

# RICHMOND HOUSE

## INVESTMENT MANAGEMENT

### RHIM BLENDED MODEL FACTSHEET

The RHIM Blended model aims to produce moderate levels of capital growth over the medium term with lower volatility than the IA sector average, investing in collective investment schemes. This is a multi-asset global portfolio with an equity weight between 45% and 65% which will include overseas equity exposure. The model will also typically use targeted return funds in order to reduce volatility associated with equity investing and at least 20% will be invested in fixed interest and/or property as deemed appropriate. Asset allocation will be actively managed whilst maintaining a balanced risk profile. Investors should be comfortable with periods of volatility, although this is expected to be lower than a pure equity portfolio. The model will sit within risk profile 5 on a scale of 1-10, where 1 is cash and 10 is 100% in high risk equity markets. Please see the reverse for historical volatility and peak to trough data.



#### Commentary

#### DECEMBER 2018 UPDATE

Volatility returned with a bang in 2018. Global equities excluding the US peaked in early 2018, whilst the US market took longer to capitulate, finally breaking down in October with a further 9% correction in December. Within the model we have retained a lower weight to equities than our peers and held assets that we felt would provide true diversification in more volatile markets. The targeted absolute return funds (which aim to make a positive return regardless of market direction), have mitigated the full extent of the downside for the model as a whole, and the gold fund has been the best performing fund during the recent weakness in equities. For example, Jupiter Absolute Return gained 2.3% in October when most equity markets fell over 5% and gained 3.4% in December in a similar scenario. The gold fund, which invests in gold bullion but also gold and silver mining companies gained 8.5% in December whilst US equities fell 9%. Over the year as a whole, the best performing fund was Polar Capital Global Convertibles which gained 5.2%, whilst the worst performing area has been Europe – an area we substantially reduced through 2018. As equities have unravelled, credit risk has also been re-evaluated by the market and the IA High Yield sector (which we have avoided) has lost 3.6% over 12 months. Our exposure to short duration fixed income has preserved capital in this environment whilst the strategic bond funds have been adding to duration over the last six months and this was of some benefit in December; as government bond yields fell they gained approximately 1%.

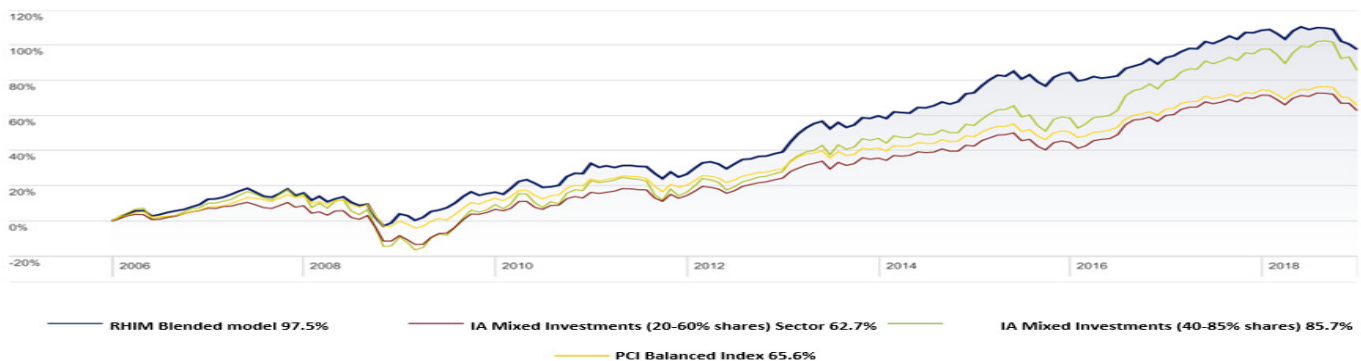
Risk Return (5 years) as at 31<sup>st</sup> December



