RICHMOND HOUSE
INVESTMENT MANAGEMENT

Discretionary Managed Portfolio Service

Enterprise Model

April 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')	0.43%
Annual yield (current)	2.01%

*Not including platform fees
Source: FE Analytics as at 30.04.23

Investment update - April

After a volatile first quarter for markets, April has proved to be a quieter month. Inflation and the likely path of central bank policy remains the key driver of markets. While a significant step down in UK inflation is expected, the UK continues to face more acute inflationary pressures than almost any other developed country. Rising food and drink prices are currently weighing heavily on the UK, as is continued strong wage growth, which is impacting the services sectors in particular. Resilience in the corporate sector and reduced fears around recessions are also providing support to credit and higher risk areas of fixed income markets. Our base case remains for inflation to fall to more comfortable levels for central banks over the course of this year, potentially allowing them to loosen policy into 2024. Our view remains that recessions this year, where seen, will be relatively mild and that 2024 will bring quite a strong recovery in both economic and earnings growth. Given that valuations do not look stretched this backdrop leads us to favour equities as the asset class most likely to provide the strongest real returns on a medium-term view. Therefore, the strategy remains at the upper end of its corresponding Dynamic Planner risk profile. We have biased exposure towards the US and Asia, which we expect to provide the strongest and most resilient growth profile going forward. We are also retaining targeted exposure to infrastructure and sustainable energy, which we believe provide the prospect of superior earnings growth. Numerous potential risks to markets do remain, and so we continue to believe that low risk, uncorrelated alternatives funds have an important role to play in strategies.

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 build capital in real (inflation-adjusted) terms over the medium to longer term. Investors should expect a high correlation to stock market behaviour and rewards, and be entirely comfortable with substantial volatility and very limited protection in times of market weakness.

Risk profile

The model is managed in accordance with Dynamic Planner risk profile 7 (Highest Medium), with the model's expected volatility targeted to stay within the assigned Dynamic Planner risk profile's boundaries.

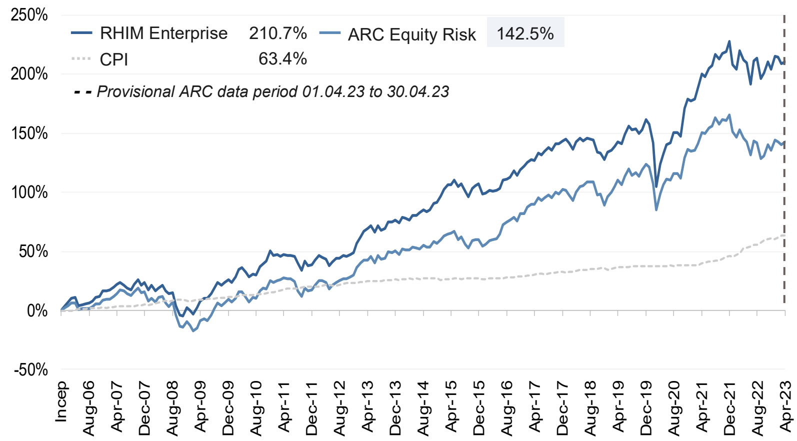
Discrete performance

	YTD	2022	2021	2020	2019	2018
RHIM Enterprise	2.2%	-7.2%	17.5%	6.6%	14.9%	-6.5%
ARC Equity Risk PCI	3.0%	-11.4%	12.3%	5.8%	18.0%	-6.5%
CPI	1.3%	10.5%	5.4%	0.7%	1.3%	2.1%

Cumulative performance

	1yr	3yr	5yr	10yr
RHIM Enterprise	-0.4%	39.0%	27.9%	83.0%

Inception performance



Annualised performance since inception

	Inception
RHIM Enterprise	6.8%
ARC Equity Risk PCI	5.2%
CPI	2.9%

Source: FE Analytics and Morningstar as at 30.04.23. 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

	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
Strategic bonds	1
Alternatives	3
UK equity income	4
UK equity growth	10
US equity	43
European equity	4
Asia-Pacific ex Japan equity	18
Japanese equity	5
Thematic and global equity	10

Active/Passive split	%
Active funds	42
Passive funds	58

Top 10 holdings

Holding	%	Holding	%
Artemis US Select	10	Fidelity Index US	7
Premier Miton US Opportunities	10	Fidelity Index Japan	5
HSBC Pacific Index	9	FTF ClearBridge Global Infrastructure Inc.	5
HSBC American Index	8	Ninety One Global Environment	5
Vanguard US Equity Index	8	Vanguard Pacific ex-Japan Index	5

As at 30.04.23

Contact Richmond House

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