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## Gatemore Pensions Summary (GPS) September 2020

In case you missed it

### MARKET COMMENTARY

September saw a notable rise in coronavirus cases in the UK, along with several other European countries. Boris Johnson re-imposed safety measures nationwide, including the rule of six and a 10pm curfew for bars and restaurants, threatening to keep them in place for up to six months. Equity markets meanwhile endured their worst month since March, falling 3.4% on second wave fears. US stocks also contended with the prospect of a contested election as Trump and Biden engaged in a bitter first televised debate. Long-dated government bonds regained much of the ground lost in August, rising 2.8%, whilst Sterling slid from \$1.34 to \$1.29. Brent crude oil fell to \$42p/b.

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.

	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020	APR 2020	MAY 2020	JUN 2020	JUL 2020	AUG 2020	SEP 2020	YTD	1yr	3yr	
<b>WINNERS vs. Gilts</b>	EM		EM					PE	EM			PE				
	EQ	PE	COM					HY	PE	PE		EQ				
	PRO	EQ	PE					EQ	EQ	EM		COM				
	COM	UK	EQ					COM	PRO	COM		EM				
	IG	HF	UK					UK	COM	EQ		PRO				
	HY	HY	HY					PE	IG	HY	HY		UK			
	HF	EM	HF					EQ	HF	IG	IG		HY			
	PE	IG	IG					EM	PRO	HF	PRO		HF			
	UK	PRO	PRO					PRO	EM	UK	HF		IG			
	<i>Over 15y Gilts</i>													PE	IG	PE
	>15Y	>15Y	>15Y	>15Y	>15Y	>15Y	>15Y	>15Y	>15Y	>15Y	>15Y	>15Y	>15Y	>15Y	>15Y	>15Y
		COM		IG	IG	HF	IG				UK		HF	IG	HF	EQ
			PRO	HF	IG	HY						IG	PE	HF	EQ	
			HF	HY	COM	UK						UK	EQ	COM	HY	
			HY	COM	EQ	HF						EM	HF	PRO	EM	
			EQ	EM	UK	COM						HY	HY	UK	HF	
			PE	PRO	HY							PRO	EM		PRO	
			UK	EQ	EM							COM	COM		UK	
			EM	UK	PE							EQ	PRO		COM	
			COM	PE	PRO							PE	UK			
<b>LOSERS vs. Gilts</b>													PE			
														IG	PE	
														EQ	PE	
														EM	PE	
														HY	PE	
														PE	PE	
														EM	PE	
														HY	PE	
														COM	PE	
														EQ	PE	
														PE	PE	
														UK	PE	

### Could your investments in green funds end up paying for GUNS?

Funds labelled 'ESG' could have more than 50 percent of their assets in non-ESG securities or funds.

[This is Money](#)

### Coronavirus: Working from home 'costs central London £2.3bn'

An estimate of lost spending due to people working from home is £500m per month between March and July.

[BBC](#)

### UK consumer confidence rises to highest since lockdown

Despite subdued confidence surveys, consumer spending in Britain has rebounded strongly.

[Reuters](#)

### The worst crash in our lifetime

Warnings appear of Great Depression-like market crash with an up to 90% plunge in early 2021.

[Business Insider](#)

### Investment in UK equities hits record low

Responsible and sustainable investing even more critical now given the Covid-19 and Brexit challenges.

[FT Adviser](#)

## STAT OF THE MONTH

# 325

Byrson DeChambeau's average drive of the tee, the longest of any US Open champion



### GPS VIEWPOINT

## *There is more to life than equities and bonds*

Having fallen over 30% from January to mid-March lows, developed market equities have gradually recouped losses, with US stocks in positive territory year-to-date, despite a 10% peak to trough correction in September. The recovery in corporate bonds has been a similar story. By August-end, US investment-grade credit spreads had reversed 90% of the widening caused by the pandemic. With the Federal Reserve promising to keep rates at zero for years not months whilst they target lagging inflation, investors can expect anemic yield for the medium-term at least.

What does this mean for investors that have relied on the two asset classes as cornerstones of their portfolios? If equities and corporate bonds felt highly valued in January, they feel highly valued now. They have been on Central Bank oxygen for some time but now volatility is back. Combined with bond yields that may not reward investors for lending to businesses that hold almost double the amount of debt of the Global Financial Crisis, investors need to look away from the traditional.

As in previous times of uncertainty, diversification will help to reduce volatility. As equities and corporate bonds become more correlated. Investors should consider assets away from the traditional. Alternative investments in hedge funds, for example, have outperformed peers during 2020, falling only 12% in Q1 before recouping losses by August. As with everything, there is a balance but there is more to life than equities and bonds.

### QUOTE OF THE MONTH

*What's normal anyways.*



*Forrest Gump*



### 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.