



Quarterly Platform Factsheet

Psigma Fusion Balanced Income Portfolio

Quarter 4 2018

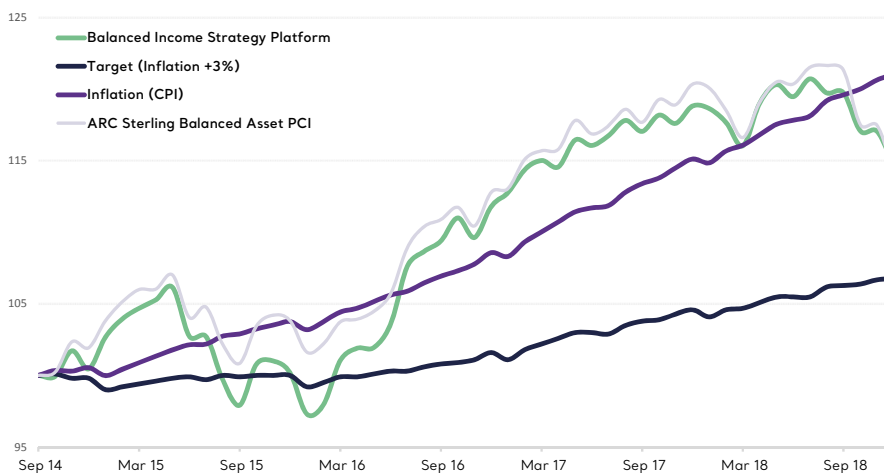
Overview

The Psigma Fusion Balanced Income Portfolio invests in a diverse range of asset classes, where the asset allocation is actively managed. The strategy uses a number of qualitative and quantitative inputs to decide on the asset allocation. A key focus of the Balanced Income Strategy is to deliver returns in line with inflation whilst generating a high level of income. This strategy aims to deliver these returns with low volatility and a reduced potential for capital loss.

Investment Objective

This strategy aims to preserve your wealth above the rate of inflation and given this, to maximise income available to investors. Given this target, it also attempts to generate balanced returns through diversified investments with a maximum equity weighting of 60%.

Net Performance Chart



Performance

CUMULATIVE NET PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	ITD*
Strategy	-2.03%	-4.24%	-4.03%	-3.50%	14.67%
Inflation	0.09%	0.47%	1.23%	2.10%	6.78%

STRATEGY CHARACTERISTICS

Launched	September-2014
Target Return	Inflation +3%
Max Equity	60%
Max Higher Risk Fixed Interest	15%
Estimated Yield	3.36%
Recommended Investment Period	7 Years
ISA Eligible	Yes

PSIGMA PORTFOLIO CHARGES

Psigma AMC (Ex VAT)	0.40%
Fund Expenses (OCF)#	0.73%
Total Charges (Inc VAT)	1.21%

MINIMUM INVESTMENT

For minimum investment levels please contact Fusion directly

DISCRETE NET PERFORMANCE

	ANNUAL RETURN	ANNUAL VOLATILITY
2014*	0.46%	2.27%
2015	-0.27%	6.56%
2016	11.60%	6.25%
2017	6.27%	2.71%
2018	-3.50%	4.75%

Source: Interactive Data

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.

#OCF is an overall total annual charge for investing in a fund

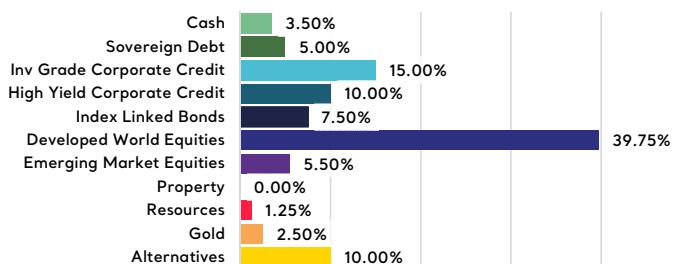
*Inception to Date. Performance Inception from September 2014.

Unless otherwise stated, all data is from Morningstar as at 31/12/2018. All performance figures shown on this factsheet are net of underlying fund charges and net of Psigma Investment Management fees but gross of platform and adviser fees.

Past performance is not a guide to future performance.

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ASSET ALLOCATION



Market View

Risk assets had a tumultuous end to the year, with equity markets seeing sharp declines in the fourth quarter. Markets were broadly spooked by fears over global economic growth and fears that the US Federal Reserve were raising interest rates too quickly. Linked to economic growth, worries lingered over the trade spat between the US and China, with no resolution seemingly within grasp. Investor angst also increased following the partial shutdown of the US government, following the continuing dispute between President Trump and the Democrats over the funding of the proposed border wall between the US and Mexico. Japanese equities fared the worst of the developed markets, as the yen strengthened due to its safe haven status. US equities were also hammered, with technology shares taking the brunt of the selling. Markets were also weak in Europe and the UK, but by comparison to its peers, the UK equity market held up relatively well. Emerging markets were not immune to the selloff, but having been sold off materially earlier in the year, outperformed their developed peers in the fourth quarter. Latin American equities outperformed, with Brazil the standout following the election of far-right populist Jair Bolsonaro. Asian equities were lower, but fairly resilient given the risk off environment. The returns for UK investors to their overseas investments were aided by further weakness in sterling, which continued to be at the whim of Brexit chatter.

Turning to bonds, the benchmark UK gilt index had a strong quarter, as the asset class benefitted from a flight to safety. UK corporate bonds performed OK, but finished in marginally negative territory. Having been resilient for much of the year, US high yield bonds started to show cracks and had a miserable fourth quarter.

TOP FIVE HOLDINGS

FUND	ALLOCATION
Fidelity Global Inflation Linked GBP HGD	7.50%
Artemis Global Income	7.25%
Artemis Income	7.00%
Schroder Income Maximiser	7.00%
TwentyFour Core Corporate Bond	5.00%

Turning to monetary policy, the US Federal Reserve raised interest rates by 25bps and noted that they expected a further two hikes in 2019. Market participants had expected the comments to be more measured and feared that the central bank was tightening policy too quickly, which escalated the tension within markets. As expected, the Bank of England held steady on its own monetary policy. Italian bonds were volatile, with yields moving out on budget concerns early in the quarter, but outperformed in December after the Italian government agreed to reduce its planned budget deficit from 2.4% to 2% following pressure from their peers. In the commodities space, the oil price plummeted, with Brent Crude (global benchmark) falling circa \$30 in the period. The fall came amid ongoing concerns regarding oversupply, but also a worsening of the outlook for global demand. Elsewhere, gold bullion performed well, as one would expect given its safe haven status amongst investors.

Portfolio Activity

During the quarter we took the decision to add a little back to equities, given the market moves that we had seen. We added to our position in the Artemis Global Income fund. We funded this move by taking some profits from our position in the Odey Odyssey fund, which had performed well as equity markets had sold off. The Odey Odyssey fund is a direct hedge on equity markets, given its negative market view and short bias at this time. We also added a position in the Semper Total Return fund. The fund invests predominantly in US mortgage backed securities, which in our view now offer one of the best risk adjusted return profiles across asset markets. To fund the position we reduced our holdings in the Semper Strategic Focus High Yield fund and the TwentyFour Asset Backed Income fund. In addition, we added a position in commodities through the Lazard Commodities fund.

In respect of all trading costs, recommended minimum investment levels and all other associated costs above those stated by Psigma, please contact your Financial Adviser or Platform provider. The terms and conditions of each Platform provider differ. You can contact them directly on info@fusionwealth.co.uk.

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Investment risk:

- 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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