

# Psigma Fixed Interest Portfolio Service

## What is the Psigma Fixed Interest Portfolio Service?

Psigma's Fixed Interest Portfolio Service is a discretionary service that invests in a range of funds available across the fixed interest spectrum. Blending a range of different fixed interest funds, it aims to achieve a net return materially ahead of inflation; approximately 4-5% per annum. We believe the asset mix we have selected should outstrip both cash rates and inflation over the next few years.

Whilst we have worked hard to reduce the levels of risk ordinarily associated to the underlying instruments, it is necessary to accept a degree of risk to achieve this target return.

This will be realised in the variability of achieving the specified target in every calendar year. For example, there are likely to be years when returns are above this target and others when they are below, with movements in bond markets being the key drivers of risk and return.

We believe that our fixed interest portfolio service is an appropriate method of targeting such returns through opportunities in global bond and credit markets.

## Which clients could this be suitable for?

- Clients who view capital preservation as more important than capital growth.
- Clients with a typical investment horizon of over five years.
- Clients who feel the targeted net return of 4-5% will outstrip cash rates and inflation over the next few years.
- Clients who are comfortable with a moderate degree of risk to achieve these returns.



### Simple fee structure:

- No entry fees
- No trading fees
- No exit fees

**Clients have direct access to their investment manager.**

**ISA-eligible.**

**Regular and ongoing communication.**

**Comprehensive reporting package.**

**Objective:** To grow your wealth above the rate of inflation and to generate returns through an income focused, diversified, short duration fixed interest portfolio.

**Return Expectations:** The strategy aims to generate a net return of 4-5% per annum over the medium term.

**Risk Tolerance:** Investors in this category are prepared to accept some risk of capital loss in the short-to-medium term. Portfolios will comprise, but will not be limited to, a broadly balanced blend of fixed interest funds.

**Recommended holding period:**

Five Years +

**Minimum Investment:** £50,000

**Annual Management Charge:** 0.50%

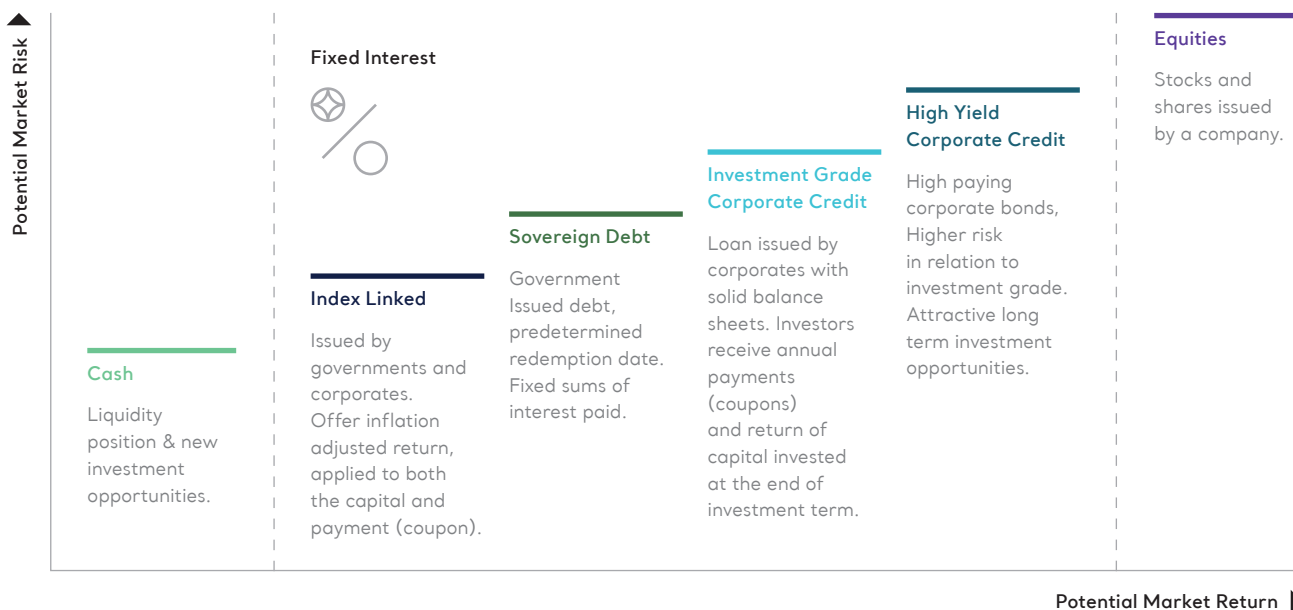
**Custody, Settlement and Execution:**

(Charged monthly)

0.12%

## Fixed Interest Investment Range

The chart below illustrates the potential risk and return characteristics of the types of fixed interest investments - which are historically less volatile than equities - used in our portfolio.

