Balanced Income Portfolio

31st December 2016

INTELLIGENT INTUITIVE INVESTING

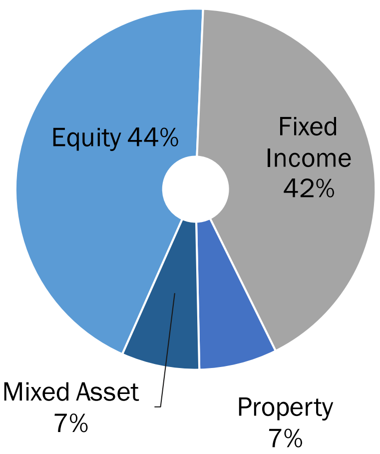
Investment Objective

The Balanced Income Portfolio targets an income of 4.0% by diversifying across a broad range of assets with differing return and volatility profiles. After Income, the portfolio is expected to maintain real value after inflation while minimising the possibility of the investment falling in value. The typical investor seeks consistent income from their investment but is able to accept a moderate level of risk for the potential of higher income. They recognise that their capital is at risk and that its value may fluctuate.

Market Comment

Stock markets continued their post US election rally in December and ended 2016 near their highs boosted by rising oil prices following the OPEC agreement to cut production and a rally in European bank stocks. The portfolio remains modestly underweight risk and overweight passive investments and also finished the year with a positive return in December. Coming into 2017 we believe the portfolio is correctly positioned at the start of what could be a challenging year. Valuations across many asset classes look historically high and while they could rise further, risk remains elevated. We continue to recommend remaining significantly allocated whilst keeping a keen eye on escalating market and political risks.

Key Objectives	Target	S/I[2]
Target Return	5.0-6.0%	
Maximum Risk	7.00%	
Expected Maximum Loss	10.00%	
Maximum OCF[3]	0.75%	



Performance (%)[1]	1 mth	3 mth	6 mth	YTD	1yr	S/I[2]
Rivers Balanced Income Portfolio	**2.21**	**1.84**	**7.84**	**N/A**	**N/A**	**7.84**
IA Mixed 20%-60% Equity	2.13	1.32	7.39	10.32	10.32	7.39
IA Global Equity Income	3.61	5.53	12.84	23.21	23.21	12.84

Top 10 Holdings	
Schroder - Strategic Credit L Inc	10.0%
Schroder - Mixed Distribution Z Inc	10.0%
HSBC - FTSE All Share Index C Inc	10.0%
Fidelity - Enhanced Income W Inc	10.0%
Legg Mason - IF Western Asset Global Multi Strategy Bond X Inc	8.0%
L&G - Dynamic Bond Trust I Inc	8.0%
Newton - Real Return Inst W Inc	7.0%
Fidelity - Index Pacific ex Japan W Inc	6.0%
TwentyFour - Dynamic Bond I Net Inc GBP	6.0%
L&G - Emerging Markets Government Bond (US$) Index I Inc	6.0%

Asset Type	Strategic Weight	Current Weight	Tactical Position
Cash	0.0%	0.0%	0.0%
Anchors	27.0%	30.0%	3.0%
Enhancers	55.0%	56.0%	1.0%
Diversifiers	18.0%	14.0%	-4.0%

Current Model Characteristics	
Number of holdings	15
Underlying fund charges (Excl fee)[3]	0.62%
Last rebalance date	Nov-16
Current expected portfolio yield[3]	4.06%
Classified 'Passive' investments	29.0%
Current loss since previous high[4]	

Rivers Asset Classification System:

"Anchors": investments selected for low market correlation, low risk and capital preservation core characteristics. Significant allocation in low risk portfolios.

"Enhancers": selected to increase portfolio long term return but exposed to equity risk. Allocation likely to increase with risk tolerance as returns become more volatile.

"Diversifiers": selected for low correlation to traditional market equity and fixed income risk. Diversifiers are essential for efficiency in all but the lowest and highest risk portfolios.

For a more detailed explanation please contact Rivers Capital Management

Notes:

1. The performance data shown is indicative only. Rivers Capital Management attempts to replicate accurately the performance of the underlying portfolio using Financial Express data but performances will likely differ from individual accounts due to inflows and timing issues. The performance is net of a 0.25%+VAT Rivers Capital Management fee.
2. The since inception data will be blank until the July 2017 when the model replication will be 12 months old. The model inception date is July first 2016.
3. The fees quoted are based on the current portfolio weightings using the latest available OCF data of each fund. The yield is not guaranteed.
4. The current loss is calculated as the replicated loss from the previous month end highest portfolio value. Intra month or daily data may exceed this.

For further information or enquires, professional advisors please contact the investment team directly on **020 7866 2140** or by emailing **info@riverscm.com**