



# Managed Portfolio Service

## Balanced Income Strategy

JANUARY 2019

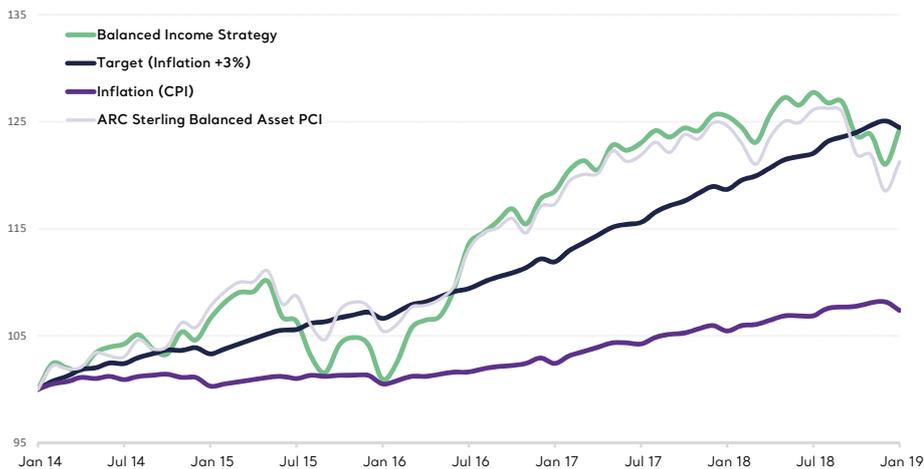
### Overview

The Psigma Managed Portfolio Service Balanced Income Strategy 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



ARC data is confirmed until December 2018. For January 2019 the data is based on estimates from ARC and are subject to change.

### Performance

#### CUMULATIVE NET PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	ITD*
<b>Strategy</b>	2.70%	0.48%	-2.71%	-0.98%	23.13%	24.28%	98.67%
<b>Inflation</b>	-0.75%	-0.37%	0.47%	1.82%	6.83%	7.37%	39.14%

#### STRATEGY CHARACTERISTICS

Launched	May 2004
Target Return	Inflation +3%
Max Equity	60%
Max Higher Risk Fixed Interest	15%
Estimated Yield	3.47%
Recommended Investment Period	7 Years
ISA Eligible	Yes

#### PSIGMA PORTFOLIO CHARGES

Psigma AMC (Ex VAT)	0.40%
Custody, Settlement & Execution	0.12%
Fund Expenses (OCF)#	0.67%
Total Charges (Inc VAT)	1.27%

#### MINIMUM INVESTMENT

Minimum Portfolio	£50,000
Amounts Received over £50,000	Invested Immediately
Amounts Received under £50,000	Invested Weekly
Minimum trade size	£25

#### DISCRETE NET PERFORMANCE

	ANNUAL RETURN	ANNUAL VOLATILITY
2004*	6.58%	1.24%
2005	13.33%	5.15%
2006	10.07%	4.40%
2007	-0.11%	4.62%
2008	-17.39%	16.29%
2009	17.38%	11.26%
2010	8.41%	8.43%
2011	-2.47%	8.13%
2012	9.45%	5.67%
2013	9.09%	6.47%
2014	2.85%	4.44%
2015	-0.39%	6.22%
2016	13.02%	6.44%
2017	6.65%	2.89%
2018	-3.65%	4.68%
2019	2.70%	5.57%

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 May 2004.

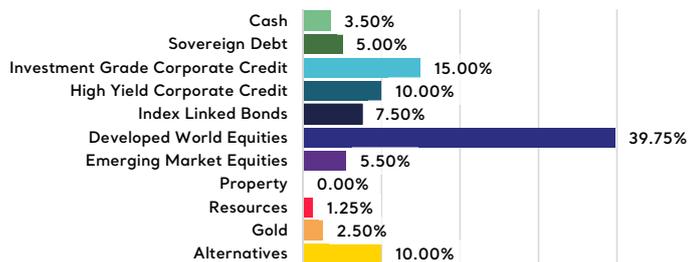
Unless otherwise stated, all data is from Interactive Data as at 31/01/2019.

Past performance is not a guide to future performance.



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## ASSET ALLOCATION



## TOP FIVE HOLDINGS

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

## Market View

Markets rebounded strongly in January, following a tumultuous end to 2018. In fact, it was the best start to a year for global equity markets for over seven years. Markets were buoyed by a shift in tone from the US Federal Reserve, who suddenly became a lot more dovish on their stance for future rate hikes. Having previously said that gradual rate hikes would be needed, this was moderated to future rate hike decisions would be based on economic momentum. Investors were also optimistic about the chances of a positive outcome to the elongated trade spat between the US and China. On the corporate side, earnings remained fairly resilient. Similar to much of 2018, US equities led global developed markets higher, but returns in Europe and Japan were also decent. Although they performed well, UK equities were hindered by a strong pound, as investors believed the likelihood of a "no-deal" Brexit had diminished. This in turn also meant that the returns for UK investors to their overseas investments were hampered in January. Emerging market equities reacted positively to a more dovish tone from the US Federal Reserve, with a weakening US dollar aiding the asset class. Brazil was a standout performer, driven higher by favourable economic and political developments. Elsewhere in emerging markets, Turkey and Russia also outperformed. Bucking the wider trend, Indian markets came under pressure, given the rebound in the oil price and the fact it is a net importer of oil.

In line with virtually all other asset classes, fixed interest instruments had a good start to the year. Global government bond yields fell, despite a push higher in risk assets and a continued moderation in economic data from China and Europe, which perhaps has bigger implications for global growth in general in 2019. Corporate bonds outperformed their sovereign counterparts, with spreads narrowing in the month. High yield bonds, in particular, had a strong month, especially in the US, with a reversal of much of December's spread widening. Emerging market bonds also performed well, both in USD and local currency. Turning to commodities, the headline indices were driven higher by a rebound in the oil price, following its collapse in the last quarter of 2018. Gold bullion also continued to receive a solid bid, with the yellow metal pushing north of \$1300 in January.

## Portfolio Activity

We have not made any trades this month. Our policy remains one of patience, trying to find attractive long-term opportunities that are thrown up by volatility. We believe that the strategy is at present adequately positioned, with an appropriate mix of long-term value and short-term dependability.

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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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