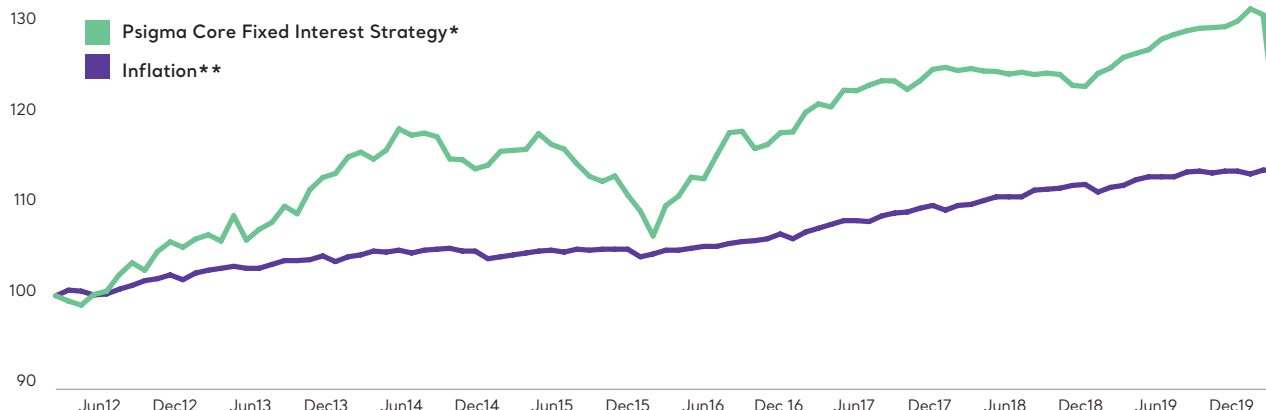


## External Fund Manager Overview

Working with four specialist fixed interest managers, our portfolio is constructed using funds from across the fixed interest spectrum, including sovereign debt, investment grade corporate credit and high yield corporate credit.

SECTOR	FUND	FUND MANAGER	DETAILS
Sovereign Debt	Allianz Strategic Bond	Allianz	Outstanding capabilities in fixed interest management with a well-resourced team. We have invested with Allianz for over a decade.
	Neuberger Berman Short Duration Emerging Market Debt	Neuberger Berman	Emerging market experts with deep resources and proven capability to manage through all market conditions.
Investment Grade Corporate Credit	AXA Global Short Duration	AXA	World class team, long term proven track record in short duration investing.
	TwentyFour Corporate Bond (Corporate Bonds)	TwentyFour Asset Management	Boutique house who we worked with to create these bespoke mandates. Funds are designed to exploit and maximise investment opportunities in fixed interest markets.
	TwentyFour Focus (Short-Dated Corporate Credit)		
High Yield Corporate Credit	AXA US Enhanced High Yield	AXA	Long term proven track record in US short duration investing. Credit selection is conservative in nature, designed with limited interest rate sensitivity.
	Tikehau Strategic Focus High Yield	Tikehau	Specialist manager in US high yield bonds, extensive knowledge of this sub-sector. A tailored investment offering, which helps to ensure liquidity for our clients.
	TwentyFour Asset Backed Income	TwentyFour	Boutique house who we work with to create bespoke mandates. Funds are designed to exploit and maximise investment opportunities in fixed interest markets.

## Psigma Fixed Interest Portfolio Net Performance (since inception).



NET PERFORMANCE %	2012	2013	2014	2015	2016	2017	2018	2019	2020
Annual Return	6.28	6.68	0.85	-2.52	6.15	5.92	-1.51	5.85	-8.79
Annual Volatility***	3.47	5.03	3.87	3.63	6.07	2.58	1.09	1.21	9.71

CUMULATIVE PERFORMANCE %	1 Month	3 Months	6 Months	1 Year	3 Years	ITD#
Strategy	-9.28	-8.79	-8.24	-5.90	-1.93	19.16
Inflation **	0.00	0.09	0.09	1.50	5.95	14.20

### Why consider Psigma for a Fixed Interest Portfolio?



- We are global in our approach and do not have a specific focus on the UK.
- Our focus is totally flexible and we use a full "tool-kit" in bond markets; e.g. many different asset classes.
- We have tried to find an approach that helps to create predictable returns and diminish risks.
- Through our external partnerships we have superb insight into markets and receive high quality research.
- Our investment team has over 40 years' collective experience investing in fixed interest markets.

### Past performance is not a guide to future performance.

Yearly data relates to close of market on 31/12 in the preceding year to close of market on 31/12 in the stated year.

#Inception to date from 29/02/12.

\* This data represents the performance of the Psigma Core Fixed Interest Portfolio Service. All performance figures above are shown net of underlying fund charges and net of Psigma Investment Management fees applicable at the time. Currently the Psigma Fixed Interest Portfolio AMC is 0.50% plus VAT (charged pro rata on a monthly basis) and 0.12% custody, settlement and execution (charged pro rata on a monthly basis).

\*\* Inflation Source: CPI from the Office for National Statistics. Crown Copyright material is reproduced with the permission of the Office of Public Sector Information (OPSI). Reproduced under the terms of the Click-Use License.

\*\*\* Annual volatility statistics are reported on a rolling 12 month basis. Annual Volatility is a measure of the price variation of an investment over time. It is a contributor to defining the risk characteristics of a specific asset class or a portfolio of diverse investments.

Source: Interactive Data 31/03/2020.



For further information, please get in touch with us:

+44 (0)20 3327 5450

[businessdevelopment@psigma.com](mailto:businessdevelopment@psigma.com)

[client.services@psigma.com](mailto:client.services@psigma.com)

[www.psigma.com](http://www.psigma.com)

 [@PsigmaIM](https://twitter.com/PsigmaIM)

 [company/psigma-investment-management](https://www.linkedin.com/company/psigma-investment-management)



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#### Investment Risks:

- The value of investments and the income from them can fall as well as rise. An investor may not get back the amount of money that he/she invests. Past performance is not a guide to future performance.
- Foreign currency denominated investments are subject to fluctuations in exchange rates that could have a positive or adverse effect on the value of, and income from, the investment.
- Investors should consult their professional advisers on the possible tax and other consequences of their holding any of the investments contained in this publication.

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