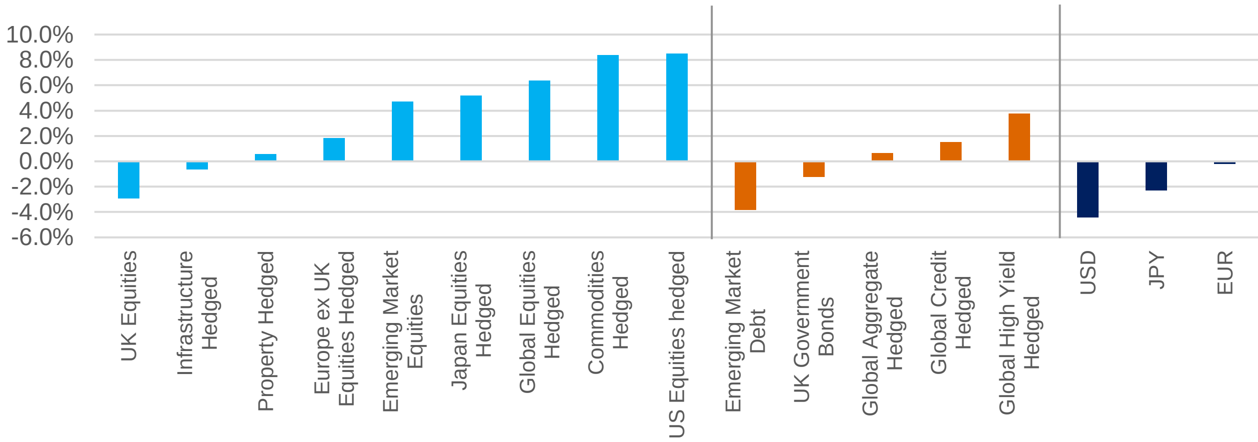
JGC - WPP Performance Summary Q3 2020

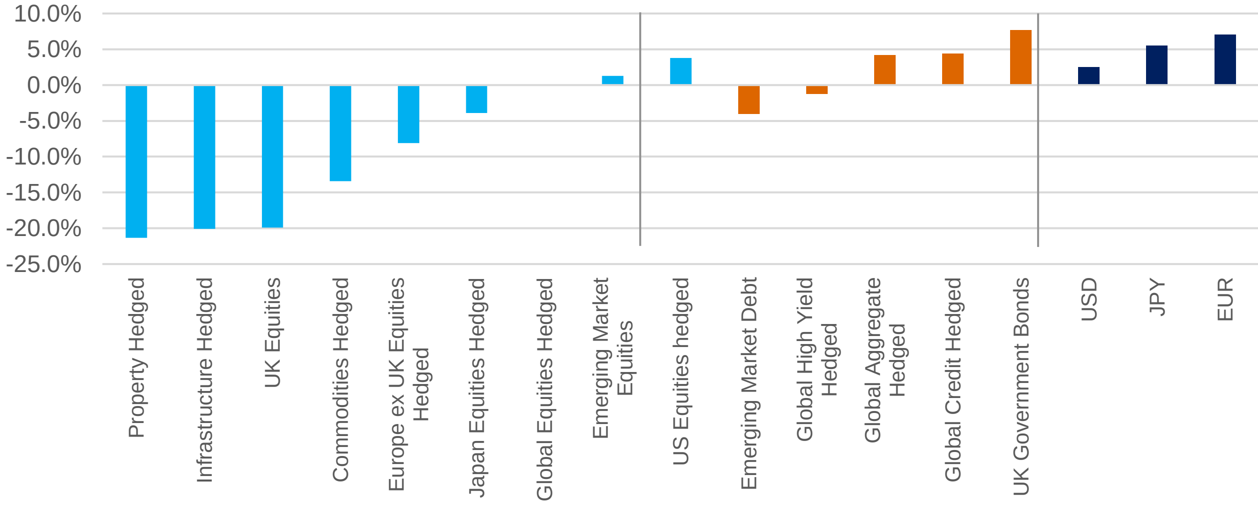
Global Market Commentary

With lockdown restrictions easing from the end of the second quarter, risk appetite built up strongly in July and August. This was further cemented by Covid-19 vaccine hopes and stabilising oil prices. However, this “risk-on” sentiment reversed in September, as rising coronavirus cases pointed towards a second wave of infections. Brexit uncertainties and volatility to the run-up to US presidential elections, further dampened investors’ mood. G4 central banks remained accommodative during this period whilst governments were tasked with figuring out new policies to support their respective nations. Over the period, oil prices edged slightly higher whilst the US dollar weakened. The US Federal Reserve chair Jay Powell explained that the Fed adopted a monetary policy that “will likely aim to achieve inflation moderately above 2% (this is now an average target rate) for some time”. Across the pond, the Bank of England (BoE) kept its monetary policy unchanged and reassured markets that the central bank will remain in its emergency policy mode until the effects of the coronavirus on the economy had truly passed.

