

# Discretionary Managed Portfolio Service

## Income Model

**December 2020**

### 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') | 0.49%          |
| Annual yield (current)         | 2.07%          |

\*Not including platform fees  
Source: FE Analytics as at 31.12.20.

#### Investment update - December

Equity markets continued to rally in December and finished 2020 strongly, with news surrounding the arrival and potential roll-out of COVID-19 vaccines continuing to boost investor sentiment. Boris Johnson also delivered the long-promised gift of a Brexit deal with the European Union. However, near-term headwinds still exist, with renewed winter lockdowns, country-specific spikes in virus cases, new variants of the disease and the logistics of a vaccine roll-out acting as restraining influences on markets and investor sentiment.

Although consumer confidence and business investment may take time to fully return, the direction of travel is slightly more positive. An improved cycle of corporate earnings growth can be expected in 2021 with continued accommodative policy measures and extensive support schemes from central banks and government. As such, this improving economic outlook led our Investment Committee to move the strategy's risk exposure towards the upper risk boundary of the assigned Dynamic Planner risk profile in December. An allocation was made to a thematic and global sector through the addition of the Ninety One Global Environment and Legg Mason Global Infrastructure funds.

Our Investment Committee feel this sector is best placed to capitalise from the recent global policy shifts in Europe (European Green Deal), China (carbon neutral by 2060) and the US (Biden's presidential election victory - renewables and infrastructure).

#### 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 reasonable correlation to stockmarket 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   | 2019  | 2018  | 2017 | 2016  |
|------------------------|-------|-------|-------|------|-------|
| RHIM Income            | -0.6% | 13.7% | -4.7% | 7.4% | 8.3%  |
| ARC Balanced Asset PCI | 4.8%  | 11.7% | -5.1% | 6.7% | 10.4% |
| CPI                    | 0.4%  | 1.3%  | 2.1%  | 2.9% | 2.1%  |

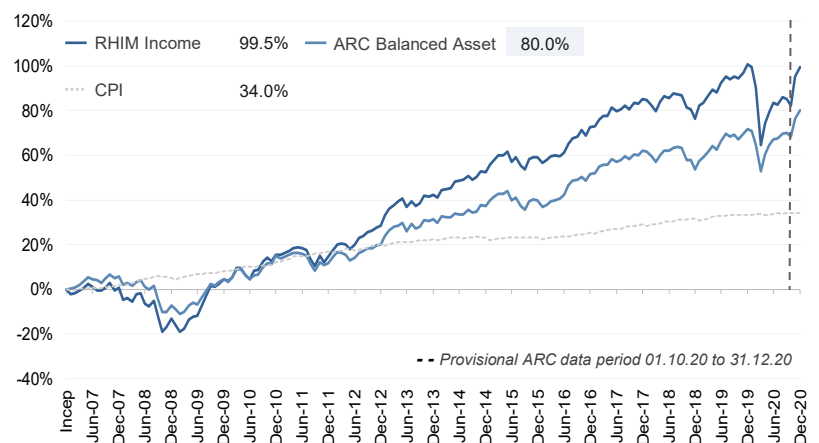
#### Cumulative performance

|             | 1yr   | 3yr  | 5yr   | 10yr   |
|-------------|-------|------|-------|--------|
| RHIM Income | -0.6% | 7.7% | 25.3% | 172.7% |

Source: FE Analytics and Morningstar as at 31.12.20.

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.

#### Inception performance



Source: FE Analytics and Morningstar as at 31.12.20. 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

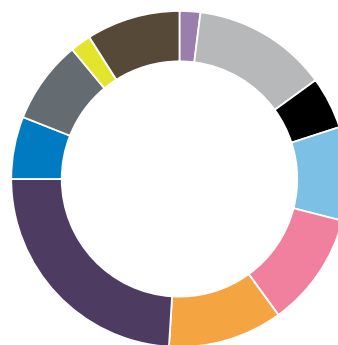
|                         | UW (-) | N (=) | OW (+) | Key                      |
|-------------------------|--------|-------|--------|--------------------------|
| Fixed interest          |        | ■     |        | ■ Current<br>■ Previous* |
| Equities                |        | ■     | ■      |                          |
| Property                | ■      |       |        |                          |
| Alternative investments |        | ■     |        |                          |
| Cash                    | ■      | ■     |        |                          |

**UW (-)** Underweight  
**N (=)** Neutral  
**OW (+)** Overweight

- We have increased the strategy's risk exposure to the upper risk boundary, whilst still targeting the assigned Dynamic Planner risk profile.
- We maintain our increased corporate fixed income exposure, specifically targeting the higher quality investment grade space.
- Cash levels have been reduced to fund a new allocation to the thematic and global sector.
- There remains a focus on high levels of liquidity in everything we own.
- Market neutral alternative investments continue to act as stabilisers.

\*Positioning prior to last Investment Committee meeting

## Model asset allocation



| Sector                       | %  |
|------------------------------|----|
| Cash                         | 2  |
| UK fixed interest            | 13 |
| International fixed interest | 5  |
| Strategic bonds              | 9  |
| Alternatives                 | 11 |
| UK equity income             | 11 |
| US equity                    | 24 |
| European equity              | 6  |
| South East Asian equity      | 8  |
| Japanese equity              | 2  |
| Thematic and global          | 9  |

## Top 10 holdings

| Holding                                  | % | Holding                                      | % |
|--|---|--|---|
| Janus Henderson UK Absolute Return       | 7 | Janus Henderson Strategic Bond               | 5 |
| HSBC American Index                      | 6 | Legg Mason IF ClearBridge Global Infra. Inc. | 5 |
| Vanguard FTSE Dev Europe ex-UK Eq. Index | 6 | M&G North American Dividend                  | 5 |
| Vanguard US Equity Index                 | 6 | TwentyFour Corporate Bond                    | 5 |
| HSBC Pacific Index                       | 5 | Vanguard Global Short-Term Bond Index        | 5 |

As at 31.12.20

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.

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