

# Discretionary Managed Portfolio Service

## Blended Model

June 2021

### Key information

#### Model details

|                                |                |
|--------------------------------|----------------|
| Launch date                    | 1 January 2006 |
| Minimum initial investment     | £1,000         |
| Rebalancing strategy (minimum) | Quarterly      |
| Currency                       | £ GBP          |
| Annual management charge       | 0.50%*         |
| Ongoing charges figure ('OCF') | 0.48%          |
| Annual yield (current)         | 1.66%          |

\*Not including platform fees  
Source: FE Analytics as at 30.06.21.

#### Investment update - June

The positive momentum for equity markets continued over June, ending an excellent quarter in which world equities rose by just under 8%. However, all eyes remain firmly focused on inflation and unemployment data. Inflation numbers have spiked in many key regions driven by global supply shortages in areas such as semiconductors, cost pressures such as the price rises in oil and copper, and labour force disruption. It is far from clear whether an increase in inflation will be transitory or sustained, nevertheless our Investment Committee felt it was prudent to reduce exposure to areas in the strategies that could be particularly sensitive to an increase in rates. Therefore, we sold the Vanguard UK Government Bond Index fund from our strategies, which has the highest duration in our current selection of fixed interest holdings. The proceeds were reinvested into our alternative funds with a bias towards the TwentyFour Absolute Return Credit fund, with the managers able to manage exposures with a focus on downside protection. Within equities, whilst we continue to remain positive about the longer-term prospects for the US market in general, we are concerned about exposure to the FAMAGs, which have performed strongly but could be sensitive to potential US rate rises. Therefore, we also sold our exposure to the AXA Framlington Global Technology fund, which has the highest allocation to these giant tech companies and redistributed to other US equity managers who favour a blend of investment styles to capture opportunities in both 'growth' and 'value' stocks and sectors.

#### Discretionary Managed Portfolio Service

The service consists of six actively managed investment models, offering lower cost access to our discretionary fund management capabilities, through the combination of active and passive collective investments. The service provides a solution that, when cost considerations are paramount, does not compromise on quality. Investment models are monitored by our central Investment Committee to ensure consistency of performance from one portfolio to another.

#### Investment objective

To build capital in real (inflation-adjusted) terms over the medium to longer term. Investors should expect reasonable correlation to stock market behaviour and rewards, including quite sharp fluctuations in values, but also some protection in times of market weakness.

#### Risk profile

The model is managed in accordance with Dynamic Planner risk profile 5 (Low Medium), with the model's expected volatility targeted to stay within the assigned Dynamic Planner risk profile's boundaries.

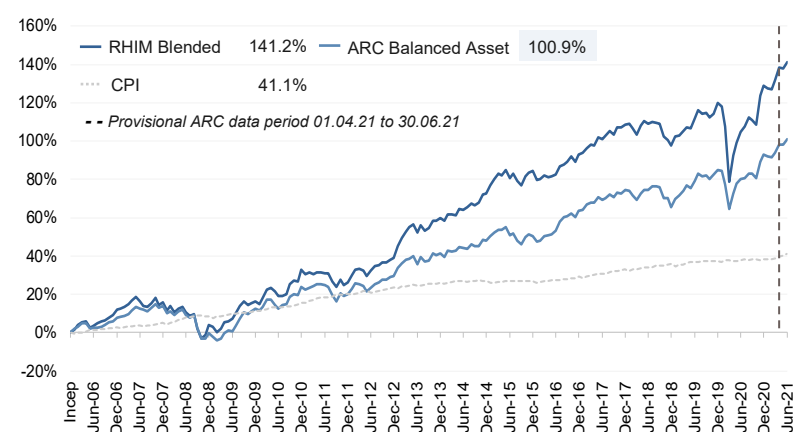
#### Discrete performance

|                        | YTD  | 2020 | 2019  | 2018  | 2017 | 2016  |
|------------------------|------|------|-------|-------|------|-------|
| RHIM Blended           | 5.3% | 4.1% | 11.4% | -5.2% | 8.1% | 4.6%  |
| ARC Balanced Asset PCI | 4.1% | 4.3% | 11.7% | -5.1% | 6.7% | 10.4% |
| CPI                    | 1.9% | 0.7% | 1.3%  | 2.1%  | 2.9% | 2.1%  |

#### Cumulative performance

|              | 1yr   | 3yr   | 5yr   | 10yr   |
|--------------|-------|-------|-------|--------|
| RHIM Blended | 17.9% | 15.5% | 32.2% | 184.1% |

#### Inception performance



#### Annualised performance since inception

|                        | Inception |
|------------------------|-----------|
| RHIM Blended           | 5.8%      |
| ARC Balanced Asset PCI | 4.6%      |
| CPI                    | 2.2%      |

Source: FE Analytics and Morningstar as at 30.06.21. Inception from 01.01.06. RHIM performance is net of fund charges, but does not include RHIM discretionary management fees, nor fees that may be incurred through your financial adviser. Highlighted ARC PCI figure is provisional. Past performance is not a guide to future results. See full risk warning overleaf.

## About Richmond House

We launched our discretionary management service in 2006, and have navigated the portfolios through good times and bad. We're proud to say that we've protected our clients' capital and today we have around £200 million of funds under management.

We focus on both actively managed funds and lower cost passive funds where appropriate, taking a sensible approach and always maintaining our awareness of downside risks. Adopting a global view, we continually identify where the risks and opportunities lie.

We offer a range of model portfolios, and the discretionary powers of our specialist team allow us to make alterations to these quickly and efficiently. Each portfolio typically holds between 25 and 30 funds selected from the whole of the market, ensuring diversification across asset classes, countries and sectors.

We conduct our own fund research using specialist tools such as Morningstar, but we also take the opportunity to meet fund managers regularly face-to-face to ensure each fund continues to meet its objectives and remains appropriate to our clients' needs.

## Contact Richmond House

For further information on this model please contact us:

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## Headline asset allocation and positioning

Summary of current Investment Committee positioning

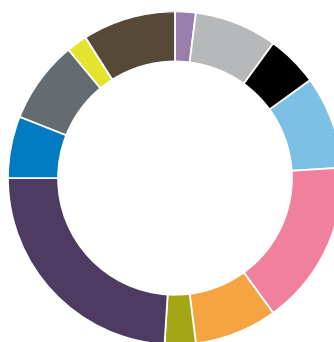
|                         | UW (-) | N (=) | OW (+) | Key |
|-------------------------|--------|-------|--------|-----|
| Fixed interest          |        |       |        |     |
| Equities                |        |       |        |     |
| Property                |        |       |        |     |
| Alternative investments |        |       |        |     |
| Cash                    |        |       |        |     |

■ Current  
■ Previous\*  
**UW (-)** Underweight  
**N (=)** Neutral  
**OW (+)** Overweight

- The strategy remains at the upper end of the corresponding Dynamic Planner risk profile with a bias in equity exposure to the US and Asia-Pacific ex. Japan.
- We maintain a diversified approach to our fixed income exposure, with increased allocations to corporate and inflation-linked bonds as well as to strategic bond managers.
- Cash levels remain reduced following our allocation to the thematic and global sector in December last year.
- There remains a focus on high levels of liquidity in everything we own.
- Market neutral alternative investments continue to act as stabilisers.

\*Positioning prior to last Investment Committee change (December 2020)

## Model asset allocation



| Sector                       | %  |
|------------------------------|----|
| Cash                         | 2  |
| UK fixed interest            | 8  |
| International fixed interest | 5  |
| Strategic bonds              | 9  |
| Alternatives                 | 16 |
| UK equity income             | 8  |
| UK equity growth             | 3  |
| US equity                    | 24 |
| European equity              | 6  |
| Asia-Pacific ex Japan equity | 8  |
| Japanese equity              | 2  |
| Thematic and global equity   | 9  |

## Top 10 holdings

| Holding                         | % | Holding                        | % |
|---------------------------------|---|--------------------------------|---|
| Premier Miton US Opportunities  | 8 | HSBC Pacific Index             | 5 |
| Janus Henderson Absolute Return | 7 | Janus Henderson Strategic Bond | 5 |
| Artemis US Select               | 5 | Montanaro UK Income            | 5 |
| BlackRock Absolute Return Bond  | 5 | Ninety One Global Environment  | 5 |
| HSBC American Index             | 5 | TwentyFour Corporate Bond      | 5 |

As at 30.06.21

This document is issued and approved by Richmond House Investment Management Limited.

Past performance should not be seen as an indication of future performance. The price of shares/units and income from them may fall as well as rise and is not guaranteed. The models used are typical of portfolios managed by Richmond House Investment Management. Your actual portfolio may differ depending on your individual circumstances.

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