

# Cautious Income Portfolio

31<sup>st</sup> May 2020



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

During May investment markets continued the recovery from the lows seen in March. Despite reducing Enhancer exposure at the end of April the portfolio performed well. The biggest gains were seen across equities but gains in Inflation linked bonds and Gold added value. As the battle against the Coronavirus continued economies began the gradual relaxation of the lockdown restrictions. The month finished in a positive mood although the long

term economic impact from the virus remains uncertain. We expect a challenging period ahead and, should valuations increase further, are prepared to lower tactical risk exposure to protect the portfolio from further volatility.

Performance (%) <sup>1</sup>	1m	3m	YTD	1yr	3yr
Rivers Cautious Income	1.87	-3.67	-5.91	-1.92	0.38
IA Mixed 0%-35% Equity	2.11	-1.27	-2.28	1.61	3.99

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%	-3.17%
2019	4.42%	2.51%	1.53%	1.03%	9.82%
2020	-12.17%	-	-	-	-12.17%

## 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.

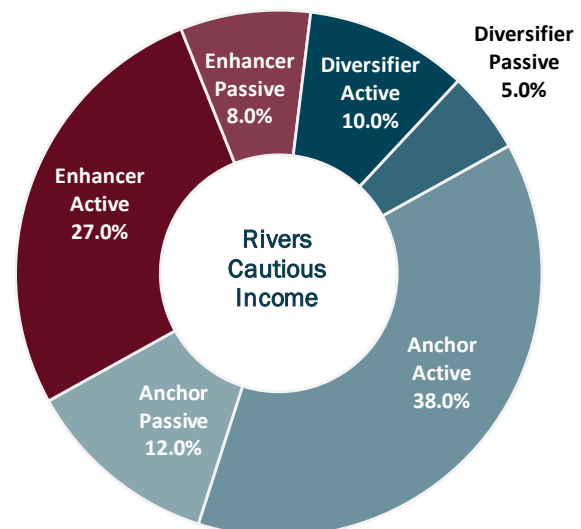
For a more detailed explanation please contact Rivers Capital Management

### 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>	4.0-5.0%	2.0%
Portfolio Volatility <sup>2</sup>	<7.0%	6.9%
Maximum Loss <sup>3</sup>	<6.0%	-12.2%
Ongoing charge of underlying <sup>4</sup>	<0.75%	0.61%
Number of holdings	<25	16
Last rebalance date	-	Apr-20
Current expected portfolio yield <sup>5</sup>	-	3.73%
Classified 'Passive' investments <sup>6</sup>	40%	25.0%
Since Inception Total Return	-	8.25%

Allocation	Strategic	Current	Tactical
Cash	0.0%	0.0%	0.0%
Anchors	43.0%	50.0%	7.0%
Enhancers	40.0%	35.0%	-5.0%
Diversifiers	17.0%	15.0%	-2.0%



## Top 10 Holdings

Royal London - Cash Plus Y Inc	Anchor Passive	10.0%
Aviva Inv - Multi Strategy Target Income 2	Anchor Active	10.0%
Janus Henderson - Strategic Bond I Inc	Anchor Active	8.0%
EdenTree - Amity Sterling Bond B	Anchor Active	8.0%
Artemis - Strategic Bond I Monthly Inc	Anchor Active	7.0%
Schroder - Mixed Distribution Z Inc	Enhancer Active	7.0%
Fidelity - Enhanced Income W Inc	Enhancer Active	7.0%
HSBC - FTSE All World Index C Inc	Enhancer Passive	6.0%
Templeton - Global Total Return Bond W Inc	Anchor Active	5.0%
Jupiter - Monthly Income I Inc	Diversifier Active	5.0%



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

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