RIVERS CAPITAL MANAGEMENT

INTELLIGENT INTUITIVE INVESTING

Rivers Capital Management

Risk Levels and Portfolio Tactical Adjustment

July 2026

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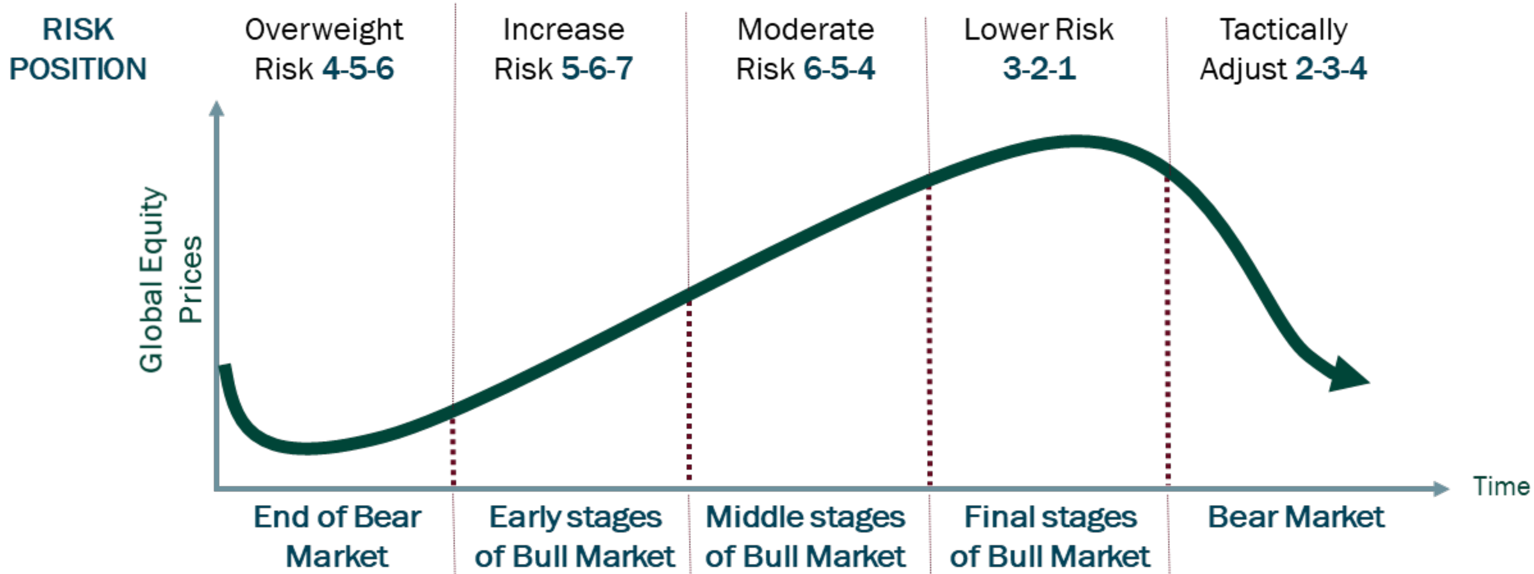
Tactical Asset Allocation

Portfolios are rebalanced to optimise long term risk adjusted return

- Markets are generally efficient but discrepancies in valuation justify asset and risk adjustments.
- Altering the allocation to **Anchor**, **Enhancer** and **Diversifier** assets to control risk and add value.
- Rivers have identified 7 distinct Risk Levels for every portfolio with corresponding asset allocation.
- Portfolio rebalancing 2-4 times a year adjusts portfolio Risk Level and optimises fund selection.



