

# Balanced Income Portfolio

31<sup>st</sup> July 2019



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.

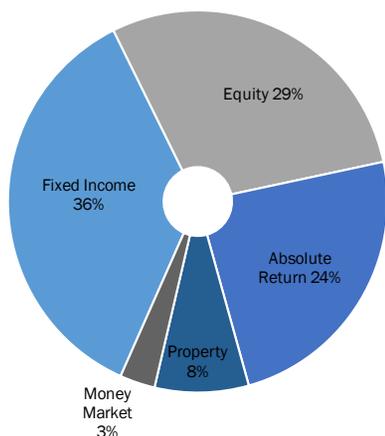
## Market Comment

July was a positive month for nearly all asset classes. The portfolio benefited from value growth in Anchors, Enhancers and Diversifiers. Strong underlying returns in global assets were further boosted by sterling devaluation as concern regarding a no-deal Brexit increased. Within Anchor

assets the best performing investment was inflation linked bonds. Nearly all Enhancer assets were positive led by US and Global Equity funds. The strongest returns of all, for July and year to date, have been seen within Diversifiers where precious metals, commodities and insurance have offered

strong uncorrelated returns. Looking forward, the cautious risk allocation adopted in March continues to make sense as already high valuations continue to rise.

| 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% | 6.3%                | Rivers Balanced Income       | 1.62  | 3.17  | 6.79  | 9.67  | 4.00 | 20.81 |
| Portfolio Volatility <sup>2</sup> | 7.00%    | 4.5%                | IA Mixed 20%-60% Equity      | 2.10  | 3.16  | 7.37  | 10.24 | 3.90 | 20.39 |
| Maximum Loss <sup>2</sup>         | 10.00%   | 5.2%                | IA Global Equity Income      | 4.06  | 6.78  | 14.57 | 18.79 | 9.07 | 39.31 |
| Highest OCF <sup>2</sup>          | 0.75%    | 0.70%               |                              |       |       |       |       |      |       |



## Top 10 Holdings

|   |      |
|---|------|
| Aviva Inv - Multi Strategy Target Income 2      | 9.0% |
| Janus Henderson - Strategic Bond I Inc          | 8.0% |
| EdenTree - Amity Sterling Bond B                | 8.0% |
| RWC - Enhanced Income B Dis GBP                 | 8.0% |
| Artemis - Strategic Bond I Monthly Inc          | 7.0% |
| Foresight UK Infrastructure Income Inc          | 7.0% |
| Fidelity - Enhanced Income W Inc                | 7.0% |
| HSBC - FTSE All World Index C Inc               | 7.0% |
| Jupiter - Monthly Income I Inc                  | 6.0% |
| New Capital - Wealthy Nations Bond Inst Inc GBP | 6.0% |

| 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                              | 16     |
| Underlying fund charges (Excl fee) <sup>3</sup> | 0.75%  |
| Last rebalance date                             | Feb-19 |
| Current expected portfolio yield <sup>3</sup>   | 4.15%  |
| Classified 'Passive' investments                | 24.0%  |
| 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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