Psigma
Investment Management

Quarterly Platform Factsheet

Psigma Standard Life Cautious Portfolio

Quarter 4 2018

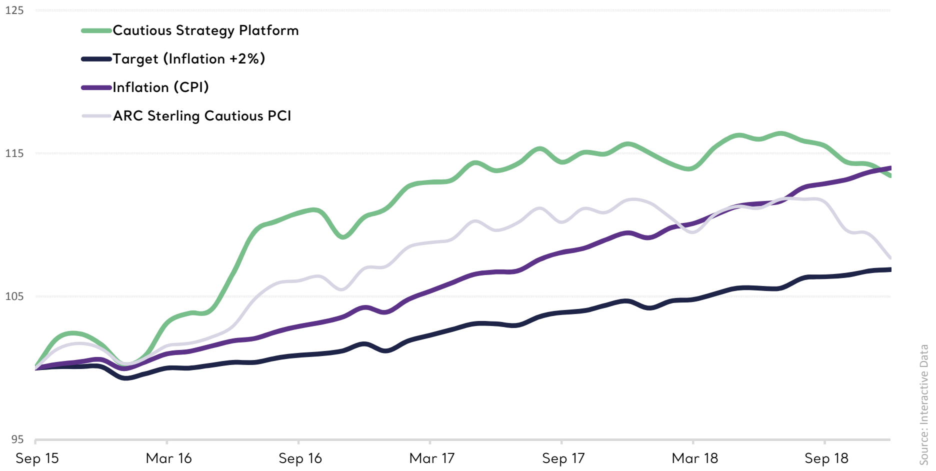
Overview

The Psigma Standard Life Cautious Portfolio 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. The Cautious Strategy is for the more conservative investor, focused on attaining inflation like returns while minimising the downside loss of capital.

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



Performance

CUMULATIVE NET PERFORMANCE

	1 Month	3 Months	6 Months	1 Year	ITD*
Strategy	-0.70%	-1.80%	-2.19%	-1.92%	13.45%
Inflation	0.09%	0.47%	1.23%	2.10%	6.89%

STRATEGY CHARACTERISTICS

Launched	September-2015
Target Return	Inflation +2%
Max Equity	40%
Max Higher Risk Fixed Interest	10%
Estimated Yield	2.07%
Recommended Investment Period	5 Years
ISA Eligible	Yes

PSIGMA PORTFOLIO CHARGES

Psigma AMC (Ex VAT)	0.35%
Fund Expenses (OCF)#	0.56%
Total Charges (Inc VAT)	0.98%

MINIMUM INVESTMENT

For minimum investment levels please contact Standard Life directly

DISCRETE NET PERFORMANCE

	ANNUAL RETURN	ANNUAL VOLATILITY
2015*	1.66%	2.27%
2016	8.74%	4.72%
2017	4.64%	2.19%
2018	-1.92%	2.25%

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 September 2015.
Unless otherwise stated, all data is from Morningstar as at 31/12/2018. All performance figures shown on this factsheet are net of underlying fund charges and net of Psigma Investment Management fees but gross of platform and adviser fees.
Past performance is not a guide to future performance.

This investment portfolio is managed by Psigma and the use of the Standard Life name is only present to indicate that this portfolio is available on the Standard Life Platform. Please note, Standard Life and its agents or representatives do not endorse or in any respect warrant any third party products or services by virtue of any advertisement, information, material or content referred to, or included on, or linked from or to this factsheet.

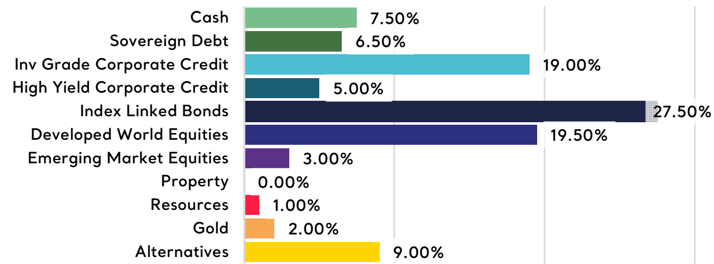
Standard Life

defaqto 2018 DFM MPS on Platform

For more information, please get in touch with our client support team on +44 (0)20 3327 5450 or by email platforms@psigma.com.

Psigma Investment Management

ASSET ALLOCATION



TOP FIVE HOLDINGS

FUND	ALLOCATION
Fidelity Global Inflation Linked GBP HGD	15.00%
L&G Global Inflation Linked	12.50%
AXA Global Short Duration	7.00%
TwentyFour Core Corporate Bond	7.00%
L&G UK Index Trust	5.00%

Market View

Risk assets had a tumultuous end to the year, with equity markets seeing sharp declines in the fourth quarter. Markets were broadly spooked by fears over global economic growth and fears that the US Federal Reserve were raising interest rates too quickly. Linked to economic growth, worries lingered over the trade spat between the US and China, with no resolution seemingly within grasp. Investor angst also increased following the partial shutdown of the US government, following the continuing dispute between President Trump and the Democrats over the funding of the proposed border wall between the US and Mexico. Japanese equities fared the worst of the developed markets, as the yen strengthened due to its safe haven status. US equities were also hammered, with technology shares taking the brunt of the selling. Markets were also weak in Europe and the UK, but by comparison to its peers, the UK equity market held up relatively well. Emerging markets were not immune to the selloff, but having been sold off materially earlier in the year, outperformed their developed peers in the fourth quarter. Latin American equities outperformed, with Brazil the standout following the election of far-right populist Jair Bolsonaro. Asian equities were lower, but fairly resilient given the risk off environment. The returns for UK investors to their overseas investments were aided by further weakness in sterling, which continued to be at the whim of Brexit chatter.

Turning to bonds, the benchmark UK gilt index had a strong quarter, as the asset class benefitted from a flight to safety. UK corporate bonds performed OK, but finished in marginally negative territory. Having been resilient for much of the year, US high yield bonds started to shows cracks and had a miserable fourth quarter.

Turning to monetary policy, the US Federal Reserve raised interest rates by 25bps and noted that they expected a further two hikes in 2019. Market participants had expected the comments to be more measured and feared that the central bank was tightening policy too quickly, which escalated the tension within markets. As expected, the Bank of England held steady on its own monetary policy. Italian bonds were volatile, with yields moving out on budget concerns early in the quarter, but outperformed in December after the Italian government agreed to reduce its planned budget deficit from 2.4% to 2% following pressure from their peers. In the commodities space, the oil price plummeted, with Brent Crude (global benchmark) falling circa $30 in the period. The fall came amid ongoing concerns regarding oversupply, but also a worsening of the outlook for global demand. Elsewhere, gold bullion performed well, as one would expect given its safe haven status amongst investors.

Portfolio Activity

During the month we took the decision to add a little back to equities, given the market moves that we had seen. We added to our position in the Artemis Global Income fund. We funded this move by taking some profits from our position in the Odey Odyssey fund, which had performed well as equity markets had sold off. The Odey Odyssey fund is a direct hedge on equity markets, given its negative market view and short bias at this time. In addition, we added a position in commodities through the Lazard Commodities fund.