RICHMOND HOUSE
INVESTMENT MANAGEMENT

Discretionary Managed Portfolio Service

Strategic Model

February 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)	2.55%

*Not including platform fees
Source: FE Analytics as at 28.02.23

Investment update - February

During February, stronger than expected economic data served to lower expectations of a recession but also raised concerns that inflationary pressures may persist for longer than had been hoped. Although seemingly counterintuitive, despite economic news being generally positive and energy costs falling, markets were weak given their focus on the imminent outlook for interest rates. Developed market equities fell c2.5% while emerging market equities fell by over 6%. The Federal Reserve raised rates in the US by 25bps, however Chairman Jerome Powell warned that further rate increases may be required. The Bank of England, as expected, raised rates by 50bps. The heightened uncertainty around the path of inflation and central bank policy may continue to cause some shorter-term volatility, however we remain committed to equities, despite exposure being slightly reduced, with the strategy remaining aligned to its corresponding Dynamic Planner risk profile. The likelihood of a severe recession appears to be falling, the outlook for corporate earnings looks more positive than many feared last year and valuations in many sectors look attractive. Opportunities have appeared in both government and corporate bonds, and we expect a more 'normal' return profile from fixed income assets going forward. Indeed, we increased our fixed income exposure during the month, purchasing the Schroder Strategic Credit and TwentyFour Corporate Bond funds. To accommodate these changes we reduced our alternatives allocation, although we remain very mindful of downside risks and have retained exposure to low risk, uncorrelated assets in this space.

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.

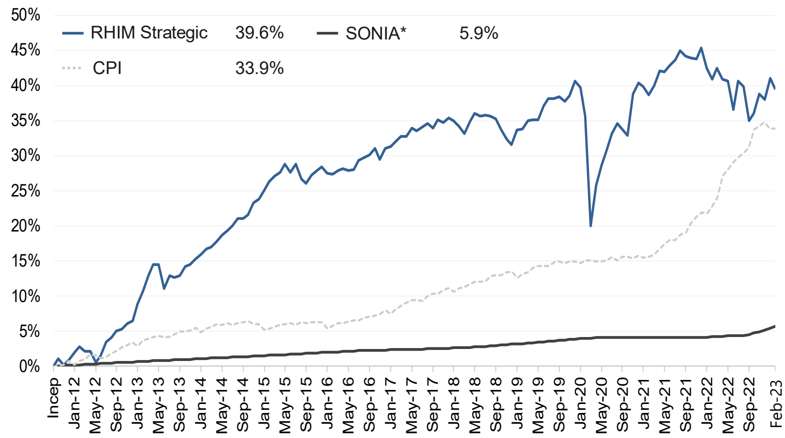
Discrete performance

	YTD	2022	2021	2020	2019	2018
RHIM Strategic	1.2%	-5.1%	3.5%	-0.1%	6.9%	-2.9%
SONIA*	0.5%	1.1%	0.1%	0.2%	0.7%	0.6%
CPI	-0.6%	10.5%	5.4%	0.7%	1.3%	2.1%

Cumulative performance

	1yr	3yr	5yr	10yr
RHIM Strategic	-1.0%	2.9%	4.0%	26.1%

Inception performance



Annualised performance since inception

	Inception
RHIM Strategic	3.0%
SONIA*	0.5%
CPI	2.6%

*Sterling Overnight Index Average.
Source: FE Analytics and Morningstar as at 28.02.23. 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.

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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

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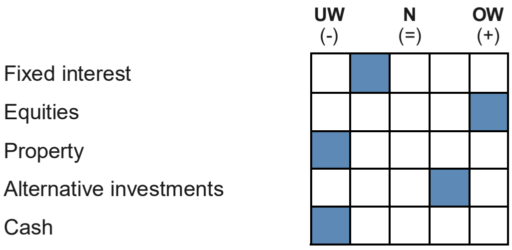
Headline asset allocation and positioning

Summary of current Investment Committee positioning



Key

Current

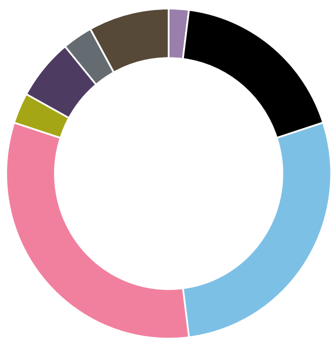
UW (-) Underweight

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	18
Strategic bonds	28
Alternatives	32
UK equity growth	3
US equity	6
Asia-Pacific ex Japan equity	3
Thematic and global equity	8

Active/Passive split	%
Active funds	76
Passive funds	24

Top 10 holdings

Holding	%	Holding	%
Vanguard Global Bond Index	10	BlackRock Absolute Return Bond	6
Artemis Target Return Bond	9	HSBC American Index	6
Fidelity Strategic Bond	8	Janus Henderson Absolute Return	6
Schroder Strategic Bond	8	TwentyFour Absolute Return Credit	6
Janus Henderson Strategic Bond	7	BNY Mellon Global Dynamic Bond	5

As at 28.02.23