Asset class performance – Quarter to September 2020



Asset class performance – Year to September 2020



Benchmarks : Global equity hedged (MSCI World ACWI), UK equity (FTSE All Share), US equity hedged (Russell 1000 Net GBPH), Europe ex UK equity (MSCI Europe ex UK Equity Net GBPH), Japan equity (TOPIX Net GBPH), Emerging equity (MSCI Emerging Markets Net), Global HY bonds (BofAML Global High Yield 2% Constrained Index), EMD LC (JP Morgan GBI-EM Global Diversified Index), Global credit hedged (Bloomberg Barclays Global Aggregate Credit Index), Global aggregate hedged (Bloomberg Barclays Global Aggregate Bond Index GBPH), UK Government Bonds (ICEBofAML UK Gilts All Stocks (GB), Property hedged (FTSEEPRA Nareit Dev Re GBP)

Global Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	3.00	5.54	10.36
Net	2.92	5.20	10.00
MSCI AC World Index Net	3.35	5.27	9.94
Excess returns	-0.35	0.27	0.43

Inception Date: COB 14th February 2019

Overall Fund Commentary
The Fund registered positive absolute returns over the third quarter and marginally underperformed the benchmark. Deeper value underperformed other styles, as well as dividend yield which lagged owing to doubts over dividend sustainability in the prevailing market environment. In factor performance, deeper value underperformed other styles, as well as dividend yield which lagged owing to doubts over dividend sustainability in the prevailing market environment. Defensive styles were also on the backfoot as investors sought more riskier areas in the market for most of the period. This weighed on low volatility strategy Numeric and the more multi-factored approach of Jacobs Levy. The regional strategies of Oaktree and NWQ also lagged behind. In contrast, growth and momentum led the markets, as well as quality and large caps. This enabled managers such as Morgan Stanley and SW Mitchell to register strong positive performances.

Global Growth Equity Fund:

	Three Months	1 Year	Since Inception
Gross	3.12	7.64	10.95
Net	3.02	7.22	10.52
MSCI AC World Index Net	3.35	5.27	10.74
Excess returns	-0.22	2.37	0.22

Inception Date: 6th Feb 2019

Overall Fund Commentary
The Fund marginally underperformed the benchmark in the quarter but saw positive absolute returns. As with Global Opportunities, deeper value as well as defensive styles underperformed growth as valuations continued to diverge. This allowed Baillie Gifford to significantly outperform the benchmark while Veritas slightly underperformed the benchmark and Pzena saw negative returns in the quarter. Covid-19 and associated stimulus effects continue to be a major influence in the period and increased restrictions across multiple countries have contributed to volatility, coupled with unprecedented growth in a handful of stocks.

UK Market Commentary

In contrast to other developed equity markets, the FTSE All Share decreased 2.9% in the third quarter. After negative July performance, risk appetite built up in August as lockdown restrictions eased, Covid-19 vaccine hopes improved and oil prices stabilised. However, sentiment reversed in September as Brexit trade deal uncertainties and rising coronavirus cases dampened investor confidence. The Bank of England kept its monetary policy unchanged and reassured markets it would remain in its emergency policy mode until the effects of coronavirus on the economy had truly passed. Governor Andrew Bailey advised that negative interest rates were "in the toolbox" but ruled out their usage in the near future. Meanwhile, Chancellor Rishi Sunak announced plans to replace the government furlough scheme with a German-style wage subsidy plan, in order to support the jobs market.

UK Opportunities Equity Fund:

	Three Months	Since Inception
Gross	-0.13	-13.99
Net	-0.23	-14.37
FTSE All Share	-2.92	-15.32
Excess returns	2.80	1.33

Inception Date: COB 11th October 2019

Overall Fund Commentary
The Fund outperformed the negative benchmark return. Similar to the previous quarter, small-mid sized stocks outperformed which suited the Fund's positioning. Value continued to lag growth on aggregate – driven by underperforming large cap names. Growth-oriented Baillie Gifford and Liontrust were the strongest-performing strategies within this environment. In contrast, Ninety One's contrarian value strategy was the sole underperformer. The Fund broadly benefitted from effective sector positioning and stock selection. This was strongest within consumer services (overweight) and was also rewarded within financials (underweight), oil & gas (underweight) and technology (overweight).

Fixed Income Market Commentary

G4 central banks remained accommodative during this period whilst governments were tasked with figuring out new policies to support their respective nations. The US Federal Reserve (Fed) kept rates unchanged on the back of this encouraging economic data set. Bank of England (BoE) governor Andrew Bailey advised that negative interest rates were "in the toolbox". Markets largely reacted negatively to this development and Bailey consequently ruled out negative interest rates in the near future but warned of "hard yards ahead" for the economy as coronavirus infections rise. Largely in anticipation of potential downside risks, EU leaders agreed on the framework to a historic €750 billion stimulus plan early in the quarter. New corporate issuance continued to be strong this quarter, with companies such as AT&T ($11 billion), Alphabet ($11.25 billion) and Gilead Sciences ($7.25 billion) bringing notable deals to the markets. In Emerging Market debt (EMD), local EMD climbed by 0.6% and hard currency EMD increased 2.3% (USD terms). After months of intense negotiations, Argentina finally reached an agreement with its biggest creditors (e.g. BlackRock, Ashmore, Fidelity and T Rowe Price) on terms for a restructuring of $65 billion in foreign bonds.

Global Government Bond Fund:

	Since Inception
Gross	0.00
Net	-0.03
FTSE World Gvt Bond Index (GBP Hedged)	0.33
Excess returns	-0.33

Inception Date: COB 19th August 2020

Overall Fund Commentary
The Fund recorded a flat return, marginally underperforming the benchmark, over this part period. The Fund's rates positioning was slightly negative in an environment where bond yields declined and with underweight duration positioning to core eurozone bonds unrewarded. However, an overweight to Italy was a notable positive contributor. Positive currency positioning included overweights to the Mexican peso, Singapore dollar and Malaysian ringgit as well as an underweight to the New Zealand dollar.

Global Credit Fund:

	Since Inception
Gross	-0.33
Net	-0.35
Bloomberg Barclays Global Agg Credit Index (GBP Hedged)	-0.32
Excess returns	-0.01

Inception Date: COB 20th August 2020

Overall Fund Commentary
The Fund marginally underperformed the benchmark this partial period. Sentiment reversed in September as rising coronavirus cases pointed towards a second wave of infections. This ensured high yield spreads widened in September. The Fund's overweight to US high yield credit detracted this period. In contrast, positive US investment-grade credit positioning included exposure to investment-grade financials and underweights to industrials and utilities. The Fund's exposure to European high yield and European investment-grade credit over the period also suited the market environment.

Multi Asset Credit Fund:

	Since Inception
Gross	-0.21
Net	-0.27
3 Month GBP Sonia + 4%	0.56
Excess returns	-0.77

Inception Date: COB 11th August 2020

Overall Fund Commentary
The fund underperformed the benchmark over this part period. Its credit positioning was positive, driven by long exposure to European high yield credit. US corporate credit positioning had a neutral impact. Positive relative returns from an overweight to US high yield industrials were negated by an unrewarded overweight to US high yield financials. Hard currency emerging market debt positioning was positive. Within the US securitised space, exposure to non-agency commercial mortgage-backed securities was positive.

UK Credit Fund:

	Since Inception
Gross	0.02
Net	0.01
ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%	2.80
Excess returns	-2.77

Inception Date: 19th August 2020

Overall Fund Commentary

UK bonds posted mixed returns over the quarter, with corporate bonds outperforming government bonds (Gilts). UK Gilt yields rose over the period as markets reacted to the policy shift by the US Federal Reserve, which said it would be more willing to allow inflation to rise above its 2% target for some time and would worry less about the inflation implications of very low unemployment.

The portfolio underperformed the index since inception. Credit positioning was a key detractor with long beta position weighing on returns as sterling credit spreads widened in September amid concerns over the economic effect of a second wave of virus-related lockdowns and uncertainty related to US elections. The overweight in Western Midstream, HSBC and Engie were top detractors from issuer standpoint. Conversely, the portfolio benefited from some high conviction individual stock positions. For instance, the overweight holdings in EDF and GE were the top contributors to returns. On the duration front, the portfolio's term structure positioning resulted in flat returns over the period.

Note: The quoted benchmark includes the longer-term performance objective of +0.65% which will inflate underperformance over the presented short performance period.