Investment is never this simple but this illustrates generally how tactical risk and passive allocation is expected to vary across Rivers portfolios

The Seven Tactical Risk Levels

Easily explained tactical risk adjustment

RIVERS IDENTIFIES 7 LEVELS OF TACTICAL RISK

Tactically Defensive ← Strategic Allocation → Tactically Optimistic

1 2 3 4 5 6 7

Risk Committee View
- Macro risk higher
- Valuations less attractive
- Risk Considered more expensive

Relative Position compared to Strategic
- Overweight Anchor Assets
- Bonds, Income, Absolute Return
- Underweight Enhancer Assets
- Equities, Corporate Debt, EM

Risk Committee View
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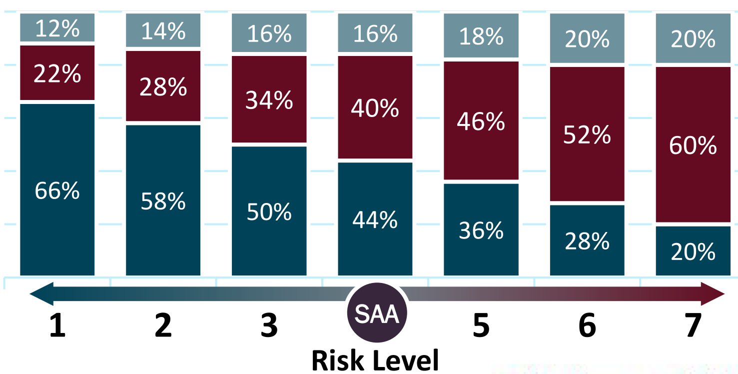
Tactical Allocation by Risk Level

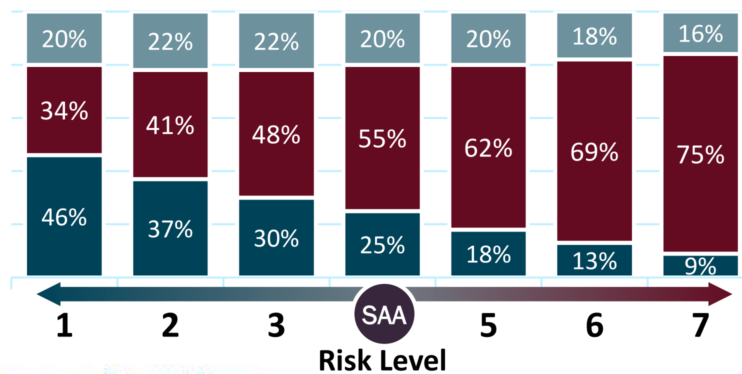
Rivers Tactical Risk Levels

Each portfolio is adjusted from its Strategic Asset Allocation (SAA - level 4)

