

# Balanced Portfolio

31<sup>st</sup> December 2017



INTELLIGENT INTUITIVE INVESTING

## Investment Objective

The Balanced Portfolio aims to achieve its objective by diversifying across a broad range of assets with differing return and volatility profiles. The portfolio targets long

term returns of 4-6% above cash at volatility levels considerably below those expected in equity. The typical investor seeks capital growth from their investment and is able

to accept a moderate level of risk for the potential of higher returns. They recognise that their capital is at risk and that its value may fluctuate.

## Market Comment

From an investors perspective 2017 ended strongly with the FTSE 100, boosted by progress in the Brexit negotiations, adding over 5% to finish the year at an all-time high. Developed Market equities gained across other regions, with the strongest gains, outside the UK, being seen in the Emerging Markets, especially India.

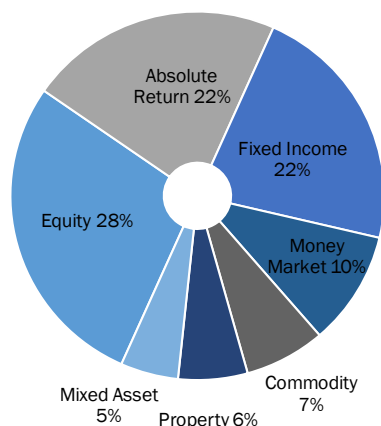
Bonds and commodities saw modest gains with only Gold and precious metals losing value throughout a positive month. All portfolios benefited from these gains and, despite the cautious positioning we have adopted, ended the year having met target returns. Looking ahead into 2018 we continue to hold a cautious

position based primarily on valuation and political concerns.

Key Objectives	Target	Actual <sup>2</sup>	Performance (%) <sup>1</sup>	1 mth	3 mth	6 mth	YTD	1yr	S/I
Annualised Return <sup>2</sup>	5.2-6.7%	12.1%	<b>Rivers Balanced Portfolio</b>	<b>1.09</b>	<b>2.60</b>	<b>4.21</b>	<b>7.92</b>	<b>7.92</b>	<b>18.80</b>
Portfolio Volatility <sup>2</sup>	9.0%	4.6%	IA Mixed 20%-60% Equity	1.02	2.28	2.87	7.16	7.16	15.07
Maximum Loss <sup>2</sup>	10.0%	1.4%	IA Flexible Investment	1.14	3.62	4.78	11.21	11.21	23.54
Highest OCF <sup>2</sup>	0.75%	0.73%							

### Top 10 Holdings

Kames - Absolute Return Bond C Acc GBP	8.0%
Old Mutual - Global Equity Absolute Return R Hedged Acc GBP	7.0%
TM Fulcrum - Diversified Absolute Return C Acc GBP	7.0%
TwentyFour - Monument Bond I Net Acc GBP	6.0%
Allianz - Best Styles Global AC Equity C Acc	6.0%
iShares - Global Property Securities Equity Index (UK) D Acc	6.0%
Royal London - Cash Plus Y Acc	5.0%
BlackRock - Cash D Acc	5.0%
Vanguard - UK Inflation Linked Gilt Index A Gross Acc GBP	5.0%
Troy Asset Management Ltd - Trojan O Acc	5.0%



Asset Type	Strategic Weight	Current Weight	Tactical Position
Cash	0.0%	0.0%	0.0%
Anchors	27.0%	40.0%	13.0%
Enhancers	55.0%	35.0%	-20.0%
Diversifiers	18.0%	25.0%	7.0%

## Current Model Characteristics

Number of holdings	22
Underlying fund charges (Excl fee) <sup>3</sup>	0.62%
Last rebalance date	Mar-17
Current expected portfolio yield <sup>3</sup>	1.02%
Classified 'Passive' investments	37.0%
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 'Actual' data includes the highest ever OCF and loss and the annualised total return and volatility since inception on June 30, 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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