RICHMOND HOUSE
INVESTMENT MANAGEMENT

# Discretionary Managed Portfolio Service

## Income Model

**November 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’) | 0.51% |
| Annual yield (current) | 2.34% |

*Not including platform fees
Source: FE Analytics as at 30.11.22.

### Investment update - November

After a strong October, developed market equities continued to rally in November. The main catalyst was the greater than expected fall in US inflation, which led the market to believe that inflation in the US may have peaked and that the US Federal Reserve may be able to slow, and potentially end, the cycle of rate rises earlier than anticipated. In contrast to the US, inflation numbers coming out of the eurozone and the UK hit new highs as rising food and energy prices continued to impact. Economic data in both regions improved slightly from very depressed levels however the outlook remains weak. Emerging market equities rallied even more strongly than developed indices in November. Sentiment was buoyed by a modest relaxation in the covid restrictions in China and the anticipation of potential further loosening of restrictions. Economic data in China was relatively weak, pointing to a continued economic slowdown that has prompted authorities to ease policy and provide some targeted support measures. No changes were made during the month, with the strategy remaining towards the upper end of its corresponding Dynamic Planner risk profile. Our expectation of modest but positive global economic growth over the next 2-3 years, the resilience to-date of corporate earnings and undemanding valuations provide a supportive background for risk assets in our view. Attractive opportunities have also appeared in both government and corporate bonds and, after a tumultuous period of returns so far this year, we expect a more ‘normal’ return profile from fixed interest assets going forward.

### 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 generate income and 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.

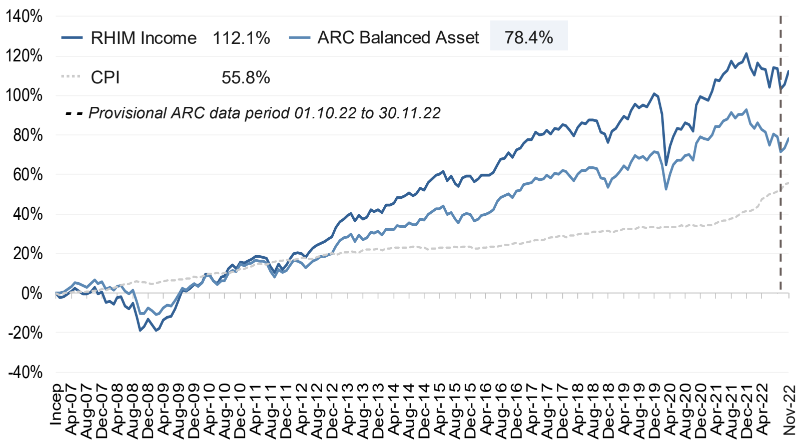
### Discrete performance

| | YTD | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| RHIM Income | -4.2% | 11.0% | -0.6% | 13.7% | -4.7% | 7.4% |
| ARC Balanced Asset PCI | -7.5% | 7.6% | 4.3% | 11.7% | -5.1% | 6.7% |
| CPI | 10.1% | 5.4% | 0.7% | 1.3% | 2.1% | 2.9% |

### Cumulative performance

| | 1yr | 3yr | 5yr | 10yr |
|---|---|---|---|---|
| RHIM Income | -2.2% | 7.7% | 15.9% | 66.1% |

### Inception performance




### Annualised performance since inception

| | Inception |
|---|---|
| RHIM Income | 4.8% |
| ARC Balanced Asset PCI | 3.7% |
| CPI | 2.8% |

Source: FE Analytics and Morningstar as at 30.11.22. 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.

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## 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:

t: 0333 241 3350
e: info@richmondhouseim.co.uk

Premier House
Argyle Way
Stevenage
Hertfordshire
SG1 2AD

### Headline asset allocation and positioning

Summary of current Investment Committee positioning

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

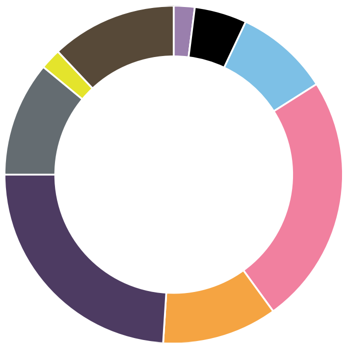
**Key**

■ Current

**UW (-)** Underweight
**N (=)** Neutral
**OW (+)** Overweight

- 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



| Sector | % |
|---|---|
| Cash | 2 |
| International fixed interest | 5 |
| Strategic bonds | 9 |
| Alternatives | 24 |
| UK equity income | 11 |
| US equity | 24 |
| Asia-Pacific ex Japan equity | 11 |
| Japanese equity | 2 |
| Thematic and global equity | 12 |

| Active/Passive split | % |
|---|---|
| Active funds | 61 |
| Passive funds | 39 |

### Top 10 holdings

| Holding | % | Holding | % |
|---|---|---|---|
| FTF ClearBridge Global Infrastructure Inc. | 8 | TM Tellworth UK Select | 6 |
| HSBC American Index | 8 | Artemis Target Return Bond | 5 |
| Vanguard US Equity Index | 8 | Janus Henderson Absolute Return | 5 |
| Fidelity Index US | 6 | Janus Henderson Strategic Bond | 5 |
| HSBC Pacific Index | 6 | TwentyFour Absolute Return Credit | 5 |

As at 30.11.22