

# RICHMOND HOUSE INVESTMENT MANAGEMENT

## RHIM INCOME MODEL FACTSHEET

The RHIM Income model aims to produce a yield in the region of the FTSE All Share and modestly grow the capital over the medium term. The model is likely to experience similar volatility to the IA sector given that it stays fully invested within income producing assets throughout the cycle. This is a multi-asset global income portfolio with an equity weight between 40% and 55% which will include overseas equity exposure, balanced with at least 35% in fixed interest and property as deemed appropriate. Asset allocation will be actively managed whilst maintaining a balanced risk profile. Income generated can be withdrawn or reinvested. Investors should be comfortable with periods of volatility, although this is expected to be less than a pure equity portfolio. Withdrawing income will reduce growth potential. The model will sit in profile 5 on a scale of 1-10, where 1 is cash and 10 is 100% high risk equity markets. Please see the reverse for historical volatility and peak to trough data.



### Commentary

### DECEMBER 2018 UPDATE

It has been a tough six months for equities, with traditional diversifiers such as government bonds failing to materially offset this weakness, as central banks attempt to wean economies off a decade of cheap debt. Global markets excluding the US peaked in early 2018, whilst the US continued to climb until late September before two meaningful sell-offs in October and December. The FTSE 100 is now down 10% over six months. Within the model we hold a targeted absolute return fund which declined just 0.1% in December when US equities fell 9%. In addition, the fixed income exposure was resilient during this period as government bond yields fell slightly. We introduced a gold fund (gold bullion and gold and silver mining companies) to the model in 2018, which rose 8.5% during December's correction, mitigating the downside of the model overall. Within equities we dramatically reduced Europe in late 2017 and early 2018 and have slightly increased exposure to Asia more recently. Over six months, M&G Emerging Market bond has been the best performing holding, gaining 3.3% whilst our fixed income holdings have preserved capital well, outperforming high yield (which we don't hold) – the IA High Yield sector has declined 2.3%. Equities, understandably have been the largest detractors, with the worst performing holding JOHCM UK Dynamic falling 14.1%, however we remain underweight UK equities compared to many of our peers. Newton Global Income and RWC Enhanced Income have stood out in terms of protecting capital with falls of just 2.7 and 2.6% respectively.

### 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>	-4.68%	23.94%	102.90%	76.47%
PCI Return	-5.14%	17.06%	65.6%	53.6%
IA Sector	-5.11%	19.93%	77.68%	51.86%

### Performance Chart since inception

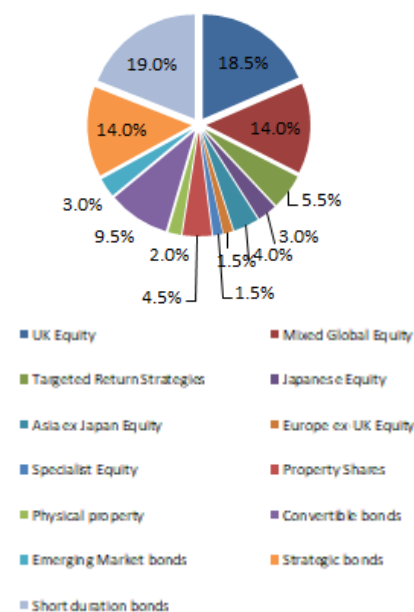


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## INVESTMENT MANAGEMENT

<b>Key Facts</b>	RHIM Income
<b>Launch Date</b>	1 <sup>st</sup> January 2007
<b>IA Sector</b>	IA 20-60% Sector
<b>Private Client Index (PCI)</b>	PCI Balanced Index
<b>RHIM Fee</b>	0.5% + VAT
<b>No. Holdings</b>	21
<b>Historical Yield</b>	3.8% (as at 30.06.18)

### 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>	3.5%	4.6%	-7.2%
<i>IA Sector</i>	4.0%	5.1%	-6.7%
<b>RHIM Model – 5 years</b>	4.4%	4.8%	-7.2%
<i>IA Sector</i>	3.7%	5.1%	-9.4%
<b>RHIM Model – since inception</b>	4.9%	7.5%	-24.0%
<i>IA Sector</i>	3.5%	6.8%	-23.6%

### 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.