

# Balanced Income Portfolio

31<sup>st</sup> December 2023



INTELLIGENT INTUITIVE INVESTING

## Investment Objective

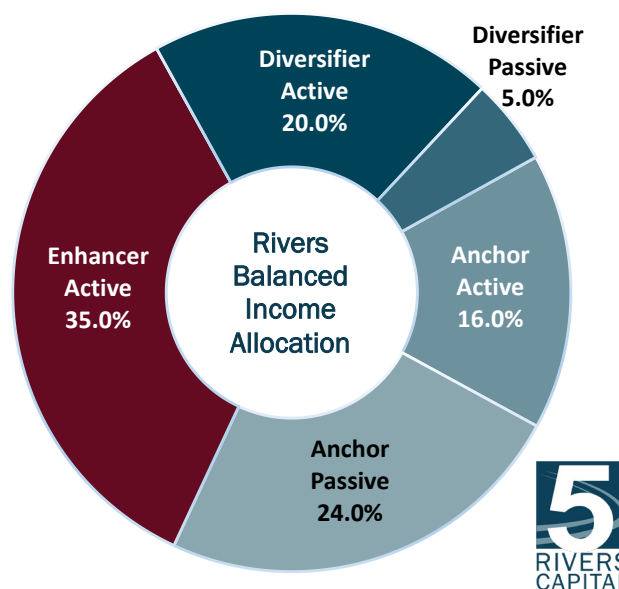
The Rivers Balanced Income Portfolio targets an income of 4.0% by diversifying across a broad range of assets. The portfolio is expected to maintain real value, net of income, after inflation while minimising the possibility of the investment falling in value. The typical investor seeks consistent income from their investment but is able to accept a moderate level of risk for the potential of higher income. They recognise that their capital is at risk and that its value may fluctuate.

## Market Comment

December, and the last quarter of 2023, were positive for the portfolio overall. With most equity and bond markets seeing strong returns in both November and December the year finished well. Having added risk at the start of November we expected an improvement in sentiment. What happened exceeded our expectations and led to the decision to take profits and reduce risk on December 18th. Within Anchor assets gains were led by longer duration bonds as interest expectations fell materially. Within Enhancers the strongest gains were in European and the UK equity indices although all regions were positive. Diversifiers assets, with the exception of Gold, struggled especially the energy and macro allocations. The portfolio started 2024 with a relative underweight risk allocation as the we believe market optimism is at a level that the risk of disappointed is high.

Model Characteristics	Target	Current
Annualised Return <sup>1</sup>	5.0-6.0%	3.6%
Portfolio Volatility <sup>2</sup>	<7.0%	7.4%
Maximum Loss <sup>3</sup>	<10.0%	-14.1%
Ongoing charge of underlying <sup>4</sup>	>0.75%	0.56%
Number of holdings	<25	15
Last rebalance date	-	Dec-23
Current expected portfolio yield <sup>5</sup>	-	4.32%
Classified 'Passive' investments <sup>6</sup>	N/A	29.0%
Since Inception Total Return	-	30.34%

Allocation	Strategic	Current	Tactical
Anchors	27.0%	40.0%	13.0%
Enhancers	55.0%	35.0%	-20.0%
Diversifiers	18.0%	25.0%	7.0%



Performance (%) <sup>1</sup>	1m	3m	YTD	1yr	3yr	5yr
Rivers Balanced Income	2.64	3.76	3.59	3.59	2.61	17.43
IA Mixed 20-60% Shares	3.82	5.65	6.80	6.80	3.65	19.99
IA Global Equity Income	4.24	5.35	9.20	9.20	28.07	56.87

Quarterly	Q1	Q2	Q3	Q4	Total
2017	-	-	5.8%	1.4%	7.2%
2018	-2.7%	3.6%	0.2%	-4.2%	-3.2%
2019	4.7%	3.1%	1.7%	1.5%	11.3%
2020	-14.2%	10.8%	0.9%	6.6%	2.3%
2021	0.2%	3.0%	0.7%	1.5%	5.5%
2022	-1.2%	-5.9%	-3.4%	3.2%	-7.2%
2023	1.1%	-1.2%	-0.3%	3.7%	3.3%

## 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 - Short Term Money Mkt Y Inc	Anchor Passive	17.0%
BNY Mellon - Global Dynamic Bond Inst W Inc	Anchor Active	9.0%
BNY Mellon - Global Income Inst W Inc	Enhancer Active	9.0%
Artemis - Strategic Bond I Monthly Inc	Anchor Active	7.0%
Fidelity - Enhanced Income W Inc	Enhancer Active	6.0%
TwentyFour - Dynamic Bond I Net Inc	Enhancer Active	6.0%
BNY Mellon - Real Return Inst W Inc	Diversifier Active	6.0%
iShares - UK Gilts All Stocks Index (UK) D Inc	Anchor Passive	5.0%
Schroder - Monthly Income Z Inc	Enhancer Active	5.0%
Baillie Gifford - High Yield Bond B 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 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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