

Current Update

June 2022



Market Talking Points

- INFLATION:** Rate rose again to 8.6% in the US (from 8.5%), 9.1% (from 9.0%) in the UK and 8.6% in the EU. Inflation remains the key investor focus now with ECB joining the BoE and the Fed being increasingly hawkish with regard to rate increases.
- CENTRAL BANK RATES:** Increased in US to 1.75% (from 1.0%) and in UK to 1.25% (from 1.0%). ECB remains at 0.0% but stopping QE in July. BoJ maintaining rates at -0.1% with aggressive bond buying to minimise long term rates.
- BENCHMARK RATES:** Benchmark rates (10Y) increased marginally during June (US10Y from 2.84% to 2.97%, 10Y Gilt 2.07% to 2.24% and 10Y Bund 1.13% to 1.34%) although all ended lower than highs seen in mid June.
- ECONOMIC GROWTH:** Growth turned negative in the US in Q1 and appears to be slowing in the UK and Europe. Negative growth in real terms is expected, but nominal growth likely to remain positive.
- COVID:** Case numbers increasing although no sign of governmental interference as vaccination programs continue. Lockdowns being relaxed in parts of China increasing pressure on oil and energy needs.

Rivers Asset Index Data

Anchors	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Cash Plus / Enhanced Cash	0.2%	0.8%	1.3%	1.4%	2.8%	-0.12	0.1%
High Grade Bond and Income	-1.7%	-10.8%	-7.1%	0.7%	4.7%	0.17	5.0%
Low Risk Absolute Return	-0.5%	4.8%	11.2%	2.9%	3.1%	0.31	5.7%
Enhancers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Developed Market Equity	-0.1%	-0.6%	7.7%	8.0%	8.0%	1.00	11.3%
Corporate, High Yield and Credit	-0.2%	-8.4%	-6.3%	2.8%	7.1%	0.80	7.9%
Emerging Market Equity	-0.6%	-4.5%	-5.8%	4.9%	9.6%	0.81	12.2%
Diversifiers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Commodity Focused	0.2%	36.8%	48.7%	11.0%	5.0%	0.32	11.3%
Medium Volatility Absolute Return	-0.7%	7.8%	16.2%	4.5%	3.7%	0.39	7.4%
Themes, Macro and Trend	-0.2%	18.5%	26.1%	7.5%	6.9%	0.27	9.3%
Real Estate	-2.6%	3.4%	15.3%	6.2%	7.7%	0.71	8.7%

*Annualised returns above 1 year, as of 30/06/2022

Current Portfolio Relative Risk Level

- On June 20th the Risk Committee increased the Tactical Risk Level to Neutral Level 4, (out of 7), adding Enhancer asset exposure to all portfolios following a fall in valuations.
- Risk has been added to portfolios with a bias towards regions and sectors with better valuations, where possible, and the avoidance of 'growth' focused sectors and regions.
- Continued market volatility is expected and will require tactical vigilance as interest rates rise in a concerted attempt to control inflation.
- Enhancer assets are primarily equity assets with a small percentage of credit.
- Risk level 4 is the Neutral or Strategic asset allocation when valuations and risk are considered by the Rivers Risk Committee to be in equilibrium.
- Lower risk levels (below 4) indicates that Enhancer valuations are relatively unattractive given the prevailing macro risks. Higher risk levels indicate they are relatively attractive.

Key Future Announcements

UK		Previous	Forecast
Wednesday July 13 2022	GDP MoM MAY	-0.30%	-0.10%
Tuesday July 19 2022	Unemployment Rate (May)	3.80%	3.60%
Wednesday July 20 2022	CPI (YoY) (June)	9.10%	9.10%
Friday July 22 2022	Retail Sales (YoY) (May)	-4.70%	-4.50%
Thursday August 04 2022	BoE Interest Rate Decision	1.25%	1.75%
GLOBAL			
Wednesday July 13 2022	USA CPI (YoY) (Jun)	8.60%	8.70%
Thursday July 14 2022	CPI India (YoY) (Jun)	7.04%	7.10%
Thursday July 21 2022	ECB Interest Rate Decision	0.00%	0.25%
Friday July 29 2022	EU Inflation Rate YoY Flash JUL	8.60%	9.30%
Wednesday July 27 2022	US Interest Rate Decision	1.75%	2.25%

UK	30-Jun-22	31-Dec-21
FTSE 100	7,169	7,384
FTSE 100 % YTD	-2.92%	
BoE Interest Rate	1.25%	0.10%
CPI	9.10%	5.10%
Govt, 10YR Yield	2.24%	0.97%
FTSE 350	3,974	4,228

Currency	30-Jun-22	31-Dec-21
GBP/USD	1.22	1.35
GBP/EURO	1.16	1.19
EUR/USD	1.05	1.13

Commodity (\$)	30-Jun-22	31-Dec-21
Gold	1,807	1,828
Silver	20.35	23.35
Brent Crude Oil	109.03	75.21

Govt 10YR Bond	30-Jun-22	31-Dec-21
US	2.97	1.51
Japan (JGB)	0.23	0.07
Germany (Bund)	1.34	-0.18

Global Markets	30-Jun-22	31-Dec-21
Dow Jones	30,775	36,338
Dax	12,783	15,884
CAC	5,922	7,153
Nikkei 225	26,393	27,588
Shanghai	3,398	3,639
Sensex	53,018	58,253
Nifty 50	15,780	17,354

Rivers Contacts

Richard Bonnor-Moris
rbm@riverscm.com

Eduardo Tomacelli
etomacelli@riverscm.com

Najib El-Rayyes
ner@riverscm.com

Rivers Capital Management

Tel. +44 (0)20 3383 0180

Email. info@riverscm.com

For further information or enquires, professional advisors please contact the investment team directly on **020 3383 0180** or by emailing **info@riverscm.com**

Disclaimer: Rivers Capital Management is authorised & regulated by the Financial Conduct Authority (FCA) Reference No. 801238. Its registered offices are at 1027a Garratt Lane, SW17 0LN, London, United Kingdom. This document is intended only for use by Financial Advisors and not for distribution to retail investors. This document does not constitute professional advice, or an offer, or a solicitation of an offer, to sell securities and no securities are to be offered or sold other than to persons whose ordinary activities

involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses, or otherwise in circumstances which have not resulted and will not result in an offer to the public within the meaning of the Financial Services and Markets Act 2000. The Model Portfolio is not suitable for all types of investor and investor accounts may only be attached to it by the instruction of a professional Financial Advisor. Past performance is not necessarily a guide to the future performance. Market and

currency movements may cause the value of investments and the income from them to fall as well as rise. Unless otherwise stated, the source of all figures contained herein is Rivers Capital Management. Whilst all reasonable care has been taken in preparing this document, the information contained herein has been obtained from sources that we consider reliable but we do not represent that it is complete or accurate and it should not be relied upon as such.