

# Balanced ESG Portfolio

31<sup>st</sup> January 2023



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

January was a positive month for nearly all Anchor and Enhancer assets. Anchors benefited from falling benchmark interest rates, which fell in line with inflation expectations, despite continued Central Bank caution. Across Enhancers most regions gained, led by the Emerging Markets, with the UK FTSE100 managing to set new all time highs. Diversifiers had a more varied January with Gold and global real estate both showing strong gains, but in general commodities and UK Real Estate struggled. Overall, it was a positive month for the portfolio. While this was welcomed, risks increased materially. With inflation remaining well above Central Bank targets the portfolio was rebalanced to an underweight tactical asset allocation at the end of the month. The Enhancer allocation was modestly reduced in favour of temporary short duration money market Anchor allocation.

| Performance (%) <sup>1</sup> | 1m  | 3m  | YTD | 1yr  | 3yr  | 5yr  |
|------------------------------|-----|-----|-----|------|------|------|
| <b>Rivers ESG Balanced</b>   | 3.9 | 6.4 | 3.9 | -2.0 | 12.5 | 25.8 |
| IA Mixed 20-60% Shares       | 3.1 | 5.6 | 3.1 | -3.8 | 3.5  | 9.9  |
| IA Flexible Investment       | 3.4 | 5.8 | 3.4 | -1.3 | 12.2 | 19.7 |

| Quarterly | Q1    | Q2    | Q3    | Q4    | Total |
|-----------|-------|-------|-------|-------|-------|
| 2017      | -     | 0.8%  | 0.9%  | 2.6%  | 4.3%  |
| 2018      | -2.7% | 2.8%  | 1.5%  | -4.6% | -3.2% |
| 2019      | 5.8%  | 4.3%  | 2.6%  | 0.3%  | 13.4% |
| 2020      | -8.8% | 11.4% | 2.5%  | 4.7%  | 9.1%  |
| 2021      | -0.8% | 3.5%  | 0.9%  | 2.3%  | 6.1%  |
| 2022      | -3.8% | -7.0% | -2.2% | 3.0%  | -9.9% |

## 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% 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**

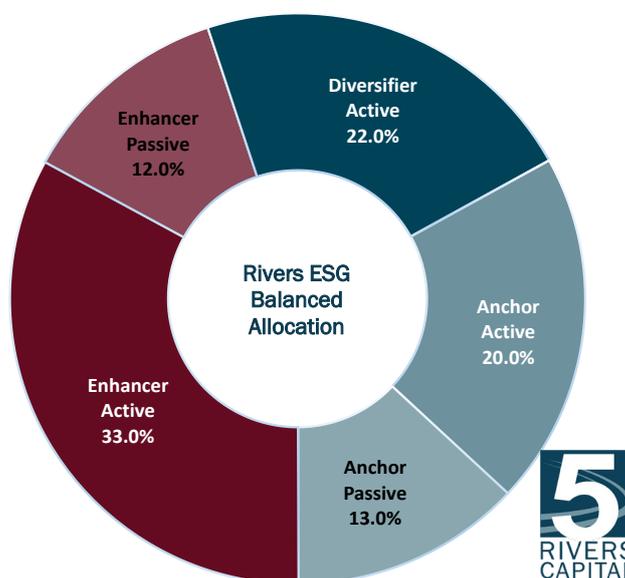
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involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses, or otherwise in circumstances which have not resulted and will not result in an offer to the public within the meaning 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 factsheet, 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.

| Model Characteristics                         | Target    | Current |
|---|-----------|---------|
| Annualised Return <sup>1</sup>                | 5.2-6.7%  | 4.7%    |
| Portfolio Volatility <sup>2</sup>             | <9.0%     | 8.6%    |
| Maximum Loss <sup>3</sup>                     | <10.0%    | -11.2%  |
| Ongoing charge of underlying <sup>4</sup>     | <0.75%    | 0.66%   |
| Number of holdings                            | <25       | 16      |
| Last rebalance date                           | -         | Jan-23  |
| Current expected portfolio yield <sup>5</sup> | -         | 1.43%   |
| Classified 'Passive' investments <sup>6</sup> | 30%       | 25.0%   |
| Since Inception Total Return                  | 30-Jun-17 | 30.5%   |

| Allocation   | Strategic | Current | Tactical |
|--------------|-----------|---------|----------|
| Anchors      | 27.0%     | 33.0%   | 6.0%     |
| Enhancers    | 55.0%     | 45.0%   | -10.0%   |
| Diversifiers | 18.0%     | 22.0%   | 4.0%     |



## Top 10 Holdings

|   |                    |       |
|---|--------------------|-------|
| Royal London - Short Term Money Mkt Y Acc   | Anchor Passive     | 11.0% |
| TM Fulcrum - Diversified Core Abs Ret C Acc | Anchor Active      | 8.0%  |
| Vanguard - SRI European Stock Acc GBP       | Enhancer Passive   | 8.0%  |
| EdenTree - Res and Sus Sterling Bond B      | Anchor Active      | 7.0%  |
| Vontobel - Sus Emerging Mkt Leaders N       | Enhancer Active    | 7.0%  |
| Ninety One - Global Environment I           | Enhancer Active    | 6.0%  |
| Rathbone - Ethical Bond Fund I Acc GBP      | Enhancer Active    | 6.0%  |
| Royal London - Sustainable Div Trust C Acc  | Diversifier Active | 6.0%  |
| Robeco - SAM Sus Water Equities G EUR       | Diversifier Active | 6.0%  |
| Aegon - Absolute Return Bond C Acc GBP      | Anchor Active      | 5.0%  |

