

# Balanced Income Portfolio

31<sup>st</sup> December 2018



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

December was particularly challenging for investors as equity indices, especially in the US, fell sharply. The loss was largely in response to the Federal Reserve decision to continue with its policy of monetary tightening, despite falling investor confidence in recent months. Gold and other Diversifier assets performed positively

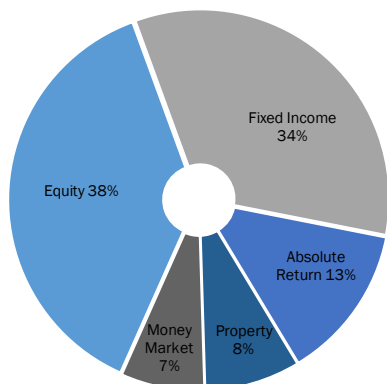
while Anchor assets provided some protection as bond yields fell. Overall, though, the 7% loss across global equities led to an overall loss for the month. The portfolio has maintained an underweight risk allocation which reduced, but did not eliminate, losses during the very difficult final quarter. While we expect the changing

sentiment and slowing global growth to continue to impact markets we believe the opportunity to allocate risk at more attractive valuations in the coming weeks is good.

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>	5.0-6.0%	3.9%	Rivers Balanced Income	-2.41	-4.30	-4.14	-3.40	-3.40	10.03
Portfolio Volatility <sup>2</sup>	7.00%	4.5%	IA Mixed 20%-60% Equity	-2.48	-5.40	-4.70	-5.10	-5.10	9.20
Maximum Loss <sup>2</sup>	10.00%	5.3%	IA Global Equity Income	-6.04	-8.78	-5.06	-5.88	-5.88	17.21
Highest OCF <sup>2</sup>	0.75%	0.70%							

### Top 10 Holdings

Fidelity - Enhanced Income W Inc	9.0%
EdenTree - Amity Sterling Bond B	8.0%
RWC - Enhanced Income B Dis GBP	8.0%
Kames - Property Income Feeder B Inc	8.0%
Royal London - Cash Plus Y Inc	7.0%
Artemis - Strategic Bond I Monthly Inc	7.0%
Janus Henderson - Strategic Bond I Inc	7.0%
Aviva Inv - Multi Strategy Target Income 2	7.0%
HSBC - FTSE All World Index C Inc	7.0%
Jupiter - Monthly Income I Inc	6.0%



Asset Type	Strategic Weight	Current Weight	Tactical Position
Cash	0.0%	0.0%	0.0%
Anchors	27.0%	38.0%	11.0%
Enhancers	55.0%	48.0%	-7.0%
Diversifiers	18.0%	14.0%	-4.0%

### Current Model Characteristics

Number of holdings	16
Underlying fund charges (Excl fee) <sup>3</sup>	0.71%
Last rebalance date	Oct-18
Current expected portfolio yield <sup>3</sup>	3.98%
Classified 'Passive' investments	25.0%
Current loss since previous high <sup>4</sup>	0.22%

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.

### 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



For further information or enquires, professional advisors please contact the investment team directly on **020 3383 0180** or by emailing **info@riverscm.com**

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