY 2.2%	
EQ 0.6%		EQ (1.9%)					EQ (0.4%)	EM (5.3%)	UK (13.4%)	COM (1.5%)			EM (9.8%)	HY (2.0%)	EM 1.9%	
HY 0.4%		COM (2.3%)					PE (0.5%)	PRO (8.2%)	HY (13.5%)				PE (11.2%)	EM (3.4%)	HF 1.1%	
IG 0.1%		PE (2.6%)					UK (3.4%)	EQ (8.3%)	EM (15.4%)				UK (16.9%)	UK (13.8%)	PRO (0.5%)	
COM (0.7%)		UK (4.1%)					EM (4.7%)	UK (9.0%)	PE (19.5%)				COM (19.4%)	PRO (15.0%)	UK (1.6%)	
EM (1.2%)		EM (4.9%)					COM (7.4%)	PE (16.6%)	PRO (23.1%)				PRO (20.6%)	COM (17.4%)	COM (6.1%)	

In case you missed it

German stimulus aims to kick-start recovery 'with a ka-boom'

New plans will see VAT cuts to the end of 2020.

[Financial Times*](#)

Hedge funds braced for second stock market plunge

Equity markets are not reflecting job losses and the insolvencies to come.

[Financial Times*](#)

Majority of ESG funds outperform wider market over 10 years

Analysis shows 80% of ESG funds outperformed traditional funds.

[Financial Times*](#)

How the coming crash in the dollar will unfold

Is the greenback likely to weaken with a resurgent Chinese economy?

[Bloomberg](#)

STAT OF THE MONTH

3 days until the pubs open!



GPS VIEWPOINT

A Country In Debt

The Bank of England announced another £100bn of quantitative easing (QE) this month, taking the total since March to £300bn. The use of negative rates was avoided, for now, but borrowing continues to rise.

This is in addition to the £445bn QE programme launched after the financial crisis.

We now find ourselves with the nation's debt close to £2trillion.

The hope is that the UK can be kept afloat and the worst recession in living memory can be kept short by printing money and buying government and corporate bonds.

There is no doubt that with the onset of Covid-19 and the resultant lockdown something had to be done and the whole country needed support. However, the long-term implications of this debt burden are likely to be slow growth, low interest rates, and higher taxation, with lower investment returns a result. This is a long road to recovery.

QUOTE OF THE MONTH

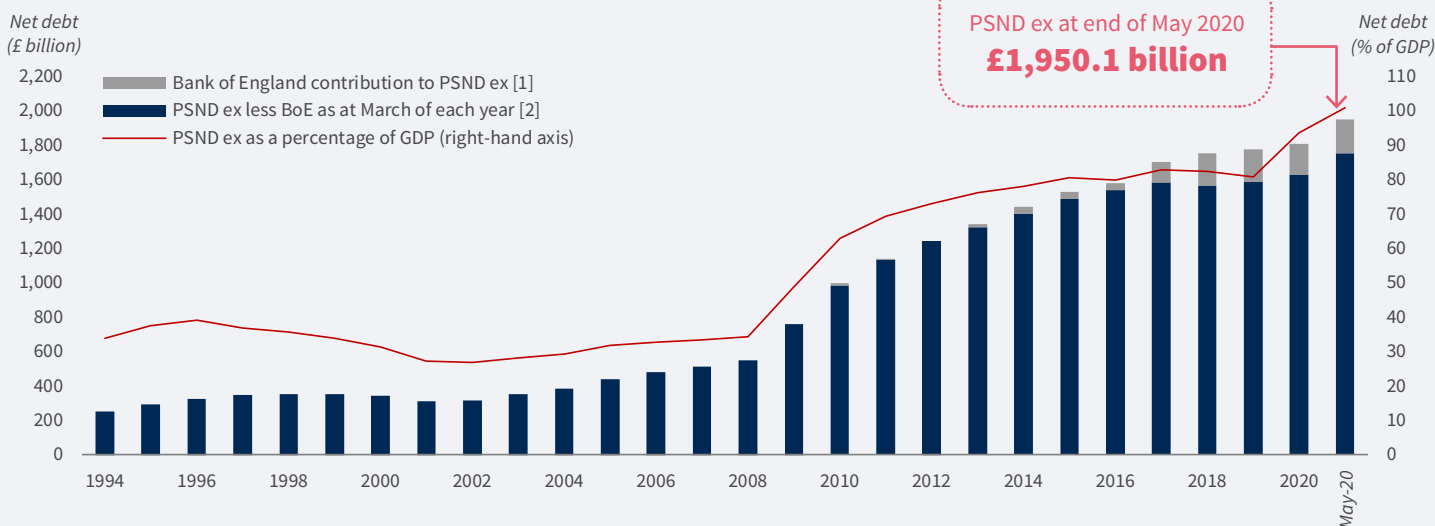
Blessed are the young, for they shall inherit the national debt.



Herbert Hoover

An American engineer, businessman, and politician who served as the 31st president of the United States from 1929 to 1933

Debt as % of GDP



PSND = Public sector net debt excluding public sector banks, UK, March 1994 to the end of May 2020.

Source: Office for National Statistics.

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.