

# Discretionary Managed Portfolio Service

## Cautious Model

**August 2022**

### 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')	0.50%
Annual yield (current)	1.84%

\*Not including platform fees  
Source: FE Analytics as at 31.08.22.

#### Investment update - August

After a strong July, developed market equities sold off sharply in August following hawkish comments from both US Federal Reserve Chair, Jerome Powell, and the European Central Bank's Monetary Policy Committee. Both implied that greater than anticipated interest rate rises might be required to tackle inflationary pressures, this is despite economic indicators generally pointing to a continued slowdown in growth. Powell cautioned that the US may see slower growth for a 'sustained period' while Bank of England Governor, Andrew Bailey, warned of the possibility of a prolonged recession for the last quarter of 2022. As such, central banks continue to face the ongoing dilemma of how to mitigate inflation without overly impacting their economies. Within our equity exposure, we maintained our skew towards the US where inflation may have peaked, and economic indicators look relatively resilient. We also continue to favour Asia, where fundamentals and valuations look fairly attractive, and policy is more supportive for risk assets. With this in mind, we increased our allocation to the region during the month. To accommodate this, our weighting to the FTF ClearBridge Global Infrastructure fund was very slightly reduced. We remain comfortable with our infrastructure exposure, which continues to produce excellent returns and provides both an attractive yield and valuable inflation protection. Our alternatives exposure has performed as expected over the month, demonstrating the importance of allocating to funds that are seeking genuinely uncorrelated returns and can seek out positive returns regardless of market direction. The strategy remains at the upper end of its corresponding Dynamic Planner risk profile.

#### 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.

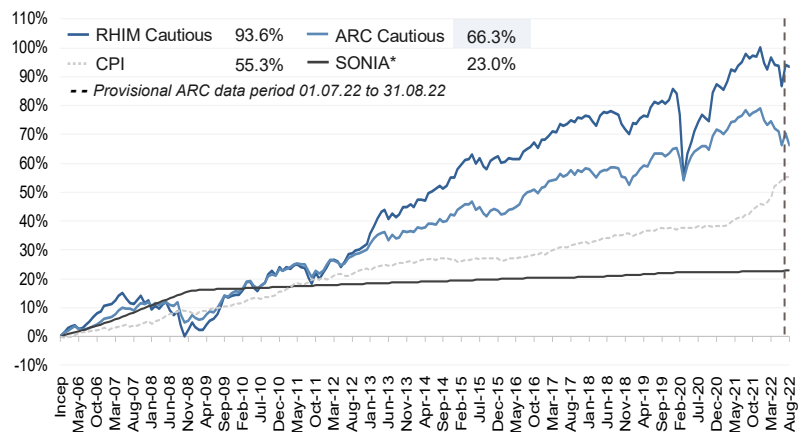
#### Discrete performance

	YTD	2021	2020	2019	2018	2017
RHIM Cautious	-3.3%	6.8%	0.8%	9.2%	-3.6%	5.1%
ARC Cautious PCI	-7.1%	4.2%	4.2%	8.1%	-3.6%	4.5%
SONIA*	0.4%	0.1%	0.2%	0.7%	0.6%	0.3%
CPI	6.4%	5.4%	0.7%	1.3%	2.1%	2.9%

#### Cumulative performance

	1yr	3yr	5yr	10yr
RHIM Cautious	-2.2%	7.2%	10.7%	50.2%

#### Inception performance



#### Annualised performance since inception

	Inception
RHIM Cautious	4.0%
ARC Cautious PCI	3.1%
SONIA*	1.3%
CPI	2.7%

\*Sterling Overnight Index Average.  
Source: FE Analytics and Morningstar as at 31.08.22. 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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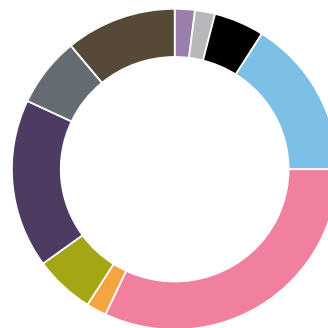
## Headline asset allocation and positioning

Summary of current Investment Committee positioning

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

- The strategies remain at the upper end of their corresponding Dynamic Planner risk profiles with good exposure to those parts of the world less likely to be exposed to the economic fall-out from war in Ukraine.
- We have reduced or removed entirely our exposure to Europe and increased our allocation to Asia-Pacific ex Japan, where fundamentals and valuations look fairly attractive, and policy is more supportive for risk assets.
- In our lower risk strategies, we continue to favour inflation-linked bond funds, actively managed strategic 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.

## Model asset allocation



Sector	%
Cash	2
UK fixed interest	2
International fixed interest	5
Strategic bonds	16
Alternatives	32
UK equity income	2
UK equity growth	6
US equity	17
Asia-Pacific ex Japan equity	7
Thematic and global equity	11

Active/Passive split	%
Active funds	66
Passive funds	34

## Top 10 holdings

Holding	%	Holding	%
Artemis Target Return Bond	7	Janus Henderson Absolute Return	6
FTF ClearBridge Global Infrastructure Inc.	7	Janus Henderson Strategic Bond	6
HSBC American Index	7	TwentyFour Absolute Return Credit	6
TM Tellworth UK Select	7	Vanguard US Equity Index	6
BlackRock Absolute Return Bond	6	BNY Mellon Global Dynamic Bond	5

As at 31.08.22

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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