

# Cautious Income Portfolio

30<sup>th</sup> June 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.

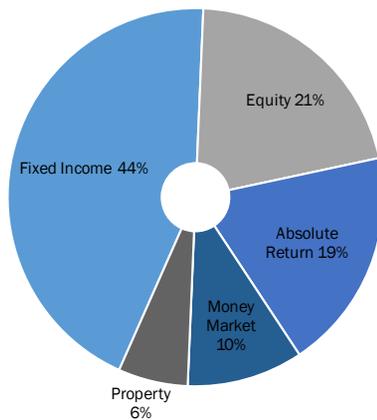
## Market Comment

June was a positive month for most asset classes with the portfolio setting a record high. Despite increasing risks over global growth and geo-politics, falling interest rate expectations boosted equity indices in most regions. The main driver to confidence was a series of announcements from major

Central Banks, who seem prepared to lower rates further and increase extraordinary measures to maintain economic growth. Across the portfolio Anchor assets were positive but lagged strong equity Enhancer asset returns. Diversifier assets also gained, especially gold, as concern over the reliance

on Central Banks increased. The portfolio remains defensively positioned as we believe valuations are high. We expect opportunities to increase risk exposure at more attractive valuations in the coming months.

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>	4.0-5.0%	3.9%	Rivers Cautious Income	1.61	2.51	7.04	7.04	3.71	12.14
Portfolio Volatility <sup>2</sup>	7.0%	3.7%	IA Mixed 0%-35% Equity	1.53	2.46	6.14	6.14	3.20	12.42
Maximum Loss <sup>2</sup>	6.0%	4.1%	IA Global Equity Income	4.36	5.68	14.13	14.13	8.41	33.85
Highest OCF <sup>2</sup>	0.75%	0.72%							



## 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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