

# Discretionary Managed Portfolio Service

## Cautious Model

**December 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')	0.52%
Annual yield (current)	2.16%

\*Not including platform fees  
Source: FE Analytics as at 31.12.22

#### Investment update - December

Equity markets retreated in December in relatively thin trading. Interest rates rose by a further 0.5% in the US and UK. Inflation is receding slightly in most key regions as energy prices fall and supply chains ease. Global manufacturing backlogs are falling quite rapidly and delivery times are improving. Indeed, in the US, the Richmond Manufacturing Index (a key measure of manufacturing activity) indicated the first expansion since April. This is encouraging, albeit not yet sufficient to change the tightening stance of key developed market central banks who may also be looking for evidence of weaker labour markets before changing policy. In the UK, reported pay increases in the private sector and the expanding list of public sector workers taking industrial action is adding to concerns that wage increases could extend the period of heightened inflation. We have started to increase risk in fixed interest markets, adding targeted exposure to higher quality corporate credit through the addition of the Schroder Strategic Credit fund as we believe that yields have become attractive while default risk remains low. Shorter-duration positioning has largely done its job and opportunities are appearing across the full spectrum of bond markets. To accommodate this change, equity market exposure has been slightly trimmed as the strategy remains towards the upper end of its corresponding Dynamic Planner risk profile. Elsewhere in the strategy, our allocation to highly liquid alternative investment funds, that exhibit low levels of volatility, continue to act as an effective risk management tool.

#### 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.

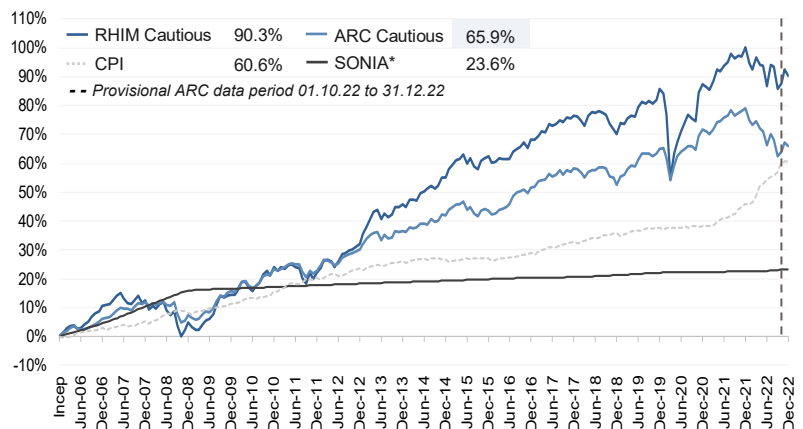
#### Discrete performance

	YTD	2021	2020	2019	2018	2017
RHIM Cautious	-4.9%	6.8%	0.8%	9.2%	-3.6%	5.1%
ARC Cautious PCI	-7.4%	4.2%	4.2%	8.1%	-3.6%	4.5%
SONIA*	0.9%	0.1%	0.2%	0.7%	0.6%	0.3%
CPI	10.1%	5.4%	0.7%	1.3%	2.1%	2.9%

#### Cumulative performance

	1yr	3yr	5yr	10yr
RHIM Cautious	-4.9%	2.4%	7.8%	44.2%

#### Inception performance



#### Annualised performance since inception

	Inception
RHIM Cautious	3.9%
ARC Cautious PCI	3.0%
SONIA*	1.3%
CPI	2.8%

\*Sterling Overnight Index Average.  
Source: FE Analytics and Morningstar as at 31.12.22. 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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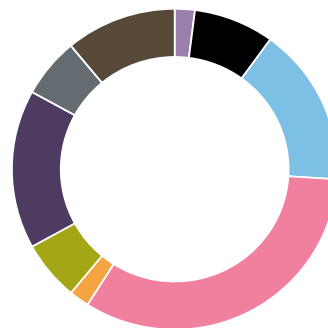
## Headline asset allocation and positioning

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



Sector	%
Cash	2
International fixed interest	8
Strategic bonds	16
Alternatives	33
UK equity income	2
UK equity growth	6
US equity	16
Asia-Pacific ex Japan equity	6
Thematic and global equity	11

Active/Passive split	%
Active funds	66
Passive funds	34

## Top 10 holdings

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

As at 31.12.22

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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