

Discretionary Managed Portfolio Service

Blended Model

January 2021

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') | 0.47% |
| Annual yield (current) | 1.76% |

*Not including platform fees
Source: FE Analytics as at 31.01.21.

Investment update - January

January saw continued optimism for risk assets following the global roll-out of COVID-19 vaccinations coupled with the promise of further stimulus. This was despite near-term headwinds, such as renewed winter lockdowns and new variants of the disease, which were overlooked by investors. However, January's early market gains were lost towards the month end following a coordinated effort by a group of retail investors to increase the share price of heavily shorted stocks, typically held by hedge funds. This "short squeeze" caused a spike in volatility across a range of markets. Although we have exposure to long/short funds in our alternatives exposure, the effects of the short squeeze have been largely immaterial given that our fund managers tend to avoid controversial or crowded shorts and our funds are market-neutral in nature. These actions may have increased short-term volatility but economic recoveries in 2021 are still likely to be some of the largest on record and as such, no changes have been made to the strategy in January. The more resilient economies of Asia and the US look set to come through the crisis in better shape than the UK and continental Europe and as such we have maintained our overweight positioning to these regions. Recent allocations made to sustainable energy and infrastructure funds in the thematic/global sector last month have proved beneficial for performance and this sector should benefit from structural long-term growth and policy support from all key regions of the world.

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 | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------------|-------|------|-------|-------|------|-------|
| RHIM Blended | -0.5% | 4.1% | 11.4% | -5.2% | 8.1% | 4.6% |
| ARC Balanced Asset PCI | -0.3% | 4.3% | 11.7% | -5.1% | 6.7% | 10.4% |
| CPI | 0.0% | 0.7% | 1.3% | 2.1% | 2.9% | 2.1% |

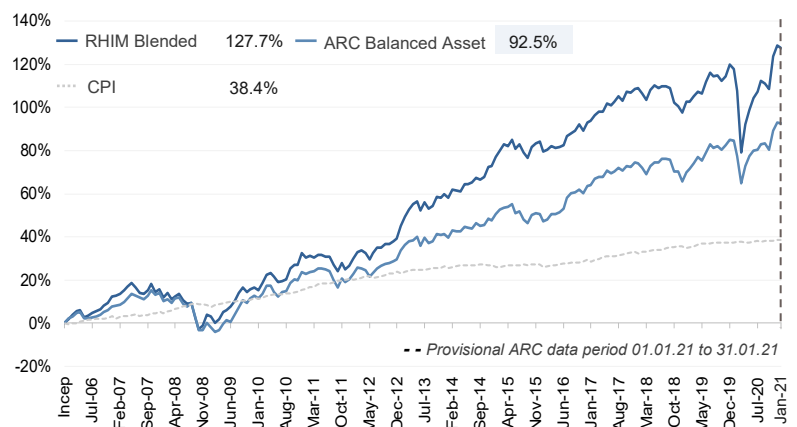
Cumulative performance

| | 1yr | 3yr | 5yr | 10yr |
|--------------|------|------|-------|--------|
| RHIM Blended | 4.5% | 9.0% | 26.8% | 174.6% |

Source: FE Analytics and Morningstar as at 31.01.21.

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 31.01.21. 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.

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

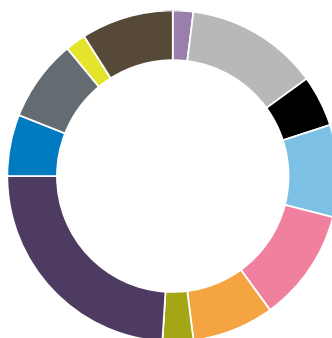
Summary of current Investment Committee positioning

| | UW (-) | N (=) | OW (+) | Key |
|-------------------------|---------|-----------|---------|--------------------|
| Fixed interest | | Current | | Current |
| Equities | | Previous* | Current | Previous* |
| Property | Current | | | UW (-) Underweight |
| Alternative investments | | Current | | N (=) Neutral |
| Cash | Current | Previous* | | 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 | 8 |
| UK equity growth | 3 |
| US equity | 24 |
| European equity | 6 |
| Asia-Pacific ex Japan equity | 8 |
| Japanese equity | 2 |
| Thematic and global equity | 9 |

Top 10 holdings

| Holding | % | Holding | % |
|------------------------------------|---|---------------------------------------|---|
| Janus Henderson UK Absolute Return | 7 | Montanaro UK Income | 5 |
| Premier Miton US Opportunities | 7 | Ninety One Global Environment | 5 |
| HSBC American Index | 5 | TwentyFour Corporate Bond | 5 |
| HSBC Pacific Index | 5 | Vanguard Global Short-Term Bond Index | 5 |
| Janus Henderson Strategic Bond | 5 | Vanguard UK Government Bond Index | 5 |

As at 31.01.21

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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