Psigma Investment Management

Managed Portfolio Service

Cautious Strategy

OCTOBER 2021

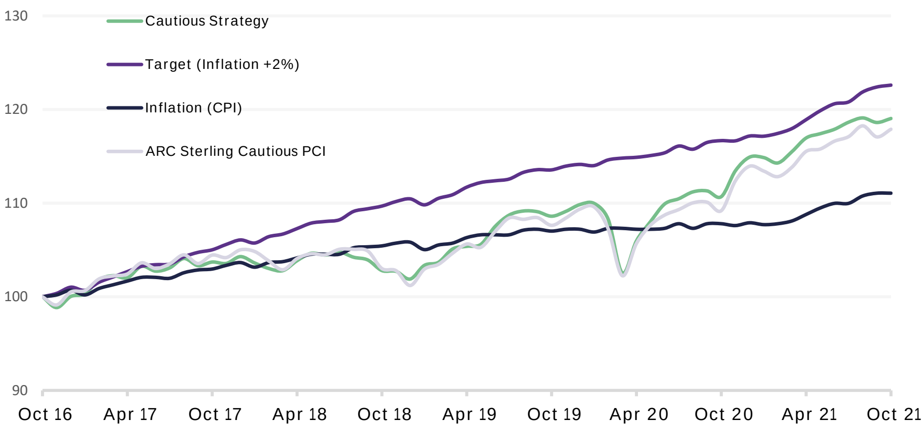
Overview

The Psigma Managed Portfolio Service Cautious 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.

Investment Objective

This strategy aims to preserve your wealth above the rate of inflation. Given this target, it also attempts to generate defensive returns through diversified investments with a maximum equity weighting of 40%.

Net Performance Chart



ARC data is confirmed until September 2021. From October 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	0.36%	0.34%	1.78%	7.54%	15.80%	19.03%	129.69%
Inflation	0.00%	0.99%	2.09%	3.02%	5.34%	11.07%	47.12%

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 31/10/2021.
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 +2%
Max Equity	40%
Max Higher Risk Fixed Interest	10%
Estimated Yield	1.96%
Recommended Investment Period	5 Years
ISA Eligible	Yes

PORTFOLIO CHARGES

Psigma AMC	0.40%
Custody, Settlement & Execution	0.12%
Product Costs#	0.63%
Total Charges	1.15%

MINIMUM INVESTMENT

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

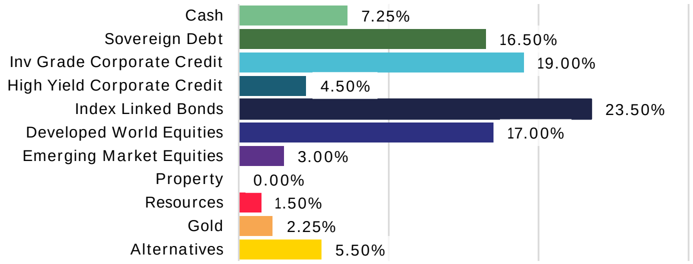
DISCRETE NET PERFORMANCE

	ANNUAL RETURN	ANNUAL VOLATILITY
2004*	6.52%	1.28%
2005	12.66%	5.14%
2006	6.11%	3.90%
2007	7.10%	3.04%
2008	-6.83%	10.21%
2009	10.46%	6.61%
2010	8.18%	7.49%
2011	-1.43%	5.24%
2012	7.88%	3.86%
2013	6.66%	5.17%
2014	3.59%	3.37%
2015	-0.68%	4.57%
2016	8.92%	5.03%
2017	4.26%	2.36%
2018	-2.30%	2.17%
2019	7.80%	2.32%
2020	4.61%	7.79%
2021	3.59%	2.87%

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
Fidelity Global Inflation Linked GBP HGD	13.50%
L&G Global Inflation Linked Bond	10.00%
TwentyFour Core Corporate Bond fund	8.00%
Janus Henderson Absolute Fixed INC	7.50%
AXA Global Short Duration	6.00%

Market View

It was a positive month for risk assets with equity markets such as those within the US making new all-time highs in the period. Equity markets have been supported by a robust corporate earnings season while global economic growth remains solid if not spectacular. However, it was not all rosy as concerns persisted around global supply chain issues and rising energy prices. This combined is further raising the threat of higher and more sustained inflation than many have anticipated. In the UK, Bank of England Chief economist Huw Pill noted to the Financial Times that "he would not be shocked" to see inflation hit 5% in the next few months. Elsewhere, there appeared to be a calming of the rhetoric around the Chinese property sector which eased global fears of a systemic crisis. Last but not least, COVID-19 continues to plague the globe, but global vaccination programmes continue apace to tackle and try to mitigate further stress on national health services.

Returns in global developed markets were positive over the period but were tempered when converted to GBP. In local terms, the strongest returns were found in the US equity market, aided by a strong corporate earnings season. Solid earnings translated across to European and UK equity markets which also produced positive gains over the period. Japanese markets were once again dancing to their own tune and finished the period in negative territory, with investors seemingly waiting for the general election to take place and be out of the way. Emerging markets were positive in local terms but did lag their developed market peers. Chinese equities look to have stabilised since their summer wobble, but Brazilian markets once again had a torrid time, with the currency also being weak. Looking at the shape of global markets, "growth" areas of the market outperformed, narrowing the gap with "value" equities. All sectors on a global basis ended in positive territory. The best performing sectors were consumer discretionary, technology and energy. Those to lag were telecoms and consumer staples.

Fixed Income markets have been preparing themselves for loose monetary conditions to be tightened. The Bank of England has been widely expected to be raise interest rates relatively imminently, although they haven't pulled the trigger just yet. While the UK ten-year bond yield broadly finished where it started, shorter-dated bond yields pushed higher as they are more impacted by movements in interest rates. While the UK ten-year bond yield broadly finished where it started, shorter-dated bond yields pushed higher as they are more impacted by movements in interest rates. Longer dated bond yields fell, meaning the yield curve flattened and that the UK government bond index made a positive return in aggregate in October.

The more interest rate sensitive UK Investment Grade bond market therefore also made a positive return. Global high yield underperformed and was hit by increased volatility, having been very well behaved for most of the year. In the emerging market debt world, hard currency (USD) bonds were flat, while it was a tough month for local currency bonds. Finishing with commodities, the index once again made positive progress, with the energy component being the main driver as prices continued to rise.

Portfolio Activity

The position in Odey Odyssey was sold during the month. We had begun to explore other opportunities in the space and this process was accelerated by the news that Odey would be closing the strategy. The proceeds from this sale will remain in cash while further opportunities are explored and analysed. In addition, we re-jigged the UK equity allocation. Royal London UK Equity Income was sold, while Artemis Income was trimmed. The proceeds were rotated into the passive L&G UK Index Trust.