

# Cautious Income Portfolio

31<sup>st</sup> May 2023



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

May was difficult for most asset classes and the portfolio overall. Fixed income values fell as interest rates rose while most equity indices fell. Global equities were positive overall but were driven by gains within only a few US technology stocks. With valuations in the tech sector already high, the allocation within the portfolio is low. This has adversely affected performance but is unlikely to be sustained. Within Anchors, the money market allocation reduced the impact of rising bond yields and offset some absolute return losses. Within Enhancers the European, UK and Emerging Markets lost value. US equity gains were led by technology, to which the portfolio is underweight. Within Diversifiers the energy, insurance and real asset allocations struggled but should provide protection against sustained inflation which remains a primary risk.

Performance (%) <sup>1</sup>	1m	3m	YTD	1yr	3yr	5yr
Rivers Cautious Income	-1.3	-1.2	0.7	-4.3	2.5	2.6
IA Mixed 0-35% Shares	-1.1	-0.6	0.8	-4.2	-1.8	1.2
IA Global Equity Income	-1.6	-1.4	1.8	2.1	34.2	38.8

Quarterly	Q1	Q2	Q3	Q4	Total
2017	2.4%	0.4%	0.2%	1.0%	3.9%
2018	-2.3%	2.3%	0.4%	-3.5%	-3.1%
2019	4.4%	2.5%	1.5%	1.0%	9.9%
2020	-12.2%	9.1%	0.7%	5.1%	1.5%
2021	-0.4%	2.3%	0.7%	1.2%	3.8%
2022	-2.0%	-5.9%	-4.2%	2.8%	-9.2%
2023	1.5%	-	-	-	1.5%

## 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 composite fund 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](mailto:info@riverscm.com)

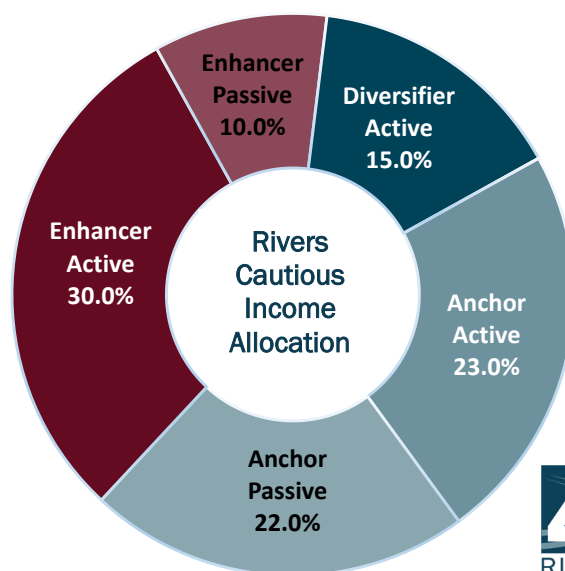
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involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses, or otherwise in circumstances which have not resulted and will not result in an offer to the public within the meaning 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>	4.0-5.0%	1.5%
Portfolio Volatility <sup>2</sup>	<7.0%	6.7%
Maximum Loss <sup>3</sup>	<6.0%	-12.2%
Ongoing charge of underlying <sup>4</sup>	<0.75%	0.59%
Number of holdings	<25	17
Last rebalance date	-	Jan-23
Current expected portfolio yield <sup>5</sup>	-	3.95%
Classified 'Passive' investments <sup>6</sup>	N/A	32.0%
Since Inception Total Return	-	11.1%

Allocation	Strategic	Current	Tactical
Anchors	43.0%	45.0%	2.0%
Enhancers	40.0%	40.0%	0.0%
Diversifiers	17.0%	15.0%	-2.0%



## Top 10 Holdings

Royal London - Short Term Money Market Y Inc	Anchor Passive	20.0%
Artemis - Strategic Bond I Monthly Inc	Anchor Active	8.0%
EdenTree - Responsible and Sus Bond B	Anchor Active	8.0%
Janus Henderson - Strategic Bond I Inc	Anchor Active	7.0%
BNY Mellon - Global Income Inst W Inc	Enhancer Active	7.0%
Fidelity - Enhanced Income W Inc	Enhancer Active	5.0%
TwentyFour - Dynamic Bond I Net Inc	Enhancer Active	5.0%
TwentyFour - Corporate Bond I Inc	Enhancer Active	5.0%
Schroder - Monthly Income Z Inc	Enhancer Active	4.0%
HSBC - FTSE 100 Index C Inc	Enhancer Passive	4.0%