RICHMOND HOUSE
INVESTMENT MANAGEMENT

# Discretionary Managed Portfolio Service

## Dynamic Model

**August 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') | 0.48% |
| Annual yield (current) | 2.47% |

*Not including platform fees
Source: FE Analytics as at 31.08.23

**Investment update - August**

It continues to be a volatile period for markets as they remain preoccupied with the inflation and interest rate outlook. Retail sales in the US came in well above expectations, unemployment fell, and figures showed that global wage growth is moderating less quickly than central banks would like. Not for the first time, markets have fallen on the back of generally positive economic news. Emerging markets were considerably weaker than their developed counterparts over August with much of this underperformance being driven by disappointing newsflow from China where the deflationary environment continues to put pressure on retail sales and business investment. Bond yields rose over the month (meaning values fell). Market expectations are for interest rates in the US to start to come down in 2024 with potentially one further rate hike this year. Evidence points to the 'higher for longer' interest thesis in the eurozone and UK. Uncertainties remain regarding the economic outlook and the path of inflation and interest rates however we are maintaining our exposure to equities with the strategy remaining at the upper end of its corresponding Dynamic Planner risk profile. We have, however, trimmed our commitment to the US market and some thematic funds in favour of a small re-entry to Europe and an increase to Japan. European equity markets have shown more resilience than anticipated to tough economic conditions and a valuation gap relative to the US is increasingly hard to ignore. Japan is finally showing signs that it can escape from its deflationary malaise of the past few decades. We also see opportunities in fixed income at current yields, and in investment grade corporate bonds in particular. While we do see attractive opportunities across asset classes our alternative investments still have an important role to play in providing low risk and uncorrelated returns.

**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, including significant fluctuations in value, with only moderate protection in times of market weakness.

**Risk profile**

The model is managed in accordance with Dynamic Planner risk profile 6 (High Medium), with the model's expected volatility targeted to stay within the assigned Dynamic Planner risk profile's boundaries.

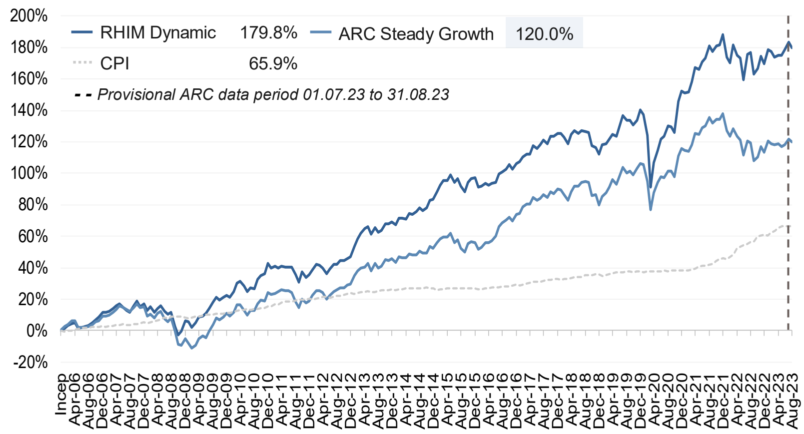
**Discrete performance**

| | YTD | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| RHIM Dynamic | 3.9% | -6.5% | 14.2% | 4.9% | 13.4% | -5.9% |
| ARC Steady Growth PCI | 2.9% | -10.2% | 10.2% | 4.6% | 15.0% | -5.6% |
| CPI | 2.9% | 10.5% | 5.4% | 0.7% | 1.3% | 2.1% |

**Cumulative performance**

| | 1yr | 3yr | 5yr | 10yr |
|---|---|---|---|---|
| RHIM Dynamic | 1.0% | 21.5% | 23.4% | 72.5% |

**Inception performance**




**Annualised performance since inception**

| | Inception |
|---|---|
| RHIM Dynamic | 6.0% |
| ARC Steady Growth PCI | 4.6% |
| CPI | 2.9% |

Source: FE Analytics and Morningstar as at 31.08.23. 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.

## Contact Richmond House

For further information on this model please contact us:

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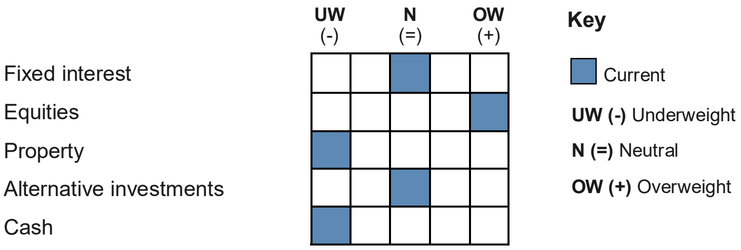
### Headline asset allocation and positioning

Summary of current Investment Committee positioning




- The strategies remain at the upper end of their corresponding Dynamic Planner risk profiles as we remain broadly optimistic about the economic outlook for the second half of 2024.
- We have trimmed our commitment to the US market and some thematic funds in favour of exposure to Europe and an increased allocation to Japan (excluding Strategic) where opportunities have arisen.
- 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 | 7 |
| Strategic bonds | 5 |
| Alternatives | 10 |
| UK equity income | 4 |
| UK equity growth | 10 |
| US equity | 26 |
| European equity | 6 |
| Asia-Pacific ex Japan equity | 14 |
| Japanese equity | 6 |
| Thematic and global equity | 10 |

| Active/Passive split | % |
|---|---|
| Active funds | 51 |
| Passive funds | 49 |

### Top 10 holdings

| Holding | % | Holding | % |
|---|---|---|---|
| HSBC American Index | 7 | FTF ClearBridge Global Infrastructure Inc. | 5 |
| HSBC Pacific Index | 7 | Premier Miton US Opportunities | 5 |
| TM Tellworth UK Select | 6 | TwentyFour Corporate Bond | 5 |
| Vanguard US Equity Index | 6 | Fidelity UK Index. | 4 |
| Fidelity Index US | 5 | Jupiter European | 4 |

As at 31.08.23