Rivers Cautious Model Portfolio

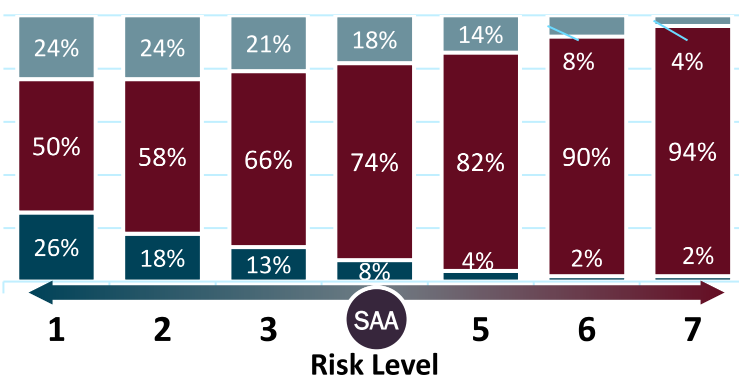


Rivers Balanced Model Portfolio

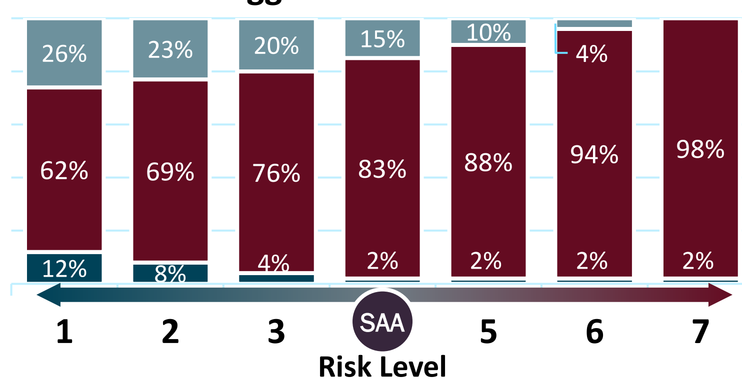


■ Anchors ■ Enhancers ■ Diversifiers

Rivers Adventurous Model Portfolio



Rivers Aggressive Model Portfolio



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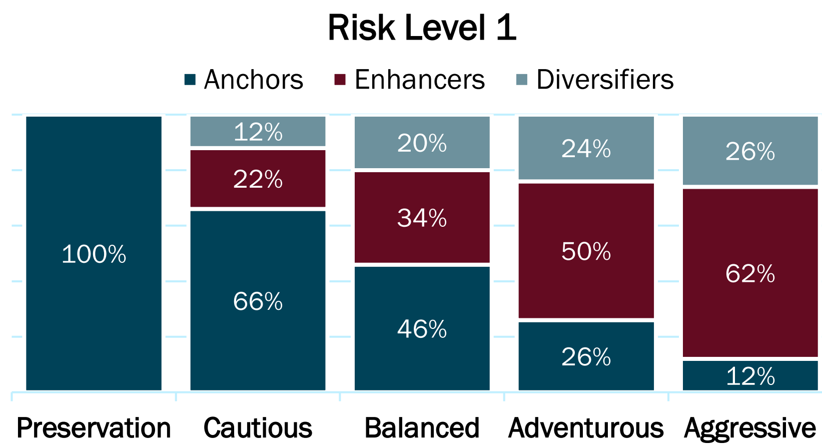
Risk Levels 1 and 2

At every risk level the risk rating of each portfolio is maintained

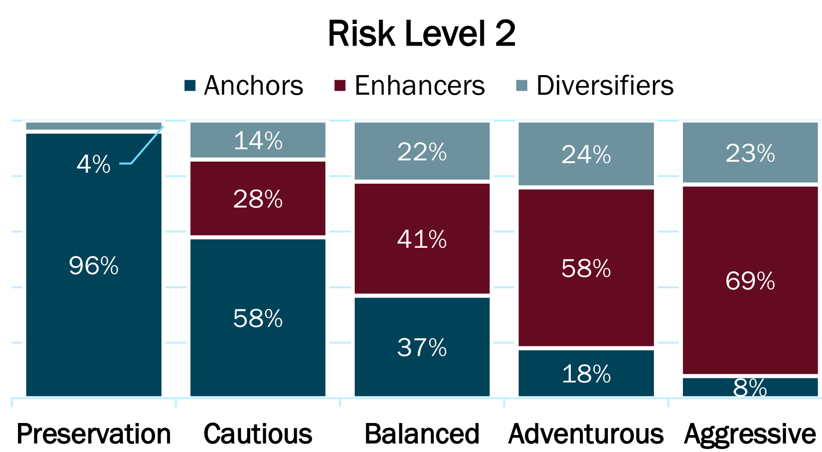
Risk Level 1

- The most defensive allocation possible.
- Last held at the start of 2022.
- Significant correction imminently expected.
- Valuations extreme and economic outlook very negative.



Risk Level 2

- The most underweight risk allocation that has been implemented.
- Currently positioned on valuation concerns.
- Risk of correction is high and valuations unattractive.
- Opportunity to add risk at lower prices appears high.
- Political or other risks improve Diversifier expectations.

