Psigma
Investment Management

MI Psigma Multi-Asset Balanced Fund of Funds

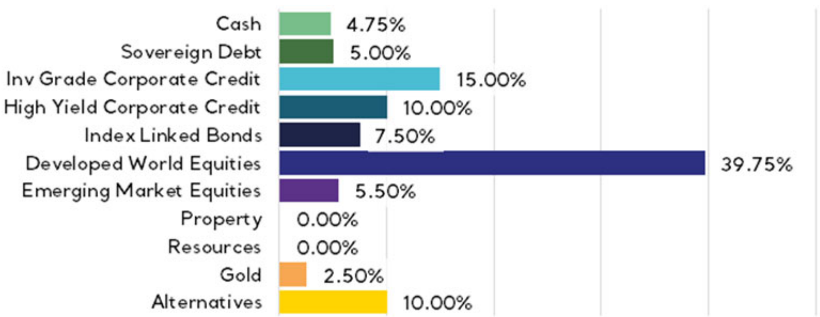
Overview

The Fund will seek investment opportunities globally and comprise, but not be limited to, a balanced blend of actively managed Equity Investment funds, Index Linked Gilts funds, Fixed Interest funds, Property funds, Commodity funds and Absolute Return funds established in Europe.The Fund will be further diversified with alternative investment strategies (limited to 15%), which should reduce the volatility historically associated with a purely equity based portfolio.

Investment Objective

The Fund aims to preserve capital and deliver returns in line with the UK Consumer Price Index plus 3% (after Psigma fees), over a seven year investment period, by investing in a range of other funds. The Fund aims to generate the returns through diversified investments with a maximum equity weighting of 60% and maximum higher risk fixed interest weighting of 15%.

ASSET ALLOCATION



TOP TEN HOLDINGS

FUND	ALLOCATION
L&G UK Index Trust	9.50%
Fidelity Global Inflation Linked GBP HGD	7.50%
Artemis Income	6.50%
BlackRock Asian Growth Leaders - GBP	5.50%
TwentyFour Core Corporate Bond	5.00%
AXA Global Short Duration	5.00%
Allianz Gilt Yield	5.00%
TwentyFour Focus Bond	5.00%
Jupiter Absolute Return	4.50%
Fulcrum Income	4.00%

**We have used the most reliable costs provided by collective investment scheme managers. The figures above do not include their transaction costs. When the managers in question are able to provide more clarity on the breakdown of these costs and are able to demonstrate a standard calculation method, we will include these in their product costs.

STRATEGY CHARACTERISTICS

Launched	December 2018
Target Return	Inflation +3%
Max Equity Holding	60%
Max Higher Risk Fixed Interest	15%
Recommended Investment Period	7 Years +
ISA Eligible	Yes
Share Classes and type of shares*	A Accumulation Shares B Accumulation Shares
A Share Class ISIN	GB00BFZNGQ60
B Share Class ISIN	GB00BFZNGR77
A Share Class SEDOL	BFZNGQ6
B Share Class SEDOL	BFZNGR7

*Class B Shares are only available to clients via a platform

PSIGMA FUND CHARGES (Direct) - A Share Class

Psigma AMC	0.50%
Fund Expenses (OCF)**	0.63%
Total Charges	1.13%

PSIGMA FUND CHARGES (via Platform) – B Share Class

Psigma AMC	0.35%
Fund Expenses (OCF)#	0.63%
Total Charges	0.98%

The total Psigma cost via platform excludes platform fees.

Minimum Investment	£1,000
Subsequent	£1,000
Minimum trade size	£25

#OCF is an overall total annual charge for investing in a fund.
Unless otherwise stated, all data is from Morningstar as at 31/12/2018.

For more information, please get in touch with our client support team on +44 (0)20 3327 5450 or by email businessdevelopment@psigma.com

Psigma Investment Management

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 shows cracks and had a miserable fourth quarter.

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.