

# Balanced ESG Portfolio

30<sup>th</sup> September 2021



INTELLIGENT INTUITIVE INVESTING

## Investment Objective

The Rivers ESG Balanced Portfolio targets long term capital growth in real terms and after fees. The portfolio invests only in solutions which pass strict criteria of Environmental, Social and Governance (ESG) requirements. The portfolio will be moderately exposed to global equity market cycles. The typical investor seeks capital growth from their investment and is able to accept a moderate level of risk for the potential of higher returns.

## Market Comment

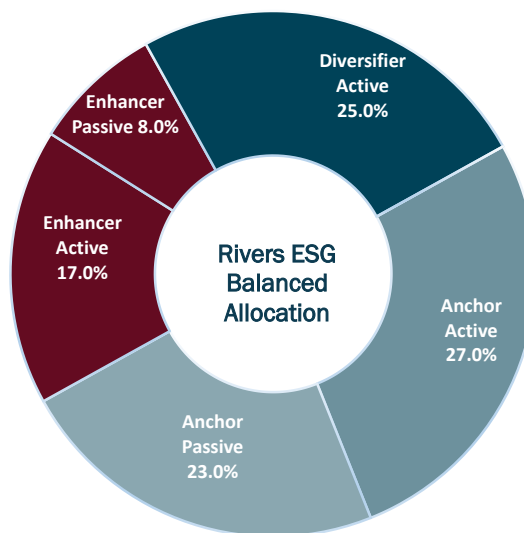
September saw losses in most assets as investors began to question high valuations in international equities and the risks of increasing interest rates. With Sterling benchmark interest rates rising, after a surprisingly hawkish statement from the Bank of England, there were similar losses from bonds 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 <sup>1</sup>	5.2-6.7%	7.1%
Portfolio Volatility <sup>2</sup>	<9.0%	7.6%
Maximum Loss <sup>3</sup>	<10.0%	-11.3%
Ongoing charge of underlying <sup>4</sup>	<0.75%	0.58%
Number of holdings	<25	15
Last rebalance date	-	Apr-21
Current expected portfolio yield <sup>5</sup>	-	1.59%
Classified 'Passive' investments <sup>6</sup>	30%	31.0%
Since Inception Total Return	30-Jun-17	36.07%

Allocation	Strategic	Current	Tactical
Anchors	27.0%	50.0%	<b>23.0%</b>
Enhancers	55.0%	25.0%	<b>-30.0%</b>
Diversifiers	18.0%	25.0%	<b>7.0%</b>

Performance (%) <sup>1</sup>	1m	3m	YTD	1yr	3yr
Rivers ESG Balanced	-2.06	1.08	5.30	12.03	28.50
IA Mixed 20%-60% Shares	-1.24	0.78	5.30	12.21	15.32

Quarterly	Q1	Q2	Q3	Q4	Total
2017	-	-	0.86%	2.56%	3.44%
2018	-2.70%	2.80%	1.52%	-4.55%	-3.09%
2019	5.66%	4.25%	2.75%	0.41%	13.65%
2020	-10.41%	14.05%	3.49%	6.39%	12.49%
2021	-0.14%	4.33%	1.08%	-	



## 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 - Enhanced Cash Plus Y Acc	Anchor Passive	12.0%
EdenTree - Amity Sterling Bond B	Anchor Active	11.0%
Liontrust - Sustainable Future Def Mg Inc	Anchor Active	10.0%
Vanguard - UK Infl-Linked Gilt A Grss Acc GBP	Anchor Passive	9.0%
RL - Sustainable Diversified Trust C Acc	Diversifier Active	7.0%
VT - Gravis Clean Energy Income C Acc GBP	Diversifier Active	7.0%
TM Fulcrum - Diversified Core Abs Ret C Acc	Anchor Active	6.0%
Rathbone - Ethical Bond Inst Acc	Enhancer Active	6.0%
Schroder - Global Cities Real Estate Z Acc	Diversifier Active	6.0%
Robeco - SAM Sustainable Water Eq G EUR	Diversifier 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 (March 31<sup>st</sup> 2017)
- Volatility is calculated as the annualised average weekly standard deviation of return since inception (March 31<sup>st</sup> 2017)
- 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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