

# Balanced Income Portfolio

30<sup>th</sup> April 2020



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

Strong performance gains in April offset much, but not all, of the sharp losses in March. As fears of long extended lockdown and economic catastrophe lessened, and unprecedented governmental support increased, equity and credit markets recovered significantly. Active management offered opportunity and benefited the portfolio as sector differentiation rose. During the month Anchor and Diversifier performance remained positive but lagged the more volatile Enhancer asset classes. Starting the month at a neutral risk position added value. In the last week of the month the portfolio risk level was reduced to moderately underweight rally appeared to get extended. We expect volatility to remain high as the economic impact of an extended lockdown remains negative.

Performance (%) <sup>1</sup>	1m	3m	YTD	1yr	3yr
Rivers Balanced Income	5.63	-8.86	-9.36	-5.11	0.17
IA Mixed 20%-60% Shares	5.68	-7.92	-7.94	-3.65	1.66

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%	1.64%	1.45%	11.28%
2020	-14.29%	-	-	-	-14.29%

## 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.

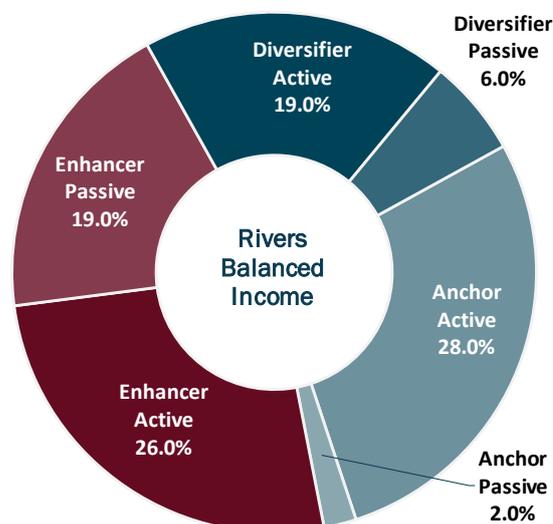
For a more detailed explanation please contact Rivers Capital Management

### 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

Model Characteristics	Target	Current
Annualised Return <sup>1</sup>	5.0-6.0%	2.8%
Portfolio Volatility <sup>2</sup>	<7.0%	7.9%
Maximum Loss <sup>3</sup>	<10.0%	-14.2%
Ongoing charge of underlying <sup>4</sup>	>0.75%	0.61%
Number of holdings	<25	16
Last rebalance date	-	Mar-20
Current expected portfolio yield <sup>5</sup>	-	4.29%
Classified 'Passive' investments <sup>6</sup>	40%	27.0%
Since Inception Total Return	-	11.12%

Allocation	Strategic	Current	Tactical
Cash	0.0%	0.0%	0.0%
Anchors	27.0%	30.0%	3.0%
Enhancers	55.0%	45.0%	-10.0%
Diversifiers	18.0%	25.0%	7.0%



## Top 10 Holdings

Aviva Inv - Multi Strategy Target Income 2	Anchor Active	9.0%
Legg Mason Western GblMulti Strat Bd X Inc	Anchor Active	8.0%
HSBC - FTSE All World Index C Inc	Enhancer Passive	8.0%
Schroder - Mixed Distribution Z Inc	Enhancer Active	7.0%
VT - Gravis Clean Energy Income C Inc GBP	Diversifier Active	7.0%
EdenTree - Amity Sterling Bond B	Anchor Active	6.0%
Jupiter - Monthly Income I Inc	Diversifier Active	6.0%
Foresight UK Infrastructure Income Inc	Diversifier Active	6.0%
Fidelity - Index Pacific ex Japan P Inc	Enhancer Passive	6.0%
JPM - Emerging Markets Income C Inc	Enhancer Active	6.0%



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

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