

Cautious Income Portfolio

30th September 2021



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.

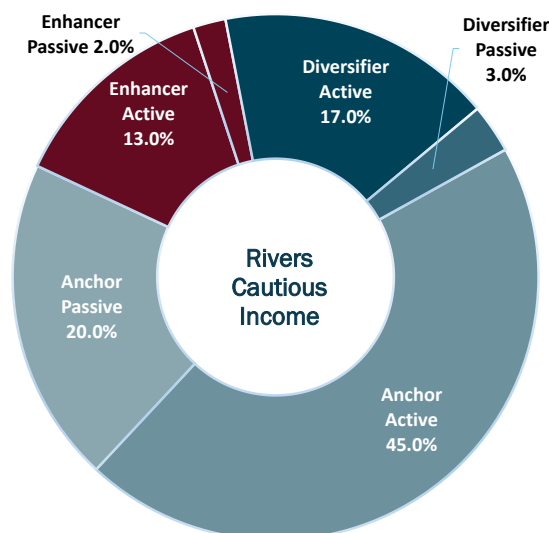
Market Comment

September saw losses in most assets as investors began to question high valuations in international equities and the risks of increasing interest rates. With Sterling benchmark interest rates rising, after a surprisingly hawkish statement from the Bank of England, there were similar losses from bonds and equities during the month. Inflation linked bonds have been positive year to date but reversed the majority of those

gains after the statement from the BoE. Inflation, remains a significant risk globally but with UK economic growth remaining strong, fears of stagflation here are exaggerated. The primary risk remains that Enhancer, or equity, valuations are too high, particularly in the US but this has improved during the month. On balance we expect to be reducing the extreme underweight equity allocation in the portfolio during October.

| Model Characteristics | Target | Current |
|---|----------|---------|
| Annualised Return ¹ | 4.0-5.0% | 3.5% |
| Portfolio Volatility ² | <7.0% | 6.3% |
| Maximum Loss ³ | <6.0% | -12.2% |
| Ongoing charge of underlying ⁴ | <0.75% | 0.55% |
| Number of holdings | <25 | 16 |
| Last rebalance date | - | Apr-21 |
| Current expected portfolio yield ⁵ | - | 3.68% |
| Classified 'Passive' investments ⁶ | N/A | 25.0% |
| Since Inception Total Return | - | 20.03% |

| Allocation | Strategic | Current | Tactical |
|--------------|-----------|---------|---------------|
| Anchors | 43.0% | 65.0% | 22.0% |
| Enhancers | 40.0% | 15.0% | -25.0% |
| Diversifiers | 17.0% | 20.0% | 3.0% |



| Performance (%) ¹ | 1m | 3m | YTD | 1yr | 3yr | 5yr |
|------------------------------|-------|------|------|------|-------|-------|
| Rivers Cautious Income | -1.03 | 0.68 | 2.63 | 7.83 | 10.44 | 15.86 |
| IA Mixed 0%-35% Equity | -1.45 | 0.12 | 1.83 | 6.02 | 11.57 | 16.47 |

| Quarterly | Q1 | Q2 | Q3 | Q4 | Total |
|-----------|---------|-------|-------|--------|--------|
| 2016 | - | - | 3.59% | 0.54% | 4.15% |
| 2017 | 2.37% | 0.35% | 0.18% | 0.97% | 3.92% |
| 2018 | -2.29% | 2.31% | 0.41% | -3.49% | -3.12% |
| 2019 | 4.44% | 2.53% | 1.55% | 1.05% | 9.87% |
| 2020 | -12.16% | 9.15% | 0.74% | 5.07% | 1.48% |
| 2021 | -0.38% | 2.32% | 0.68% | - | |

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

| | | |
|--|--------------------|-------|
| Royal London - Cash Plus Y Inc | Anchor Passive | 10.0% |
| Aviva Inv - Multi Strategy Target Income 2 | Anchor Active | 10.0% |
| Artemis - Strategic Bond I Monthly Inc | Anchor Active | 8.0% |
| Vanguard - UK Infl-Linked Gilt A Gross Inc GBP | Anchor Passive | 8.0% |
| Templeton - Global Total Return Bond W Inc | Anchor Active | 7.0% |
| Janus Henderson - Strategic Bond I Inc | Anchor Active | 7.0% |
| EdenTree - Amity Sterling Bond B | Anchor Active | 7.0% |
| Foresight UK Infrastructure Income Inc | Diversifier Active | 7.0% |
| L&G - Dynamic Bond I Inc | Anchor Active | 6.0% |
| Schroder - Mixed Distribution Z Inc | Enhancer Active | 5.0% |

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% Rivers Capital Management fee and annualised since inception (June 30th 2016)
- Volatility is calculated as the annualised average weekly standard deviation of return since inception (June 30th 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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