

# Monthly

## Gatmore Pensions Summary (GPS) July 2020

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### In case you missed it

### MARKET COMMENTARY

General consensus that there would be a resurgence of Covid-19 grew in the US and Europe during July, with the UK Prime Minister pausing the next stage of the economy reopening, as well as introducing further targeted measures. In the US, second quarter GDP data reported during the month showed the largest contraction on record, with output dropping 32.9% on an annualised basis. Regardless of this however, US stocks led further advances in global equities, gaining 4.9% over July. UK shares meanwhile slid 4.2%, as the pound gained through July to finish the month at \$1.31. Long-dated Gilts rose 0.5% as yields fell slightly, whilst oil prices began to stabilise, finishing the month at \$40pb.

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.

	AUG 2019	SEP 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020	APR 2020	MAY 2020	JUN 2020	JUL 2020	YTD	1yr	3yr
EM			EM 4.2%		EM 7.5%					PE 6.3%	EM 7.4%				
EQ			EQ 2.5%	PE 5.5%	COM 5.0%					HY 5.1%	PE 3.2%	PE 10.3%			
PRO			PRO 2.3%	EQ 2.8%	PE 4.3%					EQ 5.0%	EQ 2.7%	EM 8.9%			
PE			PE 4.0%	COM 2.0%	UK 1.8%	EQ 2.9%				COM 4.3%	PRO 2.4%	COM 5.7%			
UK			UK 3.0%	IG 1.2%	HF 1.0%	UK 2.8%				UK 3.3%	COM 2.3%	EQ 4.9%			
PRO			PRO 2.7%	HY 0.8%	HY 0.1%	HY 2.6%				PE 21.1%	IG 1.5%	HY 2.3%	HY 4.5%		
EQ			EQ 2.0%	HF 0.3%	EM (0.1%)	HF 1.2%				EQ 11.2%	HF 1.4%	IG 2.1%	IG 4.2%		
EM			EM 1.9%	PE (0.6%)	IG (0.2%)	IG 0.9%				EM 9.2%	PRO 1.0%	HF 1.8%	PRO 4.0%		
COM			COM 1.2%	UK (1.9%)	PRO (1.1%)	PRO (0.1%)				PRO 7.8%	EM 0.8%	UK 1.7%	HF 1.3%		PE 11.6%
Over 15y Gilts															
>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 0.5%	>15Y 16.0%	>15Y 16.6%	>15Y 10.3%
PRO	2.5%	HY 0.5%		COM (2.6%)		IG 1.6%	IG 0.3%	HF (5.9%)	IG 4.8%			UK (4.2%)	IG 7.0%	IG 10.2%	EQ 8.2%
IG	1.9%	HF 0.4%				PRO 0.8%	HF (1.4%)	IG (7.2%)	HY 4.4%				HF 0.2%	EQ 8.5%	IG 5.5%
HF	0.4%	IG (0.8%)				HF 0.4%	HY (1.8%)	COM (12.8%)	UK 3.9%				EQ (0.1%)	PE 8.4%	HY 3.2%
HY	1.6%					HY 0.1%	COM (5.0%)	EQ (13.1%)	HF 2.9%				HY (0.3%)	EM 6.5%	EM 2.8%
EQ	(1.9%)					EQ (0.4%)	EM (5.3%)	UK (13.4%)	COM (1.5%)				EM (1.7%)	HF 3.6%	HF 1.3%
COM	(2.3%)					PE (0.5%)	PRO (8.2%)	HY (13.5%)					PE (2.1%)	HY 2.0%	PRO 0.2%
PE	(2.6%)					UK (3.4%)	EQ (8.3%)	EM (15.4%)					COM (14.8%)	COM (12.1%)	UK (3.3%)
UK	(4.1%)					EM (4.7%)	UK (9.0%)	PE (19.5%)					PRO (17.5%)	PRO (12.2%)	COM (5.1%)
EM	(4.9%)					COM (7.4%)	PE (16.6%)	PRO (23.1%)					UK (20.4%)	UK (19.2%)	

### Marshall Wace targets \$1bn for new green hedge fund

The fund will purchase stocks with heavy ESG principles.

[Financial Times](#)\*

### Trump's plan to block pensions from ESG won't help fossil fuels

Department of Labor argues ESG funds underperform despite research showing the opposite.

[Bloomberg](#)

### Up to 10m UK pensioners face being worse off under reforms

Linking DB pensions to CPIH will lead to lower income.

[Financial Times](#)\*

### Dan Fuss: prepare for 1970s style inflation

Massive government spending could lead to significant inflation.

[Advisor Perspectives](#)

### STAT OF THE MONTH

# 501

The number of Test wickets Stuart Broad has taken for England



### GPS VIEWPOINT

## ESG is not an exact science

Rating an investment for ESG is not as simple as one might think, and the more that we dig the more difficult it becomes.

To illustrate this, consider a wind turbine company (not a real one). At face value it is renewable energy, which is a big tick for the environment. But on closer examination their board of directors is an all male affair with no diversity whatsoever. So, a cross for Governance. Both could be financially material factors: green energy should be positive and poor governance should be negative. But how do you rate that company? What if some turbine components are mined in sensitive areas but transportation is via electric vehicles?

Similarly, and importantly for the majority of schemes who invest in pooled funds, how do you rate a manager? One manager may believe that governance is a significant drag, another that renewable energy has greater potential. They are both taking ESG into consideration with one excluding the turbine company and another investing in it. One may even invest hoping to influence board level changes.

In essence this is a typical active fund manager debate — deciding what will drive performance. However, it is not an exact science and only time will tell which factors have the greater impact. This is why it is important to take a step back and understand what your managers are doing and relate that to your own beliefs, realising that a heavy dose of common sense is needed.

### QUOTE OF THE MONTH

*I am very cautious of people who are absolutely right, especially when they are vehemently so.*



**Michael Palin**

*Diaries 1969-1979: The Python 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.