

# Cautious Income Portfolio

31<sup>st</sup> October 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.

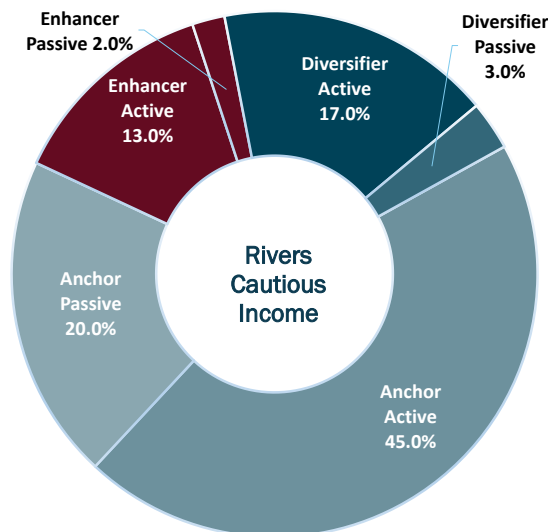
## Market Comment

October saw further strong gains for global equities. Enhancer assets broadly gained with new record highs sets in the US and European indices. Speculative investment has pushed valuations in US equities to extremes although this is much less the case in the UK, Europe and the Emerging Markets. Anchor assets reversed much of the losses from the end of September as benchmark yields on Gilts fell. This fall was despite increasing

inflationary risks and geo-political tensions. We continue to look for an opportunity to tactically increase risk in the portfolio but believe continued patience will ultimately be rewarded. Diversifier assets were mixed as Gold remained fairly static in Sterling terms while property enjoyed strong gains.

Model Characteristics	Target	Current
Annualised Return <sup>1</sup>	4.0-5.0%	3.6%
Portfolio Volatility <sup>2</sup>	<7.0%	6.3%
Maximum Loss <sup>3</sup>	<6.0%	-12.2%
Ongoing charge of underlying <sup>4</sup>	<0.75%	0.55%
Number of holdings	<25	16
Last rebalance date	-	Apr-21
Current expected portfolio yield <sup>5</sup>	-	3.68%
Classified 'Passive' investments <sup>6</sup>	N/A	25.0%
Since Inception Total Return	-	20.74%

Allocation	Strategic	Current	Tactical
Anchors	43.0%	65.0%	<b>22.0%</b>
Enhancers	40.0%	15.0%	<b>-25.0%</b>
Diversifiers	17.0%	20.0%	<b>3.0%</b>



Performance (%) <sup>1</sup>	1m	3m	YTD	1yr	3yr	5yr
Rivers Cautious Income	0.60	0.37	3.23	9.06	12.40	15.64
IA Mixed 0%-35% Equity	0.30	-0.30	2.14	7.09	13.77	16.93

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 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



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

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