

# Discretionary Managed Portfolio Service

## Income Model

**August 2023**

### Key information

#### Model details

Launch date	1 January 2007
Minimum initial investment	£1,000
Rebalancing strategy (minimum)	Quarterly
Currency	£ GBP
Annual management charge	0.50%*
Ongoing charges figure ('OCF')	0.50%
Annual yield (current)	2.88%

\*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 generate income and build capital in real (inflation-adjusted) terms over the medium to longer term. Investors should expect reasonable correlation to stock market behaviour and rewards, including quite sharp fluctuations in values, but also some protection in times of market weakness.

#### Risk profile

The model is managed in accordance with Dynamic Planner risk profile 5 (Low Medium), with the model's expected volatility targeted to stay within the assigned Dynamic Planner risk profile's boundaries.

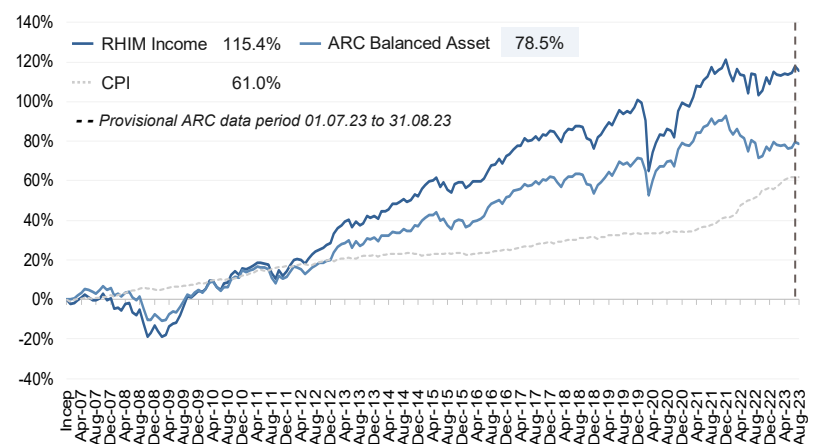
#### Discrete performance

	YTD	2022	2021	2020	2019	2018
RHIM Income	3.1%	-5.6%	11.0%	-0.6%	13.7%	-4.7%
ARC Balanced Asset PCI	1.9%	-9.1%	7.6%	4.3%	11.7%	-5.1%
CPI	2.9%	10.5%	5.4%	0.7%	1.3%	2.1%

#### Cumulative performance

	1yr	3yr	5yr	10yr
RHIM Income	0.7%	15.8%	15.0%	56.8%

#### Inception performance



#### Annualised performance since inception

	Inception
RHIM Income	4.7%
ARC Balanced Asset PCI	3.5%
CPI	2.9%

Source: FE Analytics and Morningstar as at 31.08.23. Inception from 01.01.07. 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.

## 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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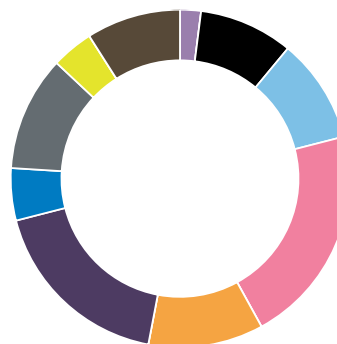
## Headline asset allocation and positioning

Summary of current Investment Committee positioning

	UW (-)	N (=)	OW (+)	Key
Fixed interest				<b>Current</b> <b>UW (-)</b> Underweight <b>N (=)</b> Neutral <b>OW (+)</b> Overweight
Equities				
Property				
Alternative investments				
Cash				

- 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	9
Strategic bonds	10
Alternatives	21
UK equity income	11
US equity	18
European equity	5
Asia-Pacific ex Japan equity	11
Japanese equity	4
Thematic and global equity	9

Active/Passive split	%
Active funds	61
Passive funds	39

## Top 10 holdings

Holding	%	Holding	%
Fidelity Index US	6	Vanguard US Equity Index	6
FTF ClearBridge Global Infrastructure Inc.	6	Artemis Target Return Bond	5
HSBC American Index	6	Janus Henderson Absolute Return	5
HSBC Pacific Index	6	Janus Henderson Strategic Bond	5
TM Tellworth UK Select	6	Schroder Strategic Credit	5

As at 31.08.23

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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