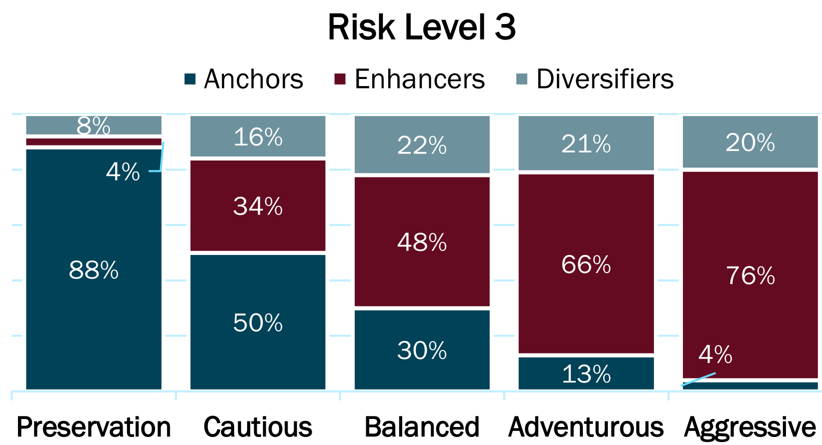


Risk Levels 3 and 4

At every risk level the risk rating of each portfolio is maintained

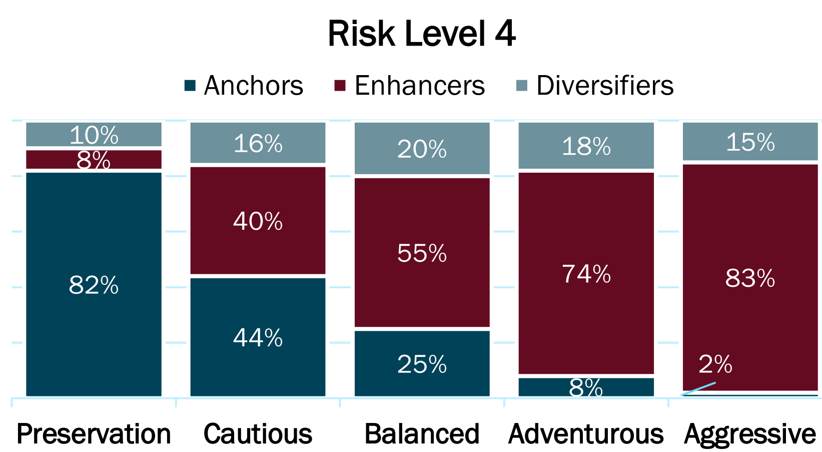
Risk Level 3

- A moderately underweight risk allocation.
- Held most recently in late 2025.
- Valuations less attractive than expected.
- Political or economic outlook appears worse than that expected on average.
- Lower risk will protect downside and offer future opportunity.



Risk Level 4

- The Neutral or Strategic Allocation.
- Last held from April 2025 following ‘liberation day’.
- Expected to be the ‘average’ allocation over the entire economic cycle.
- Growth likely to be positive and valuations normal.
- Political and economic outlooks relatively positive.

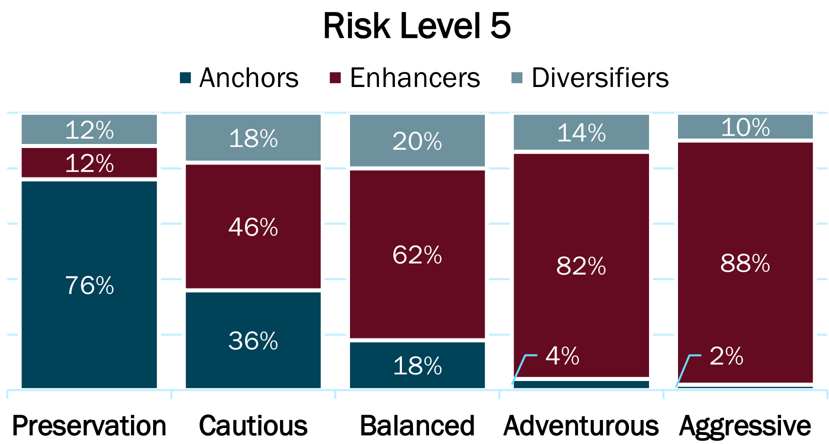


Risk Levels 5 and 6

At every risk level the risk rating of each portfolio is maintained

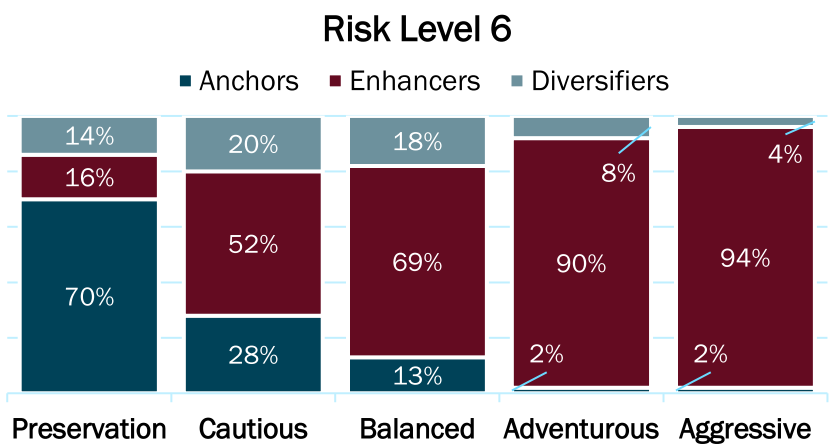
Risk Level 5

- A moderately overweight risk allocation.
- Last held in Q2 2020 after Covid correction.
- Valuations more attractive than expected on average.
- Political or economic outlook appears better than that expected by investors.
- Higher risk is justified by higher medium term return expectations.



