This quarterly newsletter is designed to provide a brief overview of what's been happening in *the global economy and* world markets.

Equities

July saw another month of gains, building on the strong performance of Q1 2019. Overall developed markets rose 1.2% on the month, albeit underlying fortunes were mixed, with the US (the S&P 500 achieving new all-time highs) and FTSE All Share Index performing strongly, whilst Europe (ex-UK) only eked out a scant 0.2% gain.

Emerging Markets (EM) encountered falls as India dropped 5.5% due to disappointment that the government failed to announce new economic stimulus measures and restricted previous corporate tax incentives to smaller firms.

August saw a rare fall in the US (the S&P 500 losing 1.6%, falling by 2.6% or more on three separate daily occasions), as Donald Trump's early August tweet announcing a 10% tariff on $300 billion of Chinese goods caught the markets by surprise. China retaliated in kind, which lead to fears of a renewed escalation in tensions. Developed markets fared better than EM, but both lost ground, by 1.9% and 2.5% respectively.

Europe (ex-UK) did slightly better despite continued weak economic data from Germany, losing only 0.8% on the month, however the UK, concerned by the increased prospect of a "no-deal" Brexit, lost almost 4.5%.

September saw gains for equities in general, with the S&P 500 up by 1.8%, European equities by around 2%, and the UK All Share Index seeing a rise of just shy of 3% due to a more optimistic view on a Brexit deal, and more importantly, reduced odds of a "no-deal".

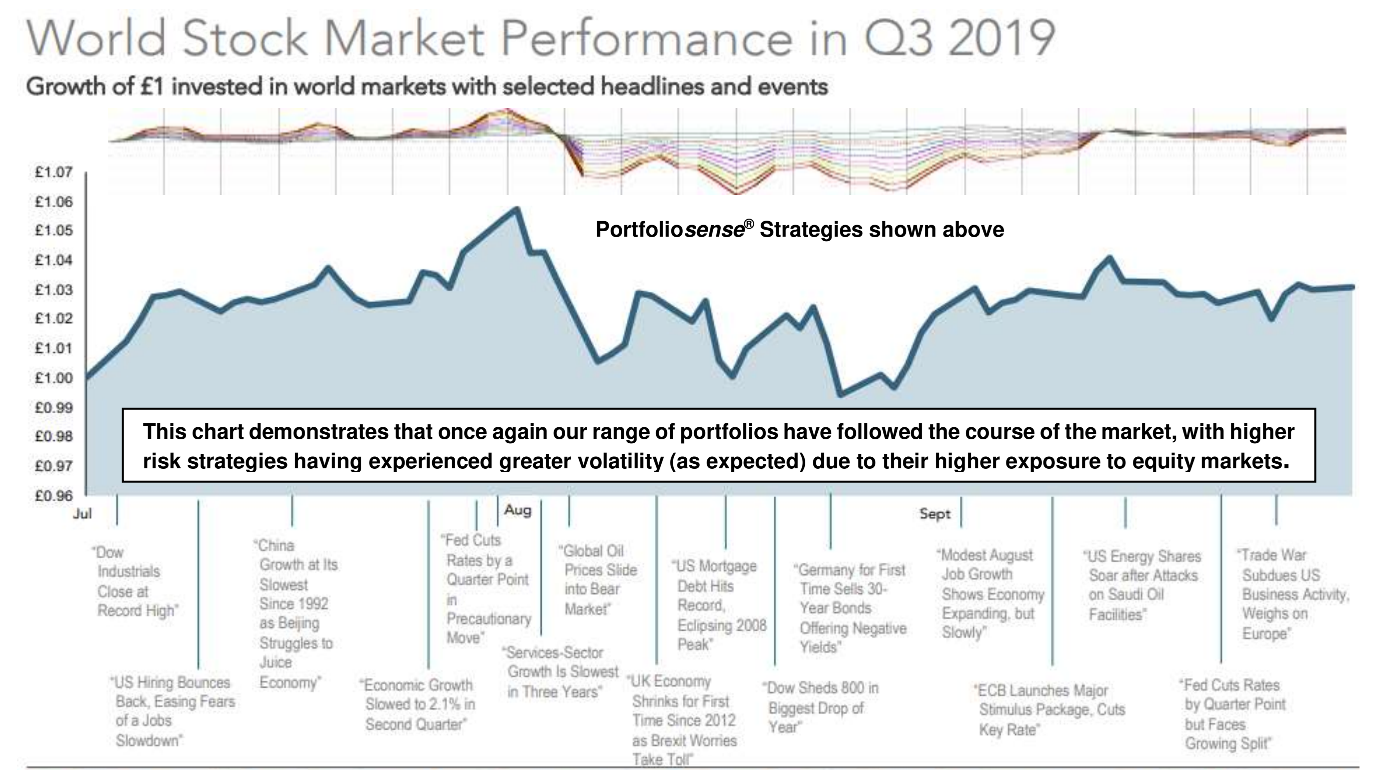
Chinese equities also saw a small gain, whilst in Japan, the Topix Index rose by 3%, boosted by renewed hopes of Central Bank policy easing. However in EM, the continued US Dollar strength dampened investor enthusiasm with EM seeing overall gains of 0.7%, despite strong returns from Latin America, which rose by 1.4%.

Fixed Interest

Bonds were initially strong in July as market expectations of an interest rate cut from the Fed continued to build, however US Treasuries ended July flat on the month, as stronger economic data (retails sales, job gains and consumer inflation) somewhat undermined the need for rate cuts. However European, UK and EM bonds saw large gains.

In August, despite assertions that recent rate cut did not imply a cycle of easing, bond markets rose sharply. This caused US Treasuries, European government bonds and UK Gilts to experience strong performance, with EM bonds also seeing rises…led by Argentinian bonds, as a surprise victory in a local primary election saw the Peso fall 30% and the stock market drop by 31% in just one day (11th August).

September was all about yields, which rose sharply, much due to the record amount of bonds being issued. UK Gilts saw smaller yields however in the light of the ever-changing Brexit dynamic.



This chart demonstrates that once again our range of portfolios have followed the course of the market, with higher risk strategies having experienced greater volatility (as expected) due to their higher exposure to equity markets.

These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Property

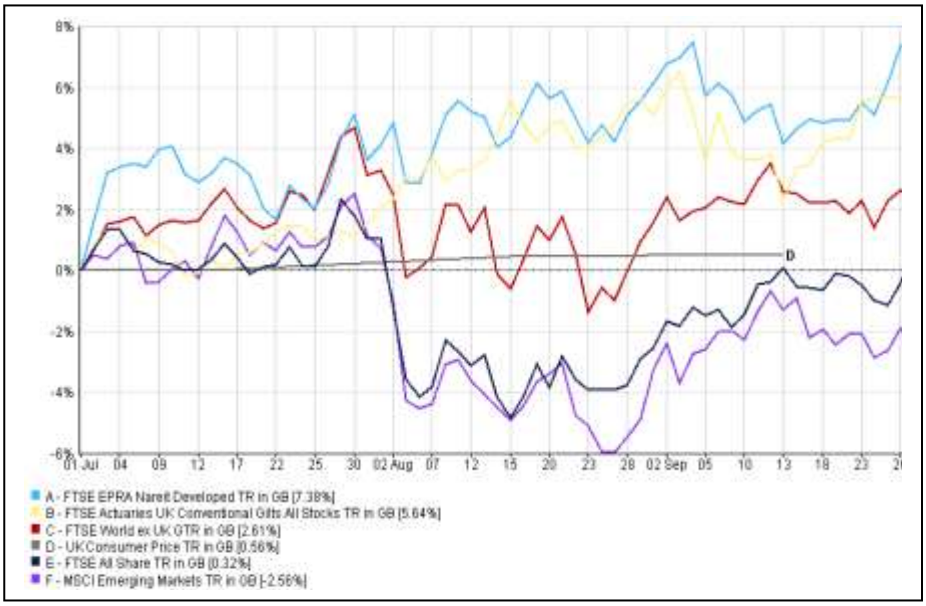
July was a strong month for nearly all regions, with only the UK failing to generate positive returns, being hit at the end of the month as Boris Johnson's election suggested a "hard Brexit" was becoming the default option, leading to another plunge in Sterling with knock-on effects on Property prices.

Developed markets were up 4.3% with Europe (ex-UK) gaining 4.0% led by Japan, Germany and the US with all three rising by more than 5.5%. EM rose 1.9% although big gains in Turkish property prices of more than 13% was the result of expectations of interest rate cuts, (which were duly delivered at the end of the month) were offset by more modest performance in Emerging Asia.

In August, again most regions saw gains, with the exception of Emerging and Asian markets (both down by around 7.5%) as the US Dollar's relentless climb pressured the currencies of both regions. Developed market property saw 2.4% gains, with the US up 3.5%, Europe (ex-UK) up 2.9% and the UK up 2.3%.

The UK was the star performer over September, seeing a rise of 6.9% over the month as signs that the chances of "No Deal" had been significantly reduced by the declaration of the UK Supreme Court that parliamentary prorogation had been illegal.

For the year to date, Global Property has seen a rise of over 22.5%.



As illustrated by the chart above, during a period of relatively flat overall stock market performance, Gilts and bonds have provided strong returns, second only to Property…demonstrating the benefit of holding a widely diversified portfolio.