



## MI Psigma Multi-Asset Balanced Index Fund of Funds

JUNE 2019

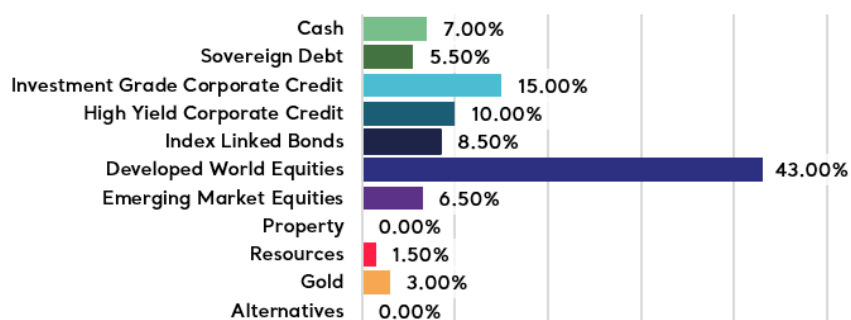
### Overview

The Fund will seek investment opportunities globally and comprise, but not be limited to, a balanced blend of index tracker Equity Investment funds, Index Linked Gilts funds, Fixed Interest funds, Property funds, Commodity funds and Absolute Return funds established in Europe. These index tracking funds are designed to follow the performance of a particular index. 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 index tracking 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
Fidelity UK Index Trust	21.00%
L&G International Index Trust	18.50%
TwentyFour Core Corporate Bond fund	15.00%
Ishares \$ High Yield Corporate Bond	10.00%
L&G Global Inflation Linked	8.50%
Vanguard EM Stock Index	6.50%
Vanguard UK Government Bond Index	5.50%
Ishares Gold Producers UCITS ETF	3.00%
Lyxor NIKKEI 400 GBP Hedged	1.75%
Lyxor MSCI Japan UCITS ETF	1.75%

Unless otherwise stated, all data is from Morningstar as at 30/06/2019.

### 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	GB00BFZNT344
B Share Class ISIN	GB00BFZNT450
A Share Class SEDOL	BFZNT34
B Share Class SEDOL	BFZNT45

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

### PSIGMA FUND CHARGES (Direct)- A Share Class

Annual Management Charge	0.50%
Product Costs*	0.22%
Total Ongoing Charge Figure	0.72%

### PSIGMA FUND CHARGES (via Platform) - B Share Class

Annual Management Charge	0.35%
Product Costs*	0.22%
Total Ongoing Charge Figure	0.57%

The total Psigma cost via platform excludes platform fees.

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

\*Product costs are external costs levied by third party fund managers for providing collective investment schemes for your investment portfolio and include: fund expenses incurred by third party fund managers, transaction costs as a result of acquisition or sale of assets and incidental costs, which include third party performance fees.

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## Market View

Following a difficult period in May, risk assets recovered their poise in June and enjoyed an extremely strong month. Concerns over the US-China trade war receded, as investors believed a positive outcome could still be achieved. In addition, fears over the health of the global economy seemed to fade somewhat from investors' minds. On the monetary policy front, the US Federal Reserve remained in dovish mode, with markets now expecting more than one rate cut before the year end. In addition, European Central Bank president Mario Draghi cheered markets, as he also hinted that fresh stimulus could be on the horizon given the lack of traction for the Eurozone economy. Focusing on the MSCI All Country World Index, all sectors were in positive territory, led higher by basic materials and consumer discretionary stocks. Although still strong, the laggards for the month were the more defensive utility and telecoms stocks. US equity markets regained the yellow jersey in June in the developed world. European equities also performed well, but Japanese equities lagged, having also been hit hard in the previous month. UK equities were solid enough, but continued to have the spectre of Brexit overhanging the market, while the Conservative Party leadership race began. Sterling ended the month broadly flat vs international currencies. Emerging market equities in aggregate were broadly in line with their developed peers in June, as the Asian region bounced back strongly from a painful May on the easing of trade tensions.

Returns for government bonds were positive, but muted in the UK. However, sterling corporate bonds, which are enjoying an extremely strong year, continued to outperform, as spreads narrowed. The US treasury Index outperformed UK gilts, with the US ten year treasury yield falling close to 2%. Similar to the UK, US investment grade was extremely strong, outperforming both US treasuries and US high yield.

In the Eurozone, German ten year bunds made the headlines, as the yield sunk further into negative territory, hitting a record low. Globally, the amount of issuance with yields in negative territory is on the rise once again. Like other areas of the fixed income market, emerging market bonds enjoyed a strong period, with local currency bonds in particular having power packed returns, given weakness in the US dollar vs. emerging market currencies. Turning to commodities, the asset class enjoyed more muted returns, with Brent Crude (global benchmark) pushing back towards \$65. Gold bullion enjoyed a bumper period, pushing higher by over \$100, breaching the \$1400 mark.

## Portfolio Activity

In the quarter, we took the decision to reduce our exposure to UK gilts, trimming our position in the Vanguard UK Government Bond Index fund. We also increased our exposure to gold equities, adding to our position in the iShares Gold Producers UCITS ETF. Given the funds trade activity, the cash position increased to 7%.

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.

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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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