

# Balanced Income Portfolio

31<sup>st</sup> October 2019



INTELLIGENT INTUITIVE INVESTING

## Investment Objective

The Rivers Balanced Income Portfolio targets an income of 4.0% by diversifying across a broad range of assets. The portfolio is expected to maintain real value, net of income, 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

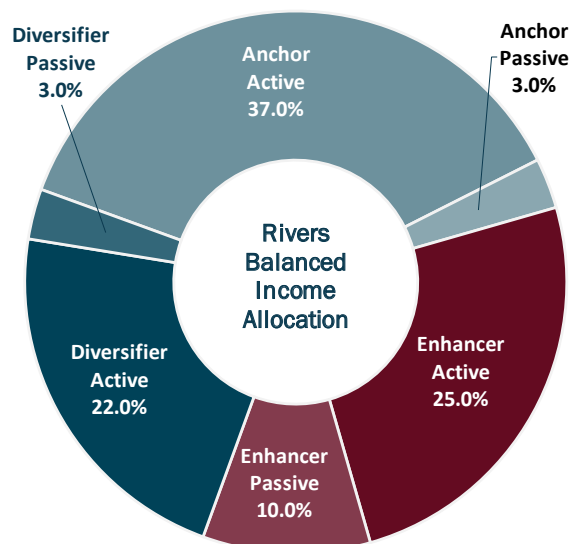
The strength in Sterling was the primary cause for the relative fall in portfolio value during October. A decline in inflation expectations and benchmark government interest rates affected Anchor assets. While Enhancers added value in local terms these were insufficient to offset the currency effect. Diversifiers provided some protection. With valuations still high, the defensive allocation the portfolio maintains is appropriate especially given ongoing political uncertainty. Despite the moderate loss during October the portfolio return year to date remains above both its benchmark and its nominal annual target.

Model Characteristics	Target	Current
Annualised Return <sup>1</sup>	5.0-6.0%	5.7%
Portfolio Volatility <sup>2</sup>	<7.0%	4.4%
Maximum Loss <sup>3</sup>	<10.0%	-5.2%
Ongoing charge of underlying <sup>4</sup>	<0.75%	0.76%
Number of holdings	<25	16
Last rebalance date	-	Apr-19
Current expected portfolio yield <sup>5</sup>	-	4.14%
Classified 'Passive' investments <sup>6</sup>	40%	16%
Since Inception Total Return	-	20.44%

Allocation	Strategic	Current	Tactical
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%

Performance (%) <sup>1</sup>	1m	3m	YTD	1yr	3yr
Rivers Balanced Income	-0.33	-0.24	9.33	6.68	11.98
IA Mixed 20%-60% Shares	-0.68	-0.94	9.19	6.50	11.69

Quarterly	Q1	Q2	Q3	Q4	Total
2016	-	-	5.81%	1.36%	7.25%
2017	3.44%	0.79%	0.45%	1.43%	6.21%
2018	-2.68%	3.54%	0.17%	-4.19%	-3.29%
2019	4.65%	3.13%	1.67%	-	9.73%



## 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

## Top 10 Holdings

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

## 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 and annualised since inception (June 30<sup>th</sup> 2016)
- Volatility is calculated as the annualised average weekly standard deviation of return since inception (June 30<sup>th</sup> 2016)
- The maximum loss is calculated as the total loss from the highest previous month end portfolio value. Intra month or daily data may exceed this.
- The ongoing charge is based on the current portfolio weightings using the latest available OCF data of each fund.
- The yield is the average yield as published by each fund and not guaranteed
- Rivers investment committee determines a Passive allocation target (20-60%) dependant on the perceived market opportunity
- Relative risk level determined between 1 and 7 within the tactical constraints of all models with a level 4 considered tactically neutral



Please contact Rivers directly on **020 3383 0180** or by emailing **info@riverscm.com**

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