Psigma Investment Management

Managed Portfolio Service

Balanced Income Strategy

SEPTEMBER 2021

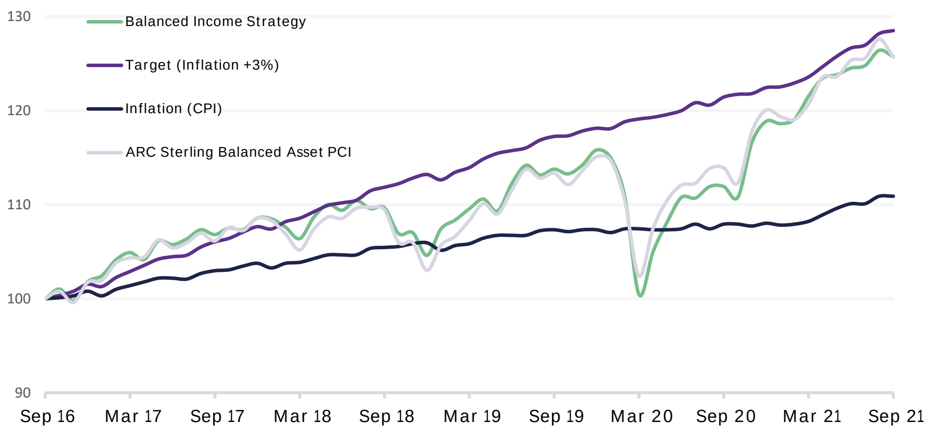
Overview

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 June 2021. From July 2021 to September 2021 the data is based on estimates from ARC and is subject to change.

Performance

CUMULATIVE NET PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	ITD*
Strategy	-0.53%	0.98%	3.46%	12.34%	14.66%	25.73%	132.51%
Inflation	0.00%	0.72%	2.47%	2.75%	5.16%	10.88%	46.73%

Past performance is not a guide to future performance.

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.

Due to the delay in the announcement of the monthly CPI data, the CPI figure for the current month has been assumed to be flat and the CPI target has been calculated using the previous month's figure. The correct number of months for the performance period shown is included in the compound CPI target performance calculation.

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.

#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.

*Inception to Date. Performance is measured from Inception Date, which is 31/07/2004.

Unless otherwise stated, all data is from Interactive Data as at 30/09/2021.

All performance figures shown on this factsheet are net of underlying fund charges and net of Psigma Investment Management fees as outlined in the MPS fee schedule. Fees charged by any Financial Adviser are not taken into account.

STRATEGY CHARACTERISTICS

Launched	July 2004
Target Return	Inflation +3%
Max Equity	60%
Max Higher Risk Fixed Interest	15%
Estimated Yield	2.78%
Recommended Investment Period	7 Years
ISA Eligible	Yes

PORTFOLIO CHARGES

Psigma AMC	0.40%
Custody, Settlement & Execution	0.12%
Product Costs#	0.92%
Total Charges	1.44%

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	10.71%	4.27%
2020	2.63%	13.60%
2021	5.78%	5.72%

defaqto 2021 GOLD DFM Service

defaqto EXPERT RATED ★★★★★ DFM Bespoke 2013-2021

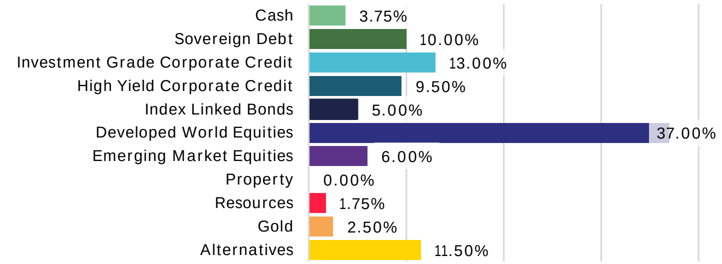
defaqto EXPERT RATED ★★★★★ DFM MPS Direct 2013-2021

defaqto EXPERT RATED ★★★★★ DFM MPS on Platform 2016-2021

3D 2021 PSIGMA INVESTMENT MANAGEMENT AWARDED BY ARC

For more details please contact us on +44 (0)20 3327 5450 or mps@psigma.com

ASSET ALLOCATION



TOP FIVE HOLDINGS

FUND	ALLOCATION
Schroder Income Maximiser	6.50%
Artemis Income	6.00%
TwentyFour Focus Bond	5.00%
Neuberger Berman Short Duration EM Debt	5.00%
Fidelity Global Inflation Linked GBP HGD	5.00%

Market View

There was a pause for breath in September, as global markets hit somewhat of a bump in the road. As is the norm in today's world, concerns around COVID-19 remain with investors wondering what the winter months hold in the western world. Economically, there has been a moderating of global growth and concerns have been compounded by ever increasing concerns around supply chain disruptions. This has had the effect of pushing up input costs, which in turn is impacting companies around the world and could fuel stickier inflation than many have anticipated. Central banks are also heavily debating their own policies and there are signs that ultra-loose policy may be coming to an end. Investors have also become more concerned about the political gridlock in the US, where work is needed on a resolution to increase the debt ceiling – if they don't, the US could default on their obligations. To add to investor angst, there is also much concern aimed at China where China's property sector has come under pressure, following the much-publicised issues of the hugely indebted China Evergrande.

Returns in global developed markets were negative over the period. Returns were also negative for US, UK, and European equity markets. However, the one bright spot in the month was Japan, where having lagged for most of the year, returns were positive and strongly outperformed. Emerging markets and those in Asia fell broadly in line with those in the developed world. Looking at the shape of global markets, a rise in bond yields has put pressure back on the "growth" areas of the market and this style underperformed in both developed and emerging markets. This means "value" is firmly back ahead year-to-date. The best performing sector on a global basis was energy, given the dynamics currently going on in the energy market. The banking sector also outperformed, but to a far lesser extent. The worst hit sectors were basic materials, utilities, and telecommunications.

Within the fixed income universe, there was an acceleration higher (prices fell) in core government bond yields. In the UK, the ten-year bond saw a marked shift higher towards the 1% mark. Bond markets look to have begun to price in a retraction of the ultra-loose monetary policies. Both the US and UK central banks have seemed more hawkish of late, with the former hinting at tapering of asset purchases later this year and the latter going as far as hinting at a potential rate hike before the close of 2021. The negative price action in government bond yields spilled over into the more interest rate sensitive areas of investment grade, which also finished with a negative return. High yield was better behaved, given it has less interest rate sensitivity, but there was a little bit of spread widening. Emerging market debt has also been a little more challenged, given the ongoing ructions in China around China Evergrande and the property sector. Commodities provided a good source of return, with a particularly sharp increase in energy prices due to shortages in the wholesale gas market.

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.