Preservation Portfolio

31st May 2017

RIVERS CAPITAL MANAGEMENT

INTELLIGENT INTUITIVE INVESTING

Investment Objective

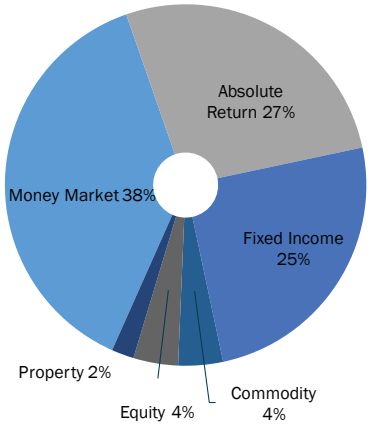
The objective of the Capital Preservation portfolio is to create sufficient returns to maintain the real value of the portfolio after inflation. The portfolio can tolerate short term and limited capital loss but its primary objective is to maintain value over the medium term. The portfolio will be invested primarily in low risk assets which will be anchored to the prevailing risk free rate of return.

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[2]
Target Return	3.0-4.0%	
Maximum Risk	4.5%	
Expected Maximum Loss	5.0%	

Performance (%)[1]	1 mth	3 mth	6 mth	YTD	1yr	S/I
Rivers Preservation	**0.04**	**1.50**	**1.66**	**1.37**	**N/A**	**6.91**
IA Money Market	0.01	0.05	0.09	0.06	0.23	0.17
IA Mixed 0%-35% Equity	0.06	2.11	2.21	2.19	9.14	6.80



Top 10 Holdings	
Aberdeen - Cash I Acc	15.0%
Royal London - Cash Plus Y Acc	13.0%
Kames - Absolute Return Bond C Acc GBP	12.0%
Muzinich - Enhancedyield Short Term A Hedged Inc GBP	10.0%
Old Mutual - Global Equity Absolute Return R Hedged Acc GBP	10.0%
TwentyFour - Monument Bond I Net Acc GBP	8.0%
BlackRock - UK Gilts All Stocks Tracker D Acc	8.0%
Vanguard - UK Inflation Linked Gilt Index Acc	7.0%
TM Fulcrum - Diversified Absolute Return C Acc GBP	5.0%
Ardevora - Global Equity C Acc GBP	4.0%

Asset Type	Strategic Weight	Current Weight	Tactical Position
Cash	0.0%	0.0%	0.0%
Anchors	70.0%	83.0%	13.0%
Enhancers	17.0%	6.0%	-11.0%
Diversifiers	13.0%	11.0%	-2.0%

Current Model Characteristics	
Number of holdings	13
Underlying fund charges (Excl fee)[3]	0.48%
Last rebalance date	Mar-2017
Current expected portfolio yield[3]	0.87%
Classified 'Passive' investments	49.0%
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 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**

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