RICHMOND HOUSE
INVESTMENT MANAGEMENT

Discretionary Managed Portfolio Service

Cautious Model

January 2023

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)	2.21%

*Not including platform fees
Source: FE Analytics as at 31.01.23

Investment update - January

2023 has begun brightly for investors with developed market equities rising nearly 5% in January. Market sentiment was buoyed by further evidence that inflation is falling in key regions and the consequent hope that central banks may soon be able to end their cycle of rate hikes. Indeed, inflation in the US fell in January, driven primarily by lower energy and food prices. In the eurozone inflation also receded, while economic data indicated that the region had narrowly avoided recession in Q4. Concerns over the energy supply crisis in Europe alleviated further due to government support and falling gas prices. The UK market also produced a strong return. CPI fell modestly although the expectation of the UK facing 'higher for longer' inflation than most of the developed world remains as strong wage growth appears to be putting pressure on the services sector in particular; recession fears also persist. We have been well positioned to capture the strong returns from equity markets in January as the strategy remains towards the upper end of its corresponding Dynamic Planner risk profile. We have high conviction in terms of our equity positioning and are targeting areas of relative economic and corporate strength, which includes the US and Asian markets as well as sectors such as infrastructure and sustainable energy. We have also benefitted from the recovery in fixed income markets and as opportunities arise, we may look to add further to our fixed income exposure by potentially reducing our alternatives allocation.

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.

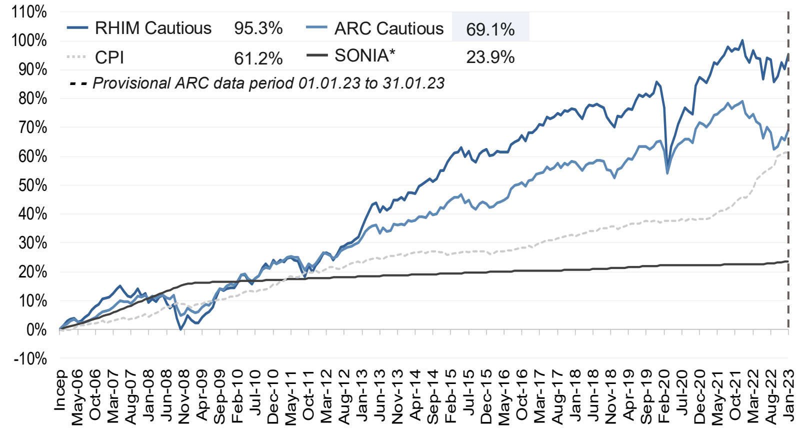
Discrete performance

	YTD	2022	2021	2020	2019	2018
RHIM Cautious	2.6%	-4.9%	6.8%	0.8%	9.2%	-3.6%
ARC Cautious PCI	2.2%	-7.6%	4.2%	4.2%	8.1%	-3.6%
SONIA*	0.0%	1.1%	0.1%	0.2%	0.7%	0.6%
CPI	-	10.5%	5.4%	0.7%	1.3%	2.1%

Cumulative performance

	1yr	3yr	5yr	10yr
RHIM Cautious	0.3%	6.0%	10.9%	44.1%

Inception performance



Annualised performance since inception

	Inception
RHIM Cautious	4.0%
ARC Cautious PCI	3.1%
SONIA*	1.3%
CPI	2.8%

*Sterling Overnight Index Average.
Source: FE Analytics and Morningstar as at 31.01.23. 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.

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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.

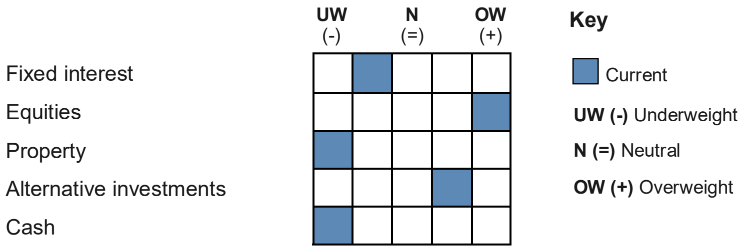
We focus on both actively managed funds and lower cost passive funds where appropriate, taking a sensible approach and always maintaining our awareness of downside risks. Adopting a global view, we continually identify where the risks and opportunities lie.

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.

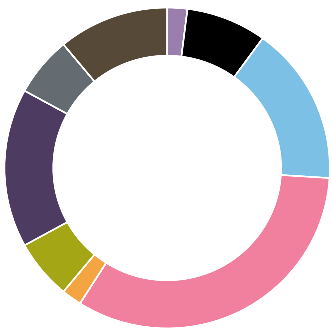
Headline asset allocation and positioning

Summary of current Investment Committee positioning



- 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 31.01.23

Contact Richmond House

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