Risk Level 6

- A materially overweight risk allocation.
- Not been held since inception in 2016.
- This allocation is most likely following a significant correction with valuations low.
- The economic outlook is likely to be more positive than is generally expected by investors.
- Assets will likely be well discounted.

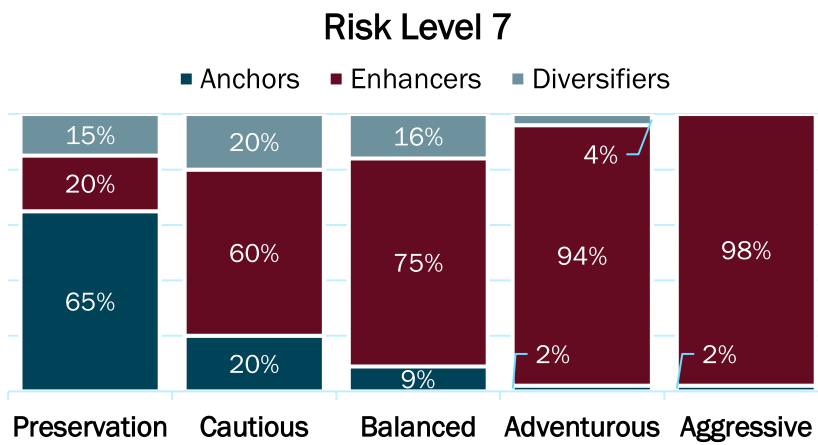


Risk Level 7

At every risk level the risk rating of each portfolio is maintained

Risk Level 7

- The most extreme overweight risk allocation possible.
- Not been implemented since inception.
- Likely only during economic recovery.
- Assets will likely have been significantly oversold and confidence is very low.
- Losses from the preceding correction must have been avoided to permit this allocation.



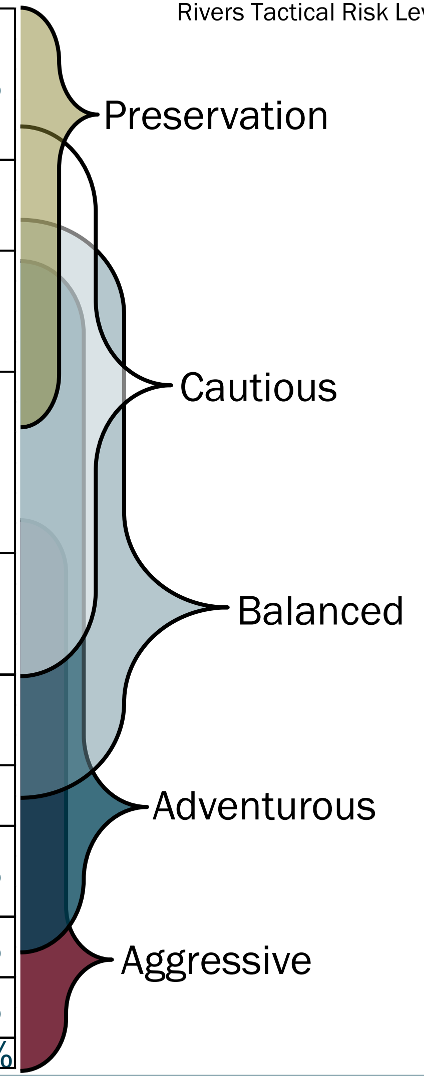
Historical risk evaluation of allocations

- By using index performance of the underlying asset classes we have evaluated the relative risk level of each individual Risk Level Allocation.
- While no Risk Level is likely to be held for 20 years, statically this demonstrates the relative riskiness of each portfolio at each risk level.
- The table shows the ranking, in terms of annualised monthly volatility of all portfolios since December 1999.
- Each portfolio has been independently assessed by Defaqto and is judged to have been tactically and strategically within its stated risk boundary.

*20 Year Annualised monthly volatility. Source FE Analytics

3.0%	Preservation 1	<4%
3.1%	Preservation 2	
3.3%	Preservation 3	
3.5%	Preservation 4	
3.9%	Cautious 1	
4.2%	Preservation 5	4%
4.4%	Cautious 2	
4.7%	Balanced 1	
5.1%	Adventurous 1	5%
5.2%	Preservation 6	
5.3%	Cautious 3	
5.6%	Balanced 2	
6.0%	Cautious 4	6%
6.1%	Preservation 7	
6.4%	Cautious 5	
6.5%	Adventurous 2	
6.6%	Balanced 3	
6.8%	Aggressive 1	
7.1%	Cautious 6	7%
7.5%	Balanced 4	
7.8%	Adventurous 3	
7.9%	Cautious 7	
8.1%	Balanced 5	8%
8.5%	Aggressive 2	
8.6%	Balanced 6	
9.1%	Balanced 7	9%
9.5%	Adventurous 4	
10.2%	Adventurous 5	10%
10.3%	Aggressive 3	
10.9%	Adventurous 6	
11.3%	Adventurous 7	11%
11.5%	Aggressive 4	
12.1%	Aggressive 5	12%
12.7%	Aggressive 6	
13.6%	Aggressive 7	>13%

Rivers Tactical Risk Levels



Appendix – Rebalancing Statistics

Tactical history 2016–26

Metric	Value
Period covered	30 Jun 2016 – 26 Feb 2026 (9.7 yrs)
Total rebalances	45 (~4–5 / yr, every ~11–12 wks)
Risk-level changes	28 (~3 / yr, every ~4 months)
Rebalances at same level	16 (fund-level switches only)
Risk levels used	Level 1 to 5
Most common level	Level 3 (held 44% of the time)
Time-weighted avg level	3.01 (≈ Level 3)
Avg time held at a level	~4 months (median 3.4)
Longest at one level	14.6 mths – Level 3 (Dec 23 – Mar 25)
Shortest at one level	7 days – Level 3 (Mar 2020)
Change direction	13 up / 15 down; 26 of 28 single-level
Current stance	Level 2, since Oct 2025

Level	Time	Stance
Level 1	**5%**	Most defensive
Level 2	**21%**	Underweight
Level 3	**44%**	Mod. underweight
Level 4	**28%**	Strategic neutral
Level 5	**2%**	Overweight

Key takeaways

- The tactical risk level changed just 28 times in ~10 years (about 3 a year) – in line with the stated 2–4 times a year.
- Most rebalances keep the same level: 16 were fund-level switches that left the tactical stance unchanged.
- Changes are gradual and balanced – 26 of 28 were a single level (13 up, 15 down).
- Predominantly cautious: time-weighted average Level 3.0; overweight risk (Level 5) only once, in Apr 2020.

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Appendix – Rebalancing History

45 events 2016–26

Rebalance date	Risk level	Days held
26 Feb 2026	**2**	current
01 Oct 2025	**2**	148
20 Aug 2025	**3**	42
29 Jul 2025	**3**	22
08 Apr 2025	**4**	112
06 Mar 2025	**2**	33
05 Nov 2024	**3**	121
13 Aug 2024	**3**	84
25 May 2024	**3**	80
26 Feb 2024	**3**	89
18 Dec 2023	**3**	70
01 Nov 2023	**2**	47
26 Jun 2023	**3**	128
27 Jan 2023	**4**	150
20 Oct 2022	**3**	99
29 Jul 2022	**4**	83
20 Jun 2022	**3**	39
09 May 2022	**2**	42
25 Jan 2022	**1**	104
17 Nov 2021	**1**	69
21 Aug 2021	**2**	88
21 Apr 2021	**2**	122
09 Feb 2021	**3**	71

Rebalance date	Risk level	Days held
09 Oct 2020	**4**	123
09 Jun 2020	**4**	122
02 Apr 2020	**5**	68
19 Mar 2020	**4**	14
12 Mar 2020	**3**	7
28 Feb 2020	**2**	13
13 Dec 2019	**2**	77
23 Jul 2019	**4**	143
27 Feb 2019	**3**	146
25 Oct 2018	**2**	125
17 Sep 2018	**2**	38
28 Jun 2018	**3**	81
28 Mar 2018	**3**	92
25 Mar 2018	**3**	3
12 Mar 2018	**2**	13
01 Nov 2017	**3**	131
09 Sep 2017	**3**	53
05 Jun 2017	**3**	96
09 Mar 2017	**4**	88
23 Nov 2016	**3**	106
31 Aug 2016	**4**	84
30 Jun 2016	**4**	62

Appendix – Anchors

Foundation

The starting foundation of every portfolio: fixed income across credit qualities and durations, plus low-risk absolute return. Selected for low market correlation, low risk and capital preservation – long-term capital risk and volatility are low, though interest-rate risk can create liquidity concerns.

Asset class	What it is	Represented by (underlying indices)
Cash Plus / Enhanced Cash	Short-term, very low-risk holdings (money-market funds, T-bills). Low return, very safe.	Cash Proxy 75%, Short-Term Gilts 25%
High Grade Bond & Income	Investment-grade government and corporate bonds. Higher return than cash, interest rate risk.	UK Gilts – all-maturity 25% / 10yr 10% / short 10%, Global Treasury 15%, Global Inflation-Linked 15%, Global Aggregate 12.5%, Global Corporate 12.5%
Low Risk Absolute Return	Targets positive returns in any market direction; more volatile than cash or sort term bonds.	Equity Market Neutral 45%, Absolute Return HFI 20%, Short-Term Gilts 25%, FI Convertible Arbitrage 10%

Indices shown are used to model each asset class for historical risk evaluation; live portfolios are built from selected funds (daily liquidity requirement).

Appendix – Enhancers

Return drivers

Added when higher returns are required, by taking equity-related risk – direct and public equity and corporate debt. Their role is to increase return; long-term returns are attractive but capital risk and volatility can be high and closely track economic and market cycles.

Asset class	What it is	Represented by (underlying indices)
Developed Market Equity	Shares in developed markets (US, Europe, Japan). Higher return, higher risk.	MSCI World ex-UK 30%, FTSE Equity ex-UK 30%, UK equities (All-Share / Small-Cap / Income) 30%, Equity Hedge Funds 10%
Corporate, High Yield & Credit	Bonds and loans from most corporate issuers. Higher potential return and risk.	Global High Yield 40%, Global Corporate 35%, JPM EM Composite 15%, EM Sovereign 10%
Emerging Market Equity	Shares in emerging markets (China, India, Brazil). Higher return, higher risk.	MSCI EM Equity 80%, EM Equity Long/Short 10%, Indian Equity 10%

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Appendix – Diversifiers

Risk control

Held as a risk control: commodities, macro/trading strategies, real estate and market-neutral funds – each with less than 0.70 correlation to interest-rate and equity risk. Their low or negative correlation to the rest of the fund matters more than their individual volatility.

Asset class	What it is	Represented by (underlying indices)
Commodity Focused	Oil, gold, metals and agriculture. Volatile, but a hedge against inflation and excess liquidity	Global Commodities 80%, Gold Bullion 20%
Medium Volatility Absolute Return	Uncorrelated positive returns; higher volatility than low-risk absolute return.	Merger Arbitrage, Macro/CTA, FI Convertible Arbitrage, Equity Market Neutral, Equity Hedge Funds (20% each)
Themes, Macro & Trend	Thematic and trend strategies (climate, AI, insurance); may include equity holdings but diversifying theme must have low medium-term correlation to broader market equity.	Event Driven 30%, Macro/CTA 30%, Absolute Return HFI 20%, Trend Funds 20%
Real Estate	Property via listed proxies (REITs, infrastructure); listed favoured for liquidity.	UK Property Proxy 50%, Global Listed Real Estate 25%, FTSE EPRA Nareit UK 25%
Direct Hedging Strategies	Downside protection via derivatives; only in high-risk portfolios, for short periods.	Cash Proxy 50%, Equity Hedge Funds 50%, short FTSE Equity ex-UK −100%

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