

# Cautious Income Portfolio

30<sup>th</sup> November 2019



INTELLIGENT INTUITIVE INVESTING

## Investment Objective

The Rivers Cautious Income Portfolio targets income of 3.5% by diversifying across a broad range of assets with differing return and volatility profiles. The portfolio is expected to maintain real value, net of income, after inflation while minimising the possibility of the investment

falling in value. The portfolio may be somewhat exposed to global equity and interest rate market cycles. The portfolio's investment value will fluctuate in the short term, but we would not expect significant falls in value over a sustained period.

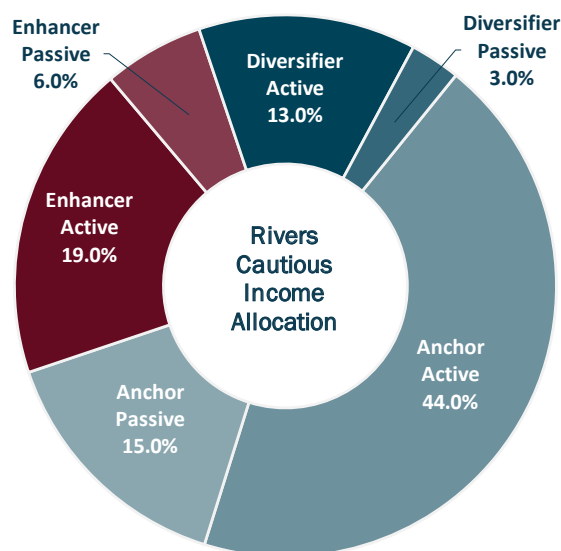
## Market Comment

November saw further strong gains for Enhancer assets as US and Global equities set all time highs. Anchor assets struggled as benchmark interest rates rose causing government bond values to fall. Diversifiers, especially commodities and Gold, saw prices continue the fall from their late summer highs. Overall the portfolio gained, coming back towards its all-time highs but has struggled to keep up with benchmark returns

in the last 3 months due to the defensive allocation. That said the portfolio remains above its annual return target and we believe equity indices, which are elevated, will offer more attractive opportunities to rebalance from an underweight to a more neutral stance in the coming months.

Model Characteristics	Target	Current
Annualised Return <sup>1</sup>	4.0-5.0%	3.9%
Portfolio Volatility <sup>2</sup>	<7.0%	3.5%
Maximum Loss <sup>3</sup>	<6.0%	-4.1%
Ongoing charge of underlying <sup>4</sup>	<0.75%	0.66%
Number of holdings	<25	19
Last rebalance date	-	Apr-19
Current expected portfolio yield <sup>5</sup>	-	3.85%
Classified 'Passive' investments <sup>6</sup>	40%	24%
Since Inception Total Return	-	14.05%

Allocation	Strategic	Current	Tactical
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%



Performance (%) <sup>1</sup>	1m	3m	YTD	1yr	3yr
Rivers Cautious Income	0.45	0.61	8.86	6.51	10.93
IA Mixed 0%-35% Equity	0.68	0.27	8.08	6.86	11.14

Quarterly	Q1	Q2	Q3	Q4	Total
2016	-	-	3.59%	0.54%	4.15%
2017	2.36%	0.34%	0.17%	0.96%	3.87%
2018	-2.30%	2.30%	0.40%	-3.50%	-3.16%
2019	4.42%	2.51%	1.55%	-	8.71%

## 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

## 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

## Top 10 Holdings

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



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

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