

Current Update

January 2024



Market Talking Points

- INFLATION:** CPI rate rose to 3.4% in the US (from 3.1%), 4.0% in the UK (from 3.9%) and 2.8% in the EU (from 2.4%). With the CPI no longer falling attention has turned to the Core Inflation rates which are 3.9% in the US, 3.3% in the EU and 5.1% in the UK.
- CENTRAL BANK RATES:** In December interest rates were kept the same in the US (5.50%) and the UK (5.25%) and the EU (4.5%). In the FOMC news conference Fed Chairman Powell rolled back on the markets expectation of rate cuts for the year, effectively ruling out a cut as soon as March.
- BENCHMARK RATES:** After falling materially during the final quarter 2023 10year benchmark interests rose during January. The bond market has lowered expectation of imminent US rate cuts given economic growth and jobs data remaining strong
- ECONOMIC GROWTH:** Annual Growth rates remained remarkably positive in 2023 within the US (+3.1% YoY). Modest but still positive growth was seen in the UK (0.3%) and EU (0.1%). This expected to slow but a 'soft' landing with the avoidance of significant recession
- SHIPPING:** The attacks of ships heading for the Suez canal have resulted in a spike in freight costs. Ships having to go around Africa have slowed delivery and increased costs. Further escalation in the region may result in supply constraints and higher costs.

Rivers Asset Index Data

Anchors	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Cash Plus / Enhanced Cash	0.6%	3.1%	5.5%	2.5%	2.8%	-0.09	0.5%
High Grade Bond and Income	-1.1%	3.4%	3.3%	-0.5%	3.8%	0.29	6.6%
Low Risk Absolute Return	0.3%	4.1%	0.5%	3.5%	3.7%	0.20	6.2%
Enhancers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Developed Market Equity	0.1%	4.8%	7.7%	9.4%	8.9%	1.00	11.4%
Corporate, High Yield and Credit	0.3%	5.7%	10.2%	3.9%	6.5%	0.81	9.5%
Emerging Market Equity	-3.4%	-2.1%	1.9%	3.3%	8.8%	0.78	13.0%
Diversifiers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Commodity Focused	0.3%	-2.6%	-4.4%	7.8%	3.6%	0.33	11.8%
Medium Volatility Absolute Return	0.4%	4.2%	-1.6%	5.0%	4.2%	0.29	8.1%
Themes, Macro and Trend	0.5%	2.0%	-4.4%	8.4%	6.6%	0.22	10.8%
Real Estate	-2.3%	0.4%	-1.8%	1.8%	6.3%	0.73	9.5%

*Annualised returns above 1 year, as of 31/01/2024

Current Portfolio Relative Risk Level

- On December 18th the Risk Committee decreased the Tactical Risk Level to underweight Level 2, out of 7, with an Enhancer asset underweight and valuation bias.
- Within Anchors short duration bonds and cash offer an attractive nominal yield. Within Enhancers recent concentrated technology stock gains appear unsustainable given prevailing uncertainty and persistent inflation.
- The strong rebound in returns during November and December went beyond expectations. With markets pricing in a soft landing and significant interest rate cuts the possibility of disappointment appears elevated
- 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 Risk Committee to be in equilibrium.
- Lower risk levels (below 4) indicate that Enhancer valuations are relatively unattractive given to prevailing macro risks. Higher risk levels indicate they are relatively attractive.

Key Future Announcements

UK		Previous	Forecast
Tuesday February 13 2024	Unemployment Rate DEC	3.90%	4.00%
Wednesday February 14 2024	Inflation Rate YoY JAN	4.00%	-
Thursday February 15 2024	GDP MoM DEC	0.30%	0.00%
Thursday February 15 2024	Industrial Production MoM DEC	0.30%	0.00%
Friday February 16 2024	Retail Sales MoM JAN	-3.20%	1.20%
GLOBAL			
Thursday February 08 2024	China Inflation Rate YoY JAN	-0.30%	-0.40%
Monday February 12 2024	India Inflation Rate YoY JAN	5.69%	-
Tuesday February 13 2024	US Inflation Rate YoY JAN	3.40%	-
Friday February 16 2024	Michigan Consumer Sentiment Prel FEB	79	-
Wednesday February 21 2024	US FOMC Minutes (Federal Reserve)		-

UK	31-Jan-24	31-Dec-23
FTSE 100	7,612.86	7,733.24
FTSE 100 % YTD	-1.56%	
BoE Interest Rate	5.25%	5.25%
Inflation	3.90%	3.90%
Core Inflation	5.10%	5.10%
Govt, 10YR Yield	3.80%	3.54%
Currency	31-Jan-24	31-Dec-23
GBP/USD	1.27	1.27
GBP/EURO	1.17	1.15
EUR/USD	1.08	1.10
Commodity (\$)	31-Jan-24	31-Dec-23
Gold	2,037	2,071
Silver	22.92	24.02
Brent Crude Oil	75.85	71.33
Govt 10YR Bond	31-Jan-24	31-Dec-23
US	3.97	3.88
Japan (JGB)	0.74	0.63
Germany (Bund)	2.16	2.00
Italy (BTP)	3.73	3.70
Global Markets	31-Jan-24	31-Dec-23
Dow Jones	38,150	37,690
S&P 500	4,846	4,770
Nasdaq 100	17,137	15,011
Dax	16,904	16,751
CAC	7,657	7,543
Nikkei 225	36,287	33,464
Shanghai	2,789	2,975
Sensex	71,752	72,240
Nifty 50	21,726	21,731

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.