Balanced Income Portfolio

28th February 2018

RIVERS CAPITAL MANAGEMENT

INTELLIGENT INTUITIVE INVESTING

Investment Objective

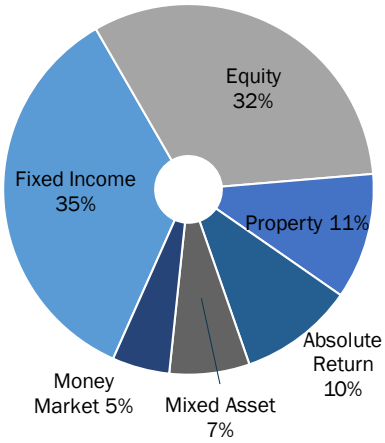
The Balanced Income Portfolio targets an income of 4.0% by diversifying across a broad range of assets with differing return and volatility profiles. After Income, the portfolio is expected to maintain real value after inflation while minimising the possibility of the investment falling in value. The 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

February proved to be the most challenging month for investors since January 2016. Most major equity indices saw volatility increase and a reversal of recent strong gains. After some market recovery and, in part, due to a continued defensive allocation, losses on the portfolio were controlled over the month. Expected Interest rate increases, especially in the US, appeared to change investor confidence that longstanding market momentum could be maintained. The portfolio remains defensively positioned as we expect increased volatility to continue in the coming months. That said, with fundamental economic indicators remaining positive, we would welcome further opportunity to increase portfolio exposure from the current defensive allocation.

Key Objectives	Target	Actual[2]
Annualised Return[2]	5.0-6.0%	7.1%
Portfolio Volatility[2]	7.00%	4.1%
Maximum Loss[2]	10.00%	1.8%
Highest OCF[2]	0.75%	0.70%

Performance (%)[1]	1 mth	3 mth	6 mth	YTD	1yr	S/I
Rivers Balanced Income	**-1.33**	**-0.89**	**-0.80**	**-1.65**	**1.64**	**12.03**
IA Mixed 20%-60% Equity	-1.37	-0.41	0.06	-1.42	3.45	13.44
IA Global Equity Income	-2.05	-0.92	0.01	-2.25	4.49	21.74



Top 10 Holdings	
Aviva Inv - Multi Strategy Target Income 2	10.0%
Janus Henderson - Strategic Bond I Inc	8.0%
EdenTree - Amity Sterling Bond B	8.0%
RWC - Enhanced Income B Dis GBP	8.0%
Newton - Real Return Inst W Inc	7.0%
Fidelity - Enhanced Income W Inc	6.0%
iShares - Global Property Securities Equity Index (UK) D Inc	6.0%
Royal London - Cash Plus Y Inc	5.0%
L&G - Dynamic Bond Trust I Inc	5.0%
HSBC - FTSE All Share Index C Inc	5.0%

Asset Type	Strategic Weight	Current Weight	Tactical Position
Cash	0.0%	0.0%	0.0%
Anchors	27.0%	36.0%	9.0%
Enhancers	55.0%	46.0%	-9.0%
Diversifiers	18.0%	18.0%	0.0%

Current Model Characteristics	
Number of holdings	17
Underlying fund charges (Excl fee)[3]	0.71%
Last rebalance date	Mar-17
Current expected portfolio yield[3]	4.03%
Classified 'Passive' investments	25.0%
Current loss since previous high[4]	0.22%

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 'Actual' data includes the highest ever OCF and loss and the annualised total return and volatility since inception on June 30, 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**