

Discretionary Managed Portfolio Service

Cautious Model

November 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')	0.47%
Annual yield (current)	1.51%

*Not including platform fees
Source: FE Analytics as at 30.11.21

Investment update - November

Concerns over the new Omicron variant led to a sharp reversal in equity markets towards the end of November and developed markets ended the month over 2% down. Investors are now looking to ascertain the efficacy of vaccines against the Omicron variant and the potential requirement for further lockdowns and other restrictions globally. However, there appears to be some optimism in terms of the likely protection offered by existing vaccines and also a belief that key economies will be more resilient to potential lockdowns. Nevertheless, central banks face an even more muddled picture in terms of inflation outlook. Prior to the-Omicron variant, the rhetoric from the US Federal Reserve was becoming more hawkish in the face of the Consumer Price Index rising above 6%. It remains to be seen to what extent the potentially damaging economic consequences of the new variant might impact that view. During the month, no changes were made to the strategy, which has been maintained at the upper end of the respective Dynamic Planner risk profile. At the time of writing, this has been rewarded as equity markets have recovered quite strongly since the initial reaction to the Omicron variant. With heightened levels of inflation in many developed economies, investors seeking real returns continue to look to equities. Investing in companies with pricing power, i.e. the ability to increase their prices, remains a key method of hedging inflation risk.

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 assist investors looking to preserve their capital in real (inflation-adjusted) terms over the medium to longer term but who feel comfortable with some moderate fluctuation in values.

Risk profile

The model is managed in accordance with Dynamic Planner risk profile 4 (Lowest Medium), with the model's expected volatility targeted to stay within the assigned Dynamic Planner risk profile's boundaries.

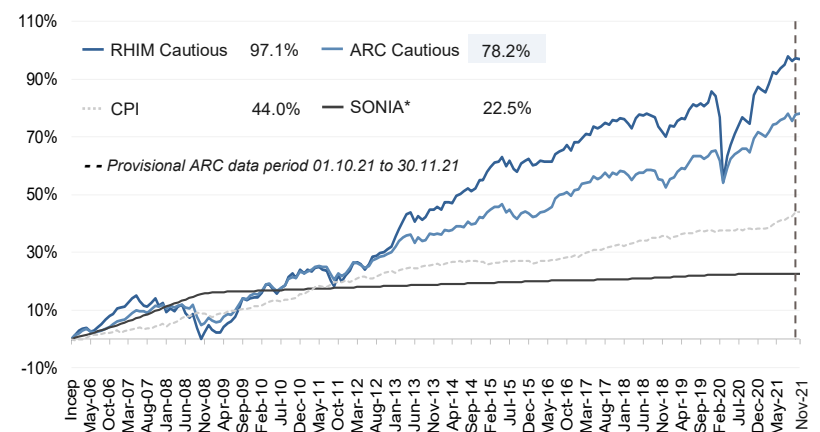
Discrete performance

	YTD	2020	2019	2018	2017	2016
RHIM Cautious	5.2%	0.8%	9.2%	-3.6%	5.1%	3.5%
ARC Cautious PCI	3.7%	4.2%	8.1%	-3.6%	4.5%	6.2%
SONIA*	0.0%	0.2%	0.7%	0.6%	0.3%	0.4%
CPI	4.0%	0.7%	1.3%	2.1%	2.9%	2.1%

Cumulative performance

	1yr	3yr	5yr	10yr
RHIM Cautious	6.8%	14.8%	19.3%	164.2%

Inception performance



Annualised performance since inception

	Inception
RHIM Cautious	4.4%
ARC Cautious PCI	3.7%
SONIA*	1.3%
CPI	2.3%

*Sterling Overnight Index Average.
Source: FE Analytics and Morningstar as at 30.11.21. 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

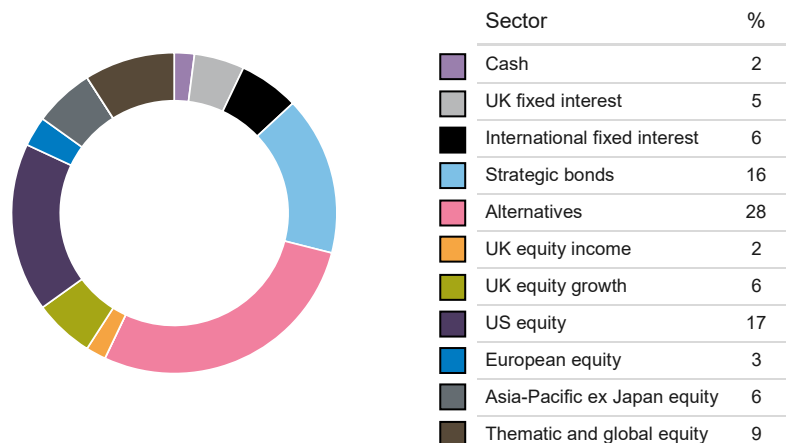
	UW (-)	N (=)	OW (+)	Key
Fixed interest				
Equities				
Property				
Alternative investments				
Cash				

■ 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.
- 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	%
BlackRock Absolute Return Bond	10	Vanguard Global Short-Term Bond Index	6
Janus Henderson Absolute Return	9	BNY Mellon Global Dynamic Bond	5
TwentyFour Absolute Return Credit	9	Fidelity Strategic Bond	5
Janus Henderson Strategic Bond	6	FTF ClearBridge Global Infrastructure Inc.	5
Premier Miton US Opportunities	6	HSBC American Index	5

As at 30.11.21

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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