

Discretionary Managed Portfolio Service

Income Model

October 2021

Key information

Model details

| | |
|--------------------------------|----------------|
| Launch date | 1 January 2007 |
| Minimum initial investment | £1,000 |
| Rebalancing strategy (minimum) | Quarterly |
| Currency | £ GBP |
| Annual management charge | 0.50%* |
| Ongoing charges figure ('OCF') | 0.49% |
| Annual yield (current) | 1.80% |

*Not including platform fees
Source: FE Analytics as at 31.10.21

Investment update - October

Developed market equities returned 5.7% in October. The US market led the way with the S&P 500 Index reaching new highs, boosted by positive company announcements as the Q3 earnings season kicked off. Investor sentiment was further encouraged by economic indicators such as Purchasing Manager Indices ('PMIs') being in expansionary territory in most key regions. Inflationary pressures, however, remain heightened. This is partly being driven by the spike in energy prices where severe supply constraints and increasing demand are having a dramatic effect. In recognition of the heightened inflationary environment and more hawkish tone from the UK Monetary Policy Committee, we have further reduced our exposure to UK interest rates (duration). The TwentyFour Corporate Bond fund was sold, and proceeds reinvested into existing absolute return focused fixed income funds that are able to invest across the fixed income universe and take 'short' positions, allowing them to profit from both upward and downward asset price movements. This move also reflects our view that the excess yield ('spread') currently available at the higher quality end of the corporate bond market is not sufficient to compensate for this interest rate risk. No other changes were made to the strategy, and it remains at the upper end of the corresponding Dynamic Planner risk profile. Given the strength of markets this year this has clearly been beneficial to returns.

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.

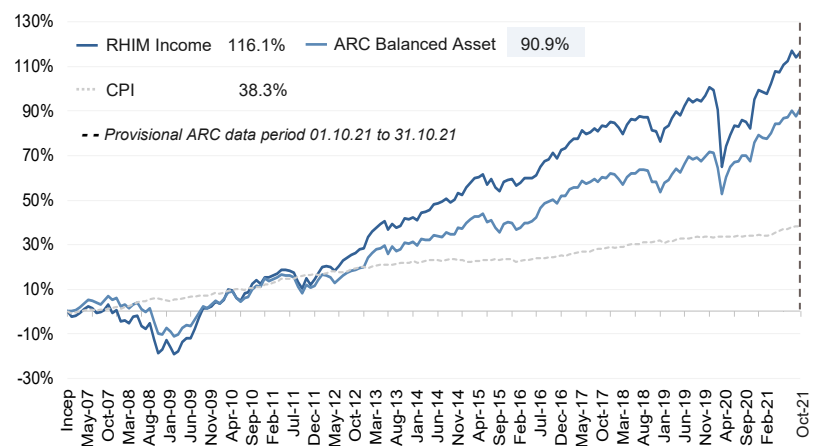
Discrete performance

| | YTD | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------------|------|-------|-------|-------|------|-------|
| RHIM Income | 8.3% | -0.6% | 13.7% | -4.7% | 7.4% | 8.3% |
| ARC Balanced Asset PCI | 6.6% | 4.3% | 11.7% | -5.1% | 6.7% | 10.4% |
| CPI | 2.9% | 0.7% | 1.3% | 2.1% | 2.9% | 2.1% |

Cumulative performance

| | 1yr | 3yr | 5yr | 10yr |
|-------------|-------|-------|-------|--------|
| RHIM Income | 18.7% | 19.1% | 26.3% | 188.1% |

Inception performance



Annualised performance since inception

| | Inception |
|------------------------|-----------|
| RHIM Income | 5.3% |
| ARC Balanced Asset PCI | 4.5% |
| CPI | 2.2% |

Source: FE Analytics and Morningstar as at 31.10.21. Inception from 01.01.07.
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

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Headline asset allocation and positioning

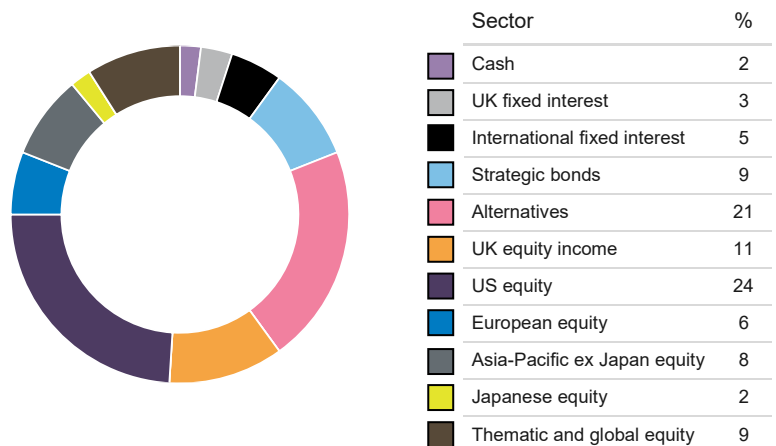
Summary of current Investment Committee positioning

| | UW (-) | N (=) | OW (+) | Key |
|-------------------------|--------|-------|--------|--------------------|
| Fixed interest | | | | Current |
| Equities | | | | Previous* |
| Property | | | | UW (-) Underweight |
| Alternative investments | | | | N (=) Neutral |
| Cash | | | | 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.
- Within our active equity exposure, we maintain a blend of both 'growth' and 'value' investment styles, with a preference towards flexible all-cap managers that can rotate into mid/small caps to help enhance longer term growth.
- In our lower risk strategies, we have reduced exposure to corporate bond funds in favour of flexible strategic bond funds, inflation-linked bond funds and 'market neutral' alternative investments, which continue to act as good portfolio stabilisers, diversifiers of risk and sources of return.
- Cash exposure remains low and there continues to be focus on high levels of liquidity in everything that we own.

*Positioning prior to last Investment Committee change (October 2021)

Model asset allocation



Top 10 holdings

| Holding | % | Holding | % |
|-----------------------------------|---|---|---|
| M&G North American Dividend | 8 | Vanguard FTSE Dvl. Europe ex-UK Eq. Ind. | 6 |
| BlackRock Absolute Return Bond | 7 | Vanguard US Equity Index | 6 |
| Janus Henderson Absolute Return | 7 | FTF ClearBridge Global Infrastructure Inc | 5 |
| TwentyFour Absolute Return Credit | 7 | HSBC Pacific Index | 5 |
| HSBC American Index | 6 | Janus Henderson Strategic Bond | 5 |

As at 31.10.21

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. Please note that the calculated OCF from FE Analytics may vary from that stated by your chosen platform provider.

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