

Managed Portfolio Service

Socially Responsible Investing (SRI)

Balanced Strategy

Q4 2019

Overview

The Psigma SRI Balanced Strategy invests in a diverse range of asset classes and investments that adhere to the Psigma SRI framework. The strategy uses a number of qualitative and quantitative inputs to decide on the asset allocation and holds underlying investments that aim to provide a societal benefit.

Framework

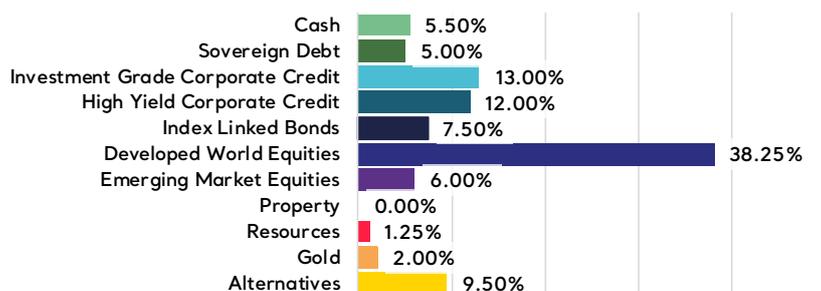
The SRI framework consists of the following components when assessing underlying holdings: Environmental, Social and Governance integration, Sustainability, Impact and Engagement. Using this framework supports the construction of a strategy that is exposed to our desired investment themes: Education, Clean Energy, Healthcare, Wellbeing, Innovation and Resource Efficiency.

The SRI framework places an emphasis on positive inclusion, which naturally leads to negative exclusions.

Investment Objective

This strategy aims to preserve your wealth above the rate of inflation. Given this target, it also attempts to generate balanced returns through diversified investments, in line with our SRI framework, with a maximum equity weighting of 60%.

ASSET ALLOCATION



TOP FIVE HOLDINGS

FUND	ALLOCATION
Fidelity Global Inflation Linked GBP HGD	7.50%
TwentyFour Asset Backed Income	7.00%
Aberdeen Standard UK Ethical Fund	6.50%
Royal London Sustainable Leaders	6.25%
UBS UK Socially Responsible Fund	5.25%

STRATEGY CHARACTERISTICS

Launched	July 2019
Target Return	Inflation +3%
Max Equity	60%
Max Higher Risk Fixed Interest	15%
Estimated Yield	1.82%
Recommended Investment Period	7 Years
ISA Eligible	Yes

PORTFOLIO CHARGES

Psigma AMC (Ex VAT)	0.40%
Custody, Settlement & Execution	0.12%
Product Costs*	0.85%
Total Charges (Inc VAT)	1.45%

MINIMUM INVESTMENT

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

Source: Interactive Data

This is a discretionary managed portfolio service. No client specific constraints are taken into account. The underlying investments will conform with the SRI framework. If you have any questions as to the SRI framework or service, please contact your Investment Manager or Professional Adviser.



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Market View

Equity markets finished the year on a strong footing, capping off another very good year for stock markets. Investor optimism grew in the hope that an interim trade deal would be signed by the US and China in early January. In addition, there were signs of improving global economic data. In the UK, some clarity was reached, as the Conservatives won a resounding victory in the UK general election. Although Brexit remains somewhat unclear, investors took the election result positively. In the developed world, all major regional equity markets gained, with UK equities leading the charge. Given the election result, more domestically focused UK mid cap equities enjoyed an extremely good month, compared to their large cap peers. Overseas equity returns for UK investors were again tempered by a strong pound. Emerging market equities outperformed in December, with Asian, Latin American and EMEA (Emerging Europe, Middle East and Africa) equities all enjoying bumper returns. Looking at the MSCI ACWI Index, "growth" and "value" performed in line with each other. All sectors finished in positive territory. Energy and materials were the standout sectors, with industrials and consumer staples being the relative laggards.

Turning to fixed interest, UK gilts produced negative returns as yields continued to move higher. US treasuries in aggregate also finished in negative territory, but to a lesser extent than their UK counterparts. In terms of central banks, neither the UK, Europe or the US made any changes to monetary policy. In the corporate bond space, UK corporate bonds eked out a small gain, capping off a very good year for the asset class. US investment grade enjoyed a decent month, while global high yield had a standout month. Global high yield enjoyed a good year on the whole, with returns in double-digit territory. In emerging markets, both hard and local currency bonds enjoyed a good month, with local currency the better performer of the two. Commodity markets were strong, with energy being the main source of return. Oil prices rallied higher as OPEC announced further cuts to production in an effort to quell concerns of oversupply. Having struggled in November, the gold price finished the year off strongly, pushing back north of \$1500.

Portfolio Activity

We took the decision to change the makeup of our UK equity exposure. Given that the Conservatives won a convincing majority in December's UK general election, we felt it was prudent to rotate out of our passive UK equity exposure and into active. We reduced our position in the UBS UK Socially Responsible UCITS ETF and added to the Aberdeen Standard UK Ethical fund.



Psigma
Investment Management

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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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