

Press Release

26 February 2018

Psigma launches inflation-plus ‘best of breed’ Fixed Interest strategy for institutional investors

Psigma Investment Management, the discretionary fund manager that provides investment services to a range of institutional and private investors, has launched a fixed interest strategy designed to deliver inflation-beating returns and provide diversified credit exposure. It achieves this by investing in a range of carefully selected funds and mandates, some of which are only accessible to Psigma clients.

Aimed at charities and pensions schemes, the ‘Psigma Fixed Interest Portfolio’ aims to deliver a net return of between 4-5% per annum* via a range of underlying UK and overseas credit opportunities run by some of the world’s most highly-rated investment managers.

Investing across sovereign debt, investment grade and high yield bond markets; the portfolio currently holds funds from such well-known groups including Allianz Global Investors, Neuberger Berman and TwentyFour Asset Management. Some of the funds included in the strategy can only be accessed via this vehicle due to the bespoke nature of the mandates.

The fund groups and instruments have been chosen by Psigma’s Investment Oversight Committee following a rigorous selection and screening process by the investment team, in collaboration with the wider business. The team utilises a dynamic asset allocation process to combine both top down strategic asset allocation and bottom up tactical asset allocation.

Crucially, the portfolio seeks to deliver inflation plus returns whilst at the same time managing fundamental risks such as the impact of inflation, liquidity, volatility and duration and the impact these have on fixed interest markets.

The strategy, which has no entry, exit or trading fees, and a competitive annual management charge, is now available to institutions and charities.

Andrew Wauchope, Senior Investment Director for Charities and Pension Investments at Psigma said:

“The recent pickups in in both RPI and CPI are powerful reminders that inflation continues to threaten the assets of charities and pension funds in addition to private clients, but in the current environment traditional hedges such as equities face a variety of challenges, not least from valuations which are near record highs.

“One way to diversify portfolios is to invest in fixed interest markets instead, but of course these also face headwinds from ongoing interest rate hikes. However, by creating an actively managed and globally diversified portfolio with a return target significantly higher than current inflation rates, we believe the Psigma Fixed Interest Portfolio is an attractive solution.”

Rory McPherson, Head of Investment Strategy at Psigma said:

“Today’s fixed interest markets have been distorted such that they’re likely to behave in a very different way than has been the case historically. At the same time as offering extremely low yields, traditional fixed interest markets are more susceptible to capital losses than ever.

“This is driving investors to seek out new and innovative investment solutions. At Psigma, preserving the real value of capital is, for us, the driving factor behind wanting to own fixed interest; this is why we have created an innovative solution to help meet the needs of our clients. By blending the most attractive parts of the broad market we provide a different, less conventional approach which we believe offers much more attractive risk and return profile for the next stage of the fixed interest cycle and beyond.”

Ends

*Comprising primarily income, can be used as part of a return seeking portfolio or taken as income to support funding requirements or meet cash flow demands

**A number of the underlying funds are managed to bespoke mandates set by Psigma and, as a result can only be accessed through Psigma portfolios.

About Psigma Investment Management

Psigma Investment Management was established in 2002 by a team of highly experienced investment managers. The business has expanded rapidly and has been extremely successful in attracting assets under management of £2.9 billion (as at 31st December 2017) from Private Clients, Charities and Pension Schemes. Much of this success is due to Psigma Investment Management being uniquely positioned to utilise the skills of the consulting businesses within the Punter Southall Group, to help it design specific solutions for its respected clients rather than shoe-horning them into inflexible standard products.

Psigma Investment Management is a trading name of Psigma Investment Management Limited. Authorised and regulated by the Financial Conduct Authority. Registered in England and Wales No. 5374633. FCA Registration No. 478840.

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