

# Cautious Income Portfolio

31<sup>st</sup> May 2019



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

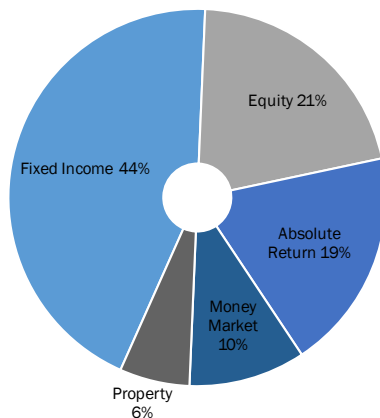
After a very strong start to the year May saw a partial reversal in equity returns but this only moderately impacted the portfolio overall. The weakness in sterling offered some protection to global equity losses and the defensive positioning across the portfolio

managed to significantly reduce the losses. Drawdowns were mainly seen in Enhancer Assets as Anchor Assets provided some safety for investors. Escalating concern over trade affected Asian equities broadly, although our Indian exposure benefited from

the re-election of President Modi. Looking forward, equity valuations are improved but still remain elevated. That said we expect to see an opportunity to reallocate to a less defensive allocation in the coming weeks.

Key Objectives	Target	Actual <sup>2</sup>
Annualised Return <sup>2</sup>	4.0-5.0%	3.5%
Portfolio Volatility <sup>2</sup>	7.0%	3.6%
Maximum Loss <sup>2</sup>	6.0%	4.1%
Highest OCF <sup>2</sup>	0.75%	0.72%

Performance (%) <sup>1</sup>	1 mth	3 mth	6 mth	YTD	1yr	S/I
Rivers Cautious Income	-0.11	2.13	3.11	5.39	2.06	10.41
IA Mixed 0%-35% Equity	-0.04	2.20	3.41	4.54	1.42	10.72
IA Global Equity Income	-1.67	3.62	2.98	9.49	4.03	28.41



## Top 10 Holdings

Janus Henderson - Strategic Bond I Inc	9.0%
EdenTree - Amity Sterling Bond B	9.0%
Aviva Inv - Multi Strategy Target Income 2	9.0%
Royal London - Cash Plus Y Inc	7.0%
Artemis - Strategic Bond I Monthly Inc	7.0%
RWC - Enhanced Income B Dis GBP	7.0%
Fidelity - Enhanced Income W Inc	6.0%
iShares - UK Gilts All Stocks Index (UK) D Inc	5.0%
Legg Mason - Western Global Multi Strat Bond X Inc	5.0%
Brandywine Global Fixed Inc Abs Ret Hedged X Dis GBP	5.0%

Asset Type	Strategic Weight	Current Weight	Tactical Position
Cash	0.0%	0.0%	0.0%
Anchors	43.0%	59.0%	16.0%
Enhancers	40.0%	25.0%	-15.0%
Diversifiers	17.0%	16.0%	-1.0%

## Current Model Characteristics

Number of holdings	19
Underlying fund charges (Excl fee) <sup>3</sup>	0.66%
Last rebalance date	Feb-19
Current expected portfolio yield <sup>3</sup>	3.87%
Classified 'Passive' investments	27.0%
Current loss since previous high <sup>4</sup>	-0.15%

### 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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may cause the value of investments and the income from them to fall as well as rise. Unless otherwise stated, the source of all figures contained herein is Rivers Capital Management. Whilst all reasonable care has been taken in preparing this factsheet, the information contained herein has been obtained from sources that we consider reliable but we do not represent that it is complete or accurate and it should not be relied upon as such.