

# Discretionary Managed Portfolio Service

## Cautious Model

**October 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')	0.51%
Annual yield (current)	1.96%

\*Not including platform fees  
Source: FE Analytics as at 31.10.22.

#### Investment update - October

Despite weak economic data, developed market equities staged a strong recovery over October. The US market led the way thanks to better-than-expected company earnings announcements. In the UK, the appointment of Rishi Sunak as Prime Minister, and Chancellor Jeremy Hunt's reversal of much of the now infamous 'mini-budget', was favourably received by investors. In the eurozone, Purchasing Managers' Indices, which were already indicating recession, fell further. However, support from the European Commission to tackle the energy crisis was positively received by investors. Emerging markets fell over the month, mainly driven by the weakness of the Chinese market – investors were disappointed to see no let-up in the zero-covid policy and the re-election of Xi Jinping whose economic policies are perceived as restrictive to growth for companies with an international reach. Fixed interest markets remain volatile in the face of acute inflationary pressures and continuing central bank actions across the globe. We implemented an asset allocation change during the month to reposition some exposure away from the shorter end of the yield curve towards the longer end, where we believe greater value may lie. We continue to favour equities as an asset class with the strategy remaining towards the upper end of its corresponding Dynamic Planner risk profile. Our exposure to alternative assets has been crucial during a difficult period for both equities and bonds. These alternative funds continue to target absolute returns regardless of market direction and are helping to reduce portfolio volatility.

#### 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.

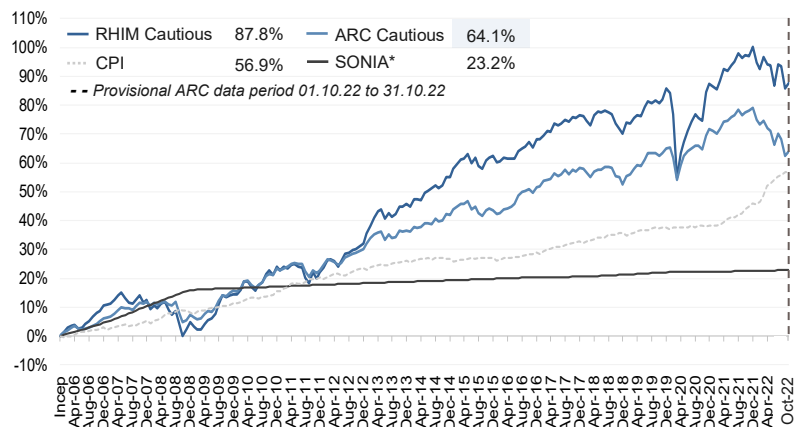
#### Discrete performance

	YTD	2021	2020	2019	2018	2017
RHIM Cautious	-6.2%	6.8%	0.8%	9.2%	-3.6%	5.1%
ARC Cautious PCI	-8.4%	4.2%	4.2%	8.1%	-3.6%	4.5%
SONIA*	0.6%	0.1%	0.2%	0.7%	0.6%	0.3%
CPI	7.6%	5.4%	0.7%	1.3%	2.1%	2.9%

#### Cumulative performance

	1yr	3yr	5yr	10yr
RHIM Cautious	-4.8%	4.0%	6.7%	44.3%

#### Inception performance



#### Annualised performance since inception

	Inception
RHIM Cautious	3.8%
ARC Cautious PCI	3.0%
SONIA*	1.3%
CPI	2.7%

\*Sterling Overnight Index Average.  
Source: FE Analytics and Morningstar as at 31.10.22. 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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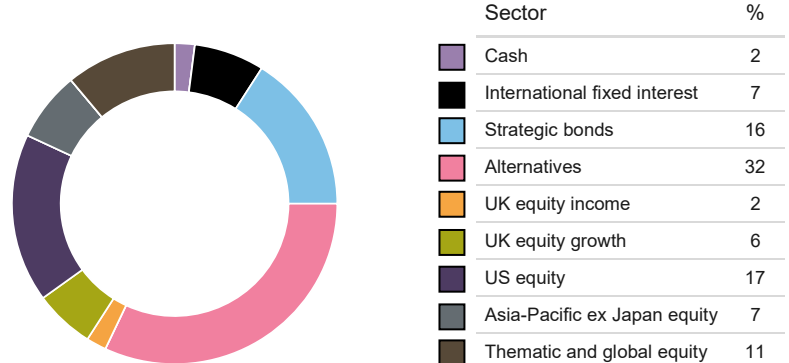
## Headline asset allocation and positioning

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 allocate to 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



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 31.10.22

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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