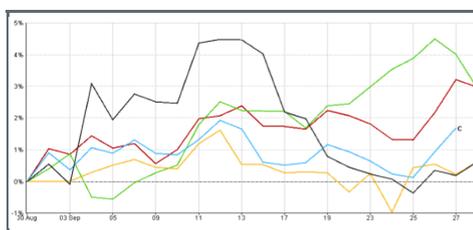


### Month to 30th September 2019

Equity indices	% Return Local currency Excluding Dividends
FTSE 100 (UK)	2.97
S&P 500 (USA)	0.63
MSCI Europe	1.68
Hang Seng (China)	0.62
Toppix (Japan)	2.92



1 Sept 30 Sept

Bonds	10 year Yields (%)		% Return
UK Gilts	0.44	0.53	0.00
US Treasuries	1.48	1.72	-1.30
Eurozone Bond	-0.71	-0.52	-1.30
Japanese Bond	-0.28	-0.15	-0.60

Commodities	Price in \$		% Change
Gold - 100oz	1526.55	1466.10	-3.96
Oil - Brent Barrel	59.25	59.25	0.00

Currencies	Amount per £		% Change
Dollars	1.2165	1.2295	1.07
Euros	1.1065	1.1276	1.91

UK Commercial Property	%
Returns (including rental income)	0.04

Current UK Economic Indicators	%
Inflation (RPI)	2.60
Inflation (CPI)	1.70
Bank Base Rate	0.75

### Market Update

We are sorry for the delay in sending this month's commentary. It just goes to show how a few days can change the picture significantly.

Throughout September, equity markets were largely buoyant. Only 12 days ago I was coming back from a short golf trip in Spain where fellow golfers were getting excited about the prospect of the FTSE 100 reaching 7,500. Just days later we were staring at the possibility of the index falling below 7,000!

The delay with the commentary is simply because I've made a few visits to London recently to meet with our investment partners, LGTV, 7IM, Foresight and LGIM. I do this on a quarterly basis and it's been interesting to speak to them about the recent dynamics and their outlook. I will touch on the global outlook overleaf, but we will be sending out a more detailed insight via our quarterly investment report, following our seminar next week.

So, back to September. As you can see from the graphs, for the most part, equities performed strongly. The FTSE 100 and the Toppix were the best performers. This is interesting because, in terms of geography, it is the UK and Japan which we believe offers the best value. Of course, this doesn't necessarily mean that as an investor you should invest in these areas. Much depends upon your time horizon, and your attitude to risk, amongst many other elements.

Safer haven assets weakened with gold falling by nearly -4%. Yet, with the recent turmoil following poor economic data from Europe and the US, there was an about turn in sentiment. Safer haven assets have surged upwards and equities have plummeted. They are clawing back some ground as the days move on but that first week in September was somewhat dramatic... or was it?

With the 24 hour global news frenzy, it shouldn't be a surprise when equities respond like this. It's actually quite normal for indices to pull back after strong surges.

On the currency front, the pound rose against both the Dollar and the Euro as expectations of a 'no deal' Brexit subsided.

Inflation in the US has risen strongly at the very time interest rates are being lowered. A contradiction at first glance, but it is not expected to last. Here in the UK, inflation figures are being lowered which suggest interest rates will remain lower for longer!

# Market Commentary - October 2019

## Performance to 30th September 2019 over the last month, twelve months and five years

Blue Sky LGT Vestra	1 Month	1 Year	5 Years	Blue Sky Portfolios	1 Month	1 Year	5 Years
LGTV Defensive	-0.44	6.53	27.32	Sapphire Defensive	0.12	4.81	19.64
LGTV Cautious	-0.33	7.48	32.14	Sapphire Cautious	0.35	5.45	25.68
LGTV Balanced	0.11	8.86	41.29	Sapphire Balanced	0.62	5.13	31.44
LGTV Growth	0.33	10.76	51.05	Sapphire Growth	0.79	5.17	32.82
LGTV Adventurous	0.46	11.91	57.89	Sapphire Adventurous	1.02	4.23	37.77
<b>LGT Vestra Sustainable</b>				Infrastructure	0.26	15.86	N/A
LGTV Sustainable Cautious	-0.14	8.84	N/A	Momentum	0.77	3.72	105.95
LGTV Sustainable Balanced	-0.06	9.88	N/A	<b>7IM</b>			
LGTV Sustainable Growth	0.12	11.28	N/A	AAP Moderately Cautious	-0.04	3.15	16.58
<b>UK Commercial Property</b>				AAP Balanced	0.36	2.88	25.10
SLI UK Real Estate	-0.02	-0.73	15.94	AAP Moderately Adventurous	0.88	2.68	33.85
L&G UK Property	0.50	2.18	36.83	AAP Adventurous	1.20	2.08	38.73

## Performance Overview

We are really pleased about the performance of our Sapphire portfolios over the month, helped by the inclusion of infrastructure funds. Again, we had a sequential risk/reward delivery from one portfolio to the other. The Foresight UK infrastructure fund only delivered +0.26% for the portfolios but we avoided some of the downturn with regards to bonds. This showed itself in the lower risk portfolios regarding LGT Vestra and 7IM. Typically, the higher risk portfolios without a small allocation of bonds performed well.

## So, what is the outlook?

For the first 10 days of October there has been an about turn with equities falling in value and bond prices rising, although yields fell.

Below is a summary of our core views. More details will follow when we send out the quarterly investment overview in the next week or so.

Fears of a global recession are overdone. Sure, growth has been weakening but governments and central banks across the board are started to add more stimulus. We anticipate more fiscal stimulus to help consumers. The early response is likely to 'head off' any fears and prolong the global economic cycle.

We are often asked if equities are expensive. Our belief is that they are not and are priced at 'fair value'. Clearly, there are discrepancies geographically with Japan and the UK looking attractive on a Price Earnings ratio and the US appearing relatively expensive. The latter however is skewed by a few stocks. It would appear as though equity markets are pausing in anticipation of further downside news. The trade wars, clearly not helping matters.

When it comes to Bonds, we are not expecting any surprises with regards to inflation or rises in interest rates. Bonds like low interest rates and despite historic QE stimulus and the general warning signs that Bonds don't offer good value, its dangerous not to have them in portfolios in times of turmoil.

Finally, Brexit... ahh Brexit... how could I let a communication pass without that word! A deal of some kind is the most likely we believe... the question is when? We may get a deal just as we are close to the deadline or there may be an extension when it will be down to us voters to decide on which party/parties to back.

The price of stocks, shares and funds, and the income from them, may fall as well as rise. Past performance is not necessarily a guide to future returns.

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