

# Cautious Income Portfolio

31st May 2017



INTELLIGENT INTUITIVE INVESTING

## Investment Objective

The Cautious Income Portfolio targets an Income of 3.5% by diversifying across a broad range of assets with differing return and volatility profiles.

The portfolio after Income is expected to maintain real value after inflation while minimising the possibility of the investment falling in value. The Cautious

Income portfolio investment value will fluctuate in the short term, but we would not expect significant falls in value over a sustained period.

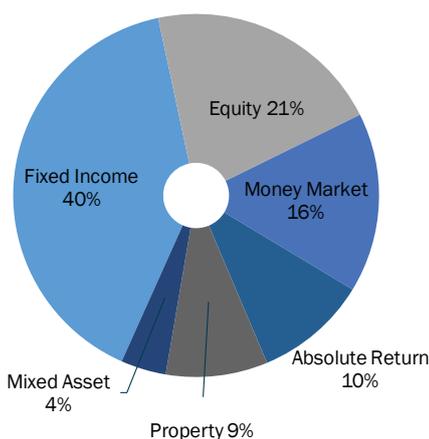
## Market Comment

The month of May proved to be another strong month for equities and risk assets. The UK equity market hit record high levels and renewed sterling depreciation boosted returns for any foreign held equities, especially in Europe. With the exception of precious metals

commodity prices fell as the oil price hit its lowest level of the year. A number of global economic indicators disappointed during the month but market confidence seemed largely unaffected. The portfolio continued its positive trend despite the defensive allocation we have

adopted. Risk remains expensive and with economic improvement already appearing to slow we believe the portfolio is well positioned to protect value during what we expect to be a more volatile period ahead.

| Key Objectives           | Target   | S/I <sup>2</sup> | Performance (%) <sup>1</sup>            | 1 mth | 3 mth | 6 mth | YTD  | 1yr   | S/I   |
|--------------------------|----------|------------------|---|-------|-------|-------|------|-------|-------|
| Target Return            | 4.0-5.0% |                  | <b>Rivers Cautious Income Portfolio</b> | 1.20  | 1.39  | 4.84  | 3.49 | N/A   | 7.79  |
| Maximum Risk             | 7.0%     |                  | IA Mixed 0%-35% Equity                  | 1.30  | 1.86  | 5.09  | 3.51 | 10.32 | 8.19  |
| Expected Maximum Loss    | 6.0%     |                  | IA Money Market                         | 3.09  | 3.03  | 10.22 | 6.38 | 26.84 | 20.04 |
| Maximum OCF <sup>3</sup> | 0.75%    |                  |   |       |       |       |      |       |       |



### Top 10 Holdings

|  |       |
|--|-------|
| Aviva Inv - Multi Strategy Target Income 2                     | 10.0% |
| BlackRock - UK Gilts All Stocks Tracker D Inc                  | 9.0%  |
| Legg Mason - IF Western Asset Global Multi Strategy Bond X Inc | 9.0%  |
| Royal London - Cash Plus M Inc                                 | 8.0%  |
| Muzinich - Enhancedyield Short Term A Hedged Inc GBP           | 8.0%  |
| Schroder - Strategic Credit L Inc                              | 8.0%  |
| L&G - Dynamic Bond Trust I Inc                                 | 8.0%  |
| Schroder - Mixed Distribution Z Inc                            | 6.0%  |
| Fidelity - Enhanced Income W Inc                               | 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      | 43.0%            | 60.0%          | 17.0%             |
| Enhancers    | 40.0%            | 27.0%          | -13.0%            |
| Diversifiers | 17.0%            | 13.0%          | -4.0%             |

## Current Model Characteristics

|   |          |
|---|----------|
| Number of holdings                              | 16       |
| Underlying fund charges (Excl fee) <sup>3</sup> | 0.58%    |
| Last rebalance date                             | Mar-2017 |
| Current expected portfolio yield <sup>3</sup>   | 3.67%    |
| Classified 'Passive' investments                | 34.0%    |
| Current loss since previous high <sup>4</sup>   |          |

### 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:

- 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.
- The since inception data will be blank until July 2017 when the model replication will be 12 months old. The model inception date is July first 2016.
- The fees quoted are based on the current portfolio weightings using the latest available OCF data of each fund. The yield is not guaranteed.
- 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**

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