

Discretionary Managed Portfolio Service

Income Model

February 2022

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') | 0.47% |
| Annual yield (current) | 1.94% |

*Not including platform fees
Source: FE Analytics as at 28.02.22

Investment update - February

February was another challenging month for markets. Investor concerns were initially centred on the continued increase in inflation and how this may pressure central banks to raise interest rates. Attention then turned to the escalation in the Ukraine/Russia conflict. The conflict itself, as well as the likely disruption to Russia's commodity exports, pushed the oil price above \$100 a barrel and gas prices up a further 15%. Growth stocks declined, with European equities falling most given the dependence on Russian oil and gas. Closer to home, the Bank of England raised interest rates by 25 basis points with rates expected to end the year above 1.5%. Given April's likely energy hikes, most assume inflation in the UK will rise further. While the uncertainty in terms of inflation and global growth might continue to impact the near-term pricing of risk assets, we believe this commodity-induced inflation spike could be relatively short-lived, as it has been in previous energy-linked conflicts. As such, there were no changes to the strategy during the month, which remains at the upper end of its corresponding Dynamic Planner risk profile. We continue to favour equities as earnings announcements remain positive, valuations do not look overly demanding and investor appetite is likely to return. Elsewhere in the strategy our bond positioning remains defensive, with limited exposure to interest rate movements, whilst our alternatives funds are targeting uncorrelated returns through market neutral, relative value strategies.

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.

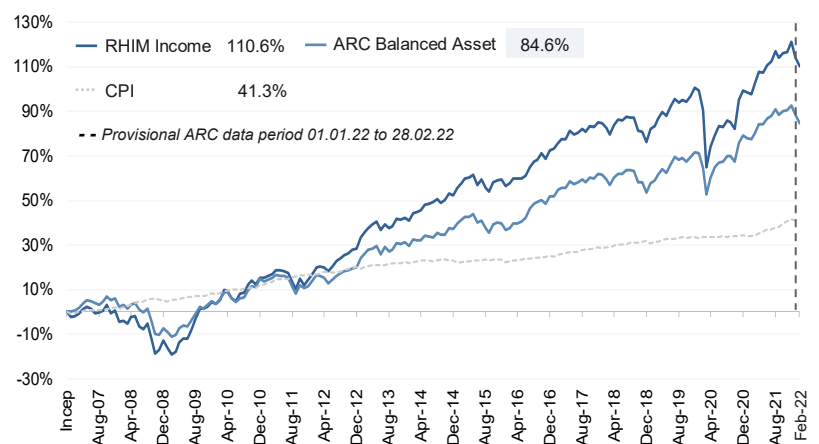
Discrete performance

| | YTD | 2021 | 2020 | 2019 | 2018 | 2017 |
|------------------------|-------|-------|-------|-------|-------|------|
| RHIM Income | -4.9% | 11.0% | -0.6% | 13.7% | -4.7% | 7.4% |
| ARC Balanced Asset PCI | -4.3% | 7.6% | 4.3% | 11.7% | -5.1% | 6.7% |
| CPI | -0.2% | 5.4% | 0.7% | 1.3% | 2.1% | 2.9% |

Cumulative performance

| | 1yr | 3yr | 5yr | 10yr |
|-------------|------|-------|-------|--------|
| RHIM Income | 6.5% | 14.7% | 19.6% | 175.5% |

Inception performance



Annualised performance since inception

| | Inception |
|------------------------|-----------|
| RHIM Income | 5.0% |
| ARC Balanced Asset PCI | 4.1% |
| CPI | 2.3% |

Source: FE Analytics and Morningstar as at 28.02.22. 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

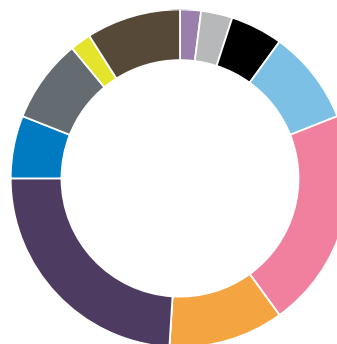
| | UW (-) | N (=) | OW (+) | Key |
|-------------------------|--------|-------|--------|-----|
| Fixed interest | | | | |
| Equities | | | | |
| Property | | | | |
| Alternative investments | | | | |
| Cash | | | | |

■ 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 (December 2021)

Model asset allocation



| Sector | % |
|------------------------------|----|
| Cash | 2 |
| UK fixed interest | 3 |
| International fixed interest | 5 |
| Strategic bonds | 9 |
| Alternatives | 21 |
| UK equity income | 11 |
| US equity | 24 |
| European equity | 6 |
| Asia-Pacific ex Japan equity | 8 |
| Japanese equity | 2 |
| Thematic and global equity | 9 |

| Active/Passive split | % |
|----------------------|----|
| Active funds | 58 |
| Passive funds | 42 |

Top 10 holdings

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

As at 28.02.22

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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