Performance (Cumulative) as at 31<sup>st</sup> December

	1 year	5 years	10 years	Since Inception
<b>RHIM Model</b>	-5.24%	23.64%	90.06%	97.49%
<b>PCI Return</b>	-5.14%	17.06%	65.6%	65.56%
<b>IA Sector</b>	-5.61%	23.15%	91.14%	74.17%

Performance Chart since inception

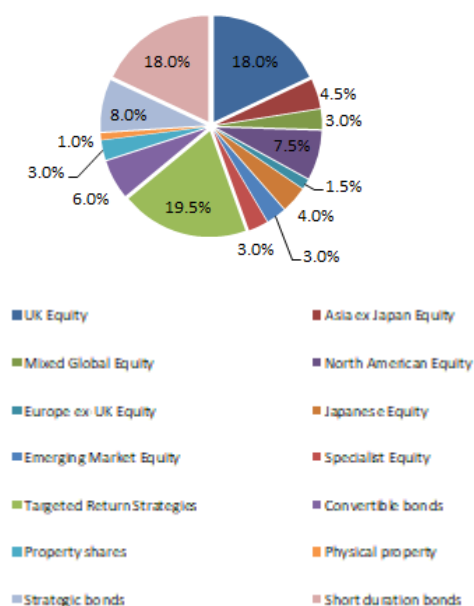


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<b>Key Facts</b>	RHIM Blended
<b>Launch Date</b>	1 <sup>st</sup> January 2006
<b>IA Sector</b>	50% IA 20-60% Sector 50% IA 40-85% Sector
<b>Private Client Index (PCI)</b>	PCI Balanced Index
<b>RHIM Fee</b>	0.5% + VAT
<b>No. Holdings</b>	23
<b>Historical Yield</b>	2.4% (as at 31.12.18)

### Asset allocation



The Historic Yield reflects distributions declared over the past twelve months as a percentage of the valuation as at the date shown. Investors may be subject to tax on their distributions.

Risk Statistics - Data as at 31 <sup>st</sup> December	Annualised Return	Annualised Volatility	Worst Peak to Trough
<b>RHIM Model – 3 years</b>	2.3%	4.5%	-7.2%
<i>IA Sector</i>	4.7%	6.1%	-8.1%
<b>RHIM Model – 5 years</b>	4.3%	4.7%	-7.2%
<i>IA Sector</i>	4.2%	6.0%	-11.0%
<b>RHIM Model – since inception</b>	5.4%	6.5%	-20.1%
<i>IA Sector</i>	4.3%	8.2%	-27.7%

### Risk

Higher-risk investments tend to experience greater volatility, which means they are likely to go up and down in value more often and by larger amounts than lower-risk investments. In return, higher-risk investments have the potential to produce higher returns over the long term, although this is not guaranteed. If you do not understand the risks involved with the portfolio it is important that you seek clarification from your Financial Adviser before making an investment.

### This Factsheet

This factsheet demonstrates the exposure, characteristics and performance of the named RHIM model. Your actual portfolio may differ depending on your individual circumstances. All features described in this fact sheet are current at the time of publication and may be changed in the future.

### Currency

Some funds will hold overseas assets and as a result will also have exposure to overseas currencies. Exchange rates can fluctuate and may cause the value of the investment to rise or fall.

### Investment Term

It is generally accepted that equity investments should be regarded as long term investments and should be held for a minimum of five years, ideally longer. Your time horizon and capacity for loss are important considerations when selecting the most appropriate RHIM model.

### Property Funds

The value of property is generally a matter of a valuer's opinion which may not be readily realisable. There are liquidity risks associated with investing in property whereby encashments may be delayed waiting for properties to be sold.

### Performance

It should be noted that past performance is not necessarily a guide to future performance. The price of shares/units and income from them may fall as well as rise and is not guaranteed. RHIM Performance illustrated is net of fund charges, but does not include Richmond House Investment Management discretionary management fees, nor fees that may be incurred through your Financial Adviser. PCI returns are net of the Discretionary Manager charges and use provisional data.