



