

# Discretionary Managed Portfolio Service

## Strategic Model

January 2023

### Key information

#### Model details

|                                |                |
|--------------------------------|----------------|
| Launch date                    | 1 October 2011 |
| Minimum initial investment     | £1,000         |
| Rebalancing strategy (minimum) | Quarterly      |
| Currency                       | £ GBP          |
| Annual management charge       | 0.50%*         |
| Ongoing charges figure ('OCF') | 0.53%          |
| Annual yield (current)         | 2.19%          |

\*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 preserve capital in real (inflation-adjusted) terms over the medium to longer term. Investors should expect low levels of reward and a low correlation to stock market behaviour, including modest fluctuations in values.

#### Risk profile

The model is managed in accordance with Dynamic Planner risk profile 3 (Low), with the model's expected volatility targeted to stay within the assigned Dynamic Planner risk profile's boundaries.

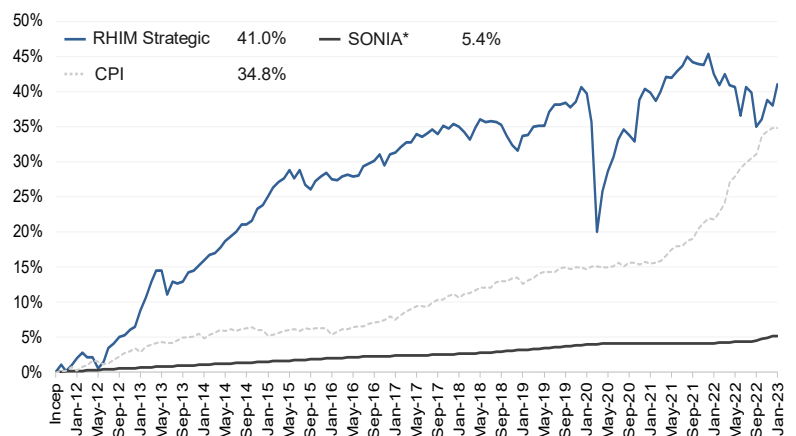
#### Discrete performance

|                | YTD  | 2022  | 2021 | 2020  | 2019 | 2018  |
|----------------|------|-------|------|-------|------|-------|
| RHIM Strategic | 2.2% | -5.1% | 3.5% | -0.1% | 6.9% | -2.9% |
| 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 Strategic | -1.0% | 1.0% | 4.5% | 29.5% |

#### Inception performance



#### Annualised performance since inception

|                | Inception |
|----------------|-----------|
| RHIM Strategic | 3.1%      |
| SONIA*         | 0.5%      |
| CPI            | 2.7%      |

\*Sterling Overnight Index Average.  
Source: FE Analytics and Morningstar as at 31.01.23. Inception from 01.10.11.  
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.  
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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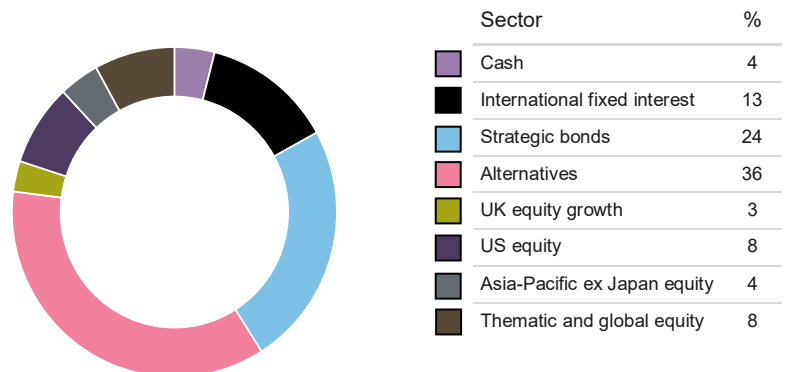
## Headline asset allocation and positioning

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         | 74 |
| Passive funds        | 26 |

## Top 10 holdings

| Holding                        | % | Holding                           | % |
|--------------------------------|---|-----------------------------------|---|
| BlackRock Absolute Return Bond | 9 | TM Tellworth UK Select            | 7 |
| Vanguard Global Bond Index     | 9 | HSBC American Index               | 6 |
| Artemis Target Return Bond     | 8 | Janus Henderson Absolute Return   | 6 |
| Fidelity Strategic Bond        | 8 | TwentyFour Absolute Return Credit | 6 |
| Janus Henderson Strategic Bond | 7 | BNY Mellon Global Dynamic Bond    | 5 |

As at 31.01.23

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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