Psigma
Investment Management

Managed Portfolio Service

Balanced Income Strategy

AUGUST 2020

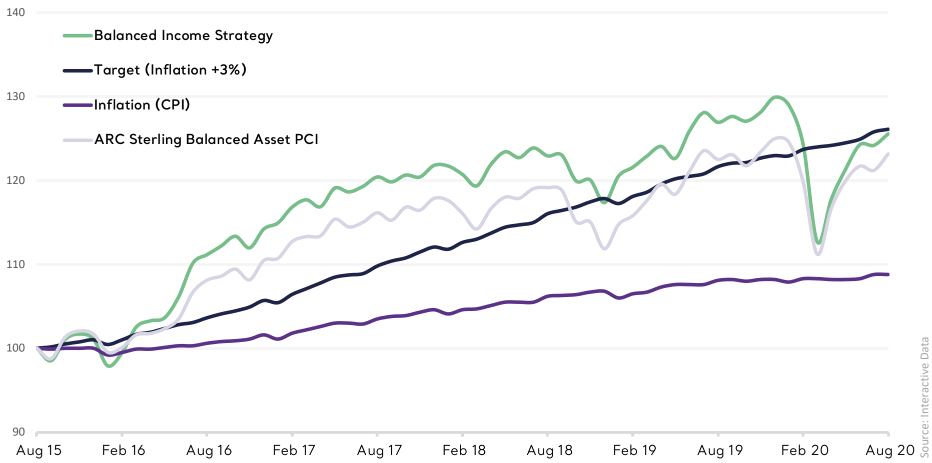
Overview

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 2020. From July 2020 to August 2020 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	1.10%	3.47%	0.96%	-1.09%	4.27%	25.54%	106.97%
Inflation	0.00%	0.55%	0.46%	0.65%	5.11%	8.77%	42.80%

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 (MiFID II) 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 July 2004.
Unless otherwise stated, all data is from Interactive Data as at 31/08/2020.
All performance figures shown on this factsheet are net of Psigma Investment Management fees (inc. VAT) and custody, settlement and execution charges.

defaqto 2013 – 2020 DFM Bespoke
defaqto 2013 – 2020 DFM MPS Direct
defaqto 2016 – 2020 DFM MPS on Platform

STRATEGY CHARACTERISTICS

Launched	May 2004
Target Return	Inflation +3%
Max Equity	60%
Max Higher Risk Fixed Interest	15%
Estimated Yield	3.13%
Recommended Investment Period	7 Years
ISA Eligible	Yes

PORTFOLIO CHARGES

Psigma AMC (Ex VAT)	0.40%
Custody, Settlement & Execution	0.12%
Product Costs#	0.82%
Total Charges (Inc VAT)	1.42%

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	-3.36%	12.41%

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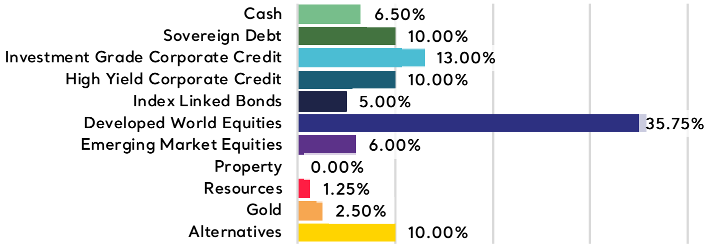
ASSET ALLOCATION



TOP FIVE HOLDINGS

FUND	ALLOCATION
Schroder Income Maximiser	6.50%
Artemis Income	6.00%
TwentyFour Focus Bond	5.00%
Janus Henderson Absolute Fixed INC	5.00%
AXA Global Short Duration	5.00%

Market View

Broadly speaking, equity markets enjoyed another positive month of performance. However, the backdrop remains mixed. On the one hand, global economic data is improving, but remains patchy as the COVID-19 pandemic remains far from under control. It is becoming increasingly apparent that global populations are going to have to get used to living with the virus until a vaccine can be found. Despite that gloomy scenario, markets remain supported by global government and central banks who are providing abundant liquidity. One such bank, the US Federal Reserve, reaffirmed its commitment to keeping policy as loose as it needs to be. In terms of what this meant for markets, U.S. markets once again led the way in the developed world. However, returns to U.K. investors were punctuated a little by the strength of Pound Sterling vs the US Dollar. Against global peers, the U.K. market was once again a laggard, but did finish firmly in positive territory. European assets also performed well in the month, but for both U.K and European markets, it will be interesting in September to see how the resumption in "Brexit" talks progress. Japanese equities enjoyed an extremely strong month but were slightly shaken by news at the end of the month that Shinzo Abe had announced his resignation as prime minister due to long standing health issues. Emerging markets in aggregate were positive, but there were quite stark regional differences in performance. Asian equities performed well, but Latin American equities were poor, with Brazilian equities having a tough time as the country struggles to cope with the COVID-19 pandemic. Looking at the MSCI All Country World Index, the technology, consumer discretionary and industrials sectors were the best performing. The laggards in the period were from the energy and utilities sectors. In addition, "growth" remained far superior to "value" in terms of monthly return.

There was a reversal in fortune for government bonds in August, as yields rose, meaning prices fell. The U.K. government bond index fell heavily to the tune of 3%. U.S. treasuries were also lower, but to a lower magnitude of around 1%. U.K. sterling corporate bonds finished in negative territory but did outperform government bonds markedly. This has narrowed the outperformance of U.K. government bonds over U.K. sterling corporate bonds year-to-date. Global high yield finished in positive territory and is now only slightly in negative territory for the whole of 2020. In emerging markets, it was again a tougher month for local currency debt, while hard currency bonds eked out a small positive gain. Focussing on commodities, gold bullion remained well bid in the early stages of the month, as it pushed above $2000 an ounce. However, performance of the "yellow metal" did come off a bit as August progressed and prices broadly finished the month where they started. The long-term dynamics for gold bullion remain positive, in an environment where governments and central banks are throwing more and more capital at trying to offset the effects of COVID-19, thereby increasing already large debt piles.

Portfolio Activity

In the early stages of the month we took the decision to take profits in iShares Gold Producers UCITS ETF. We moved the allocation back down to its model weight. Given the strong run of performance for gold equities we felt it was prudent risk management to lower our exposure. Other action in August saw us increase our position in Janus Henderson Absolute Return Fixed Income. This position adds ballast to our fixed income allocation, acting in a predictable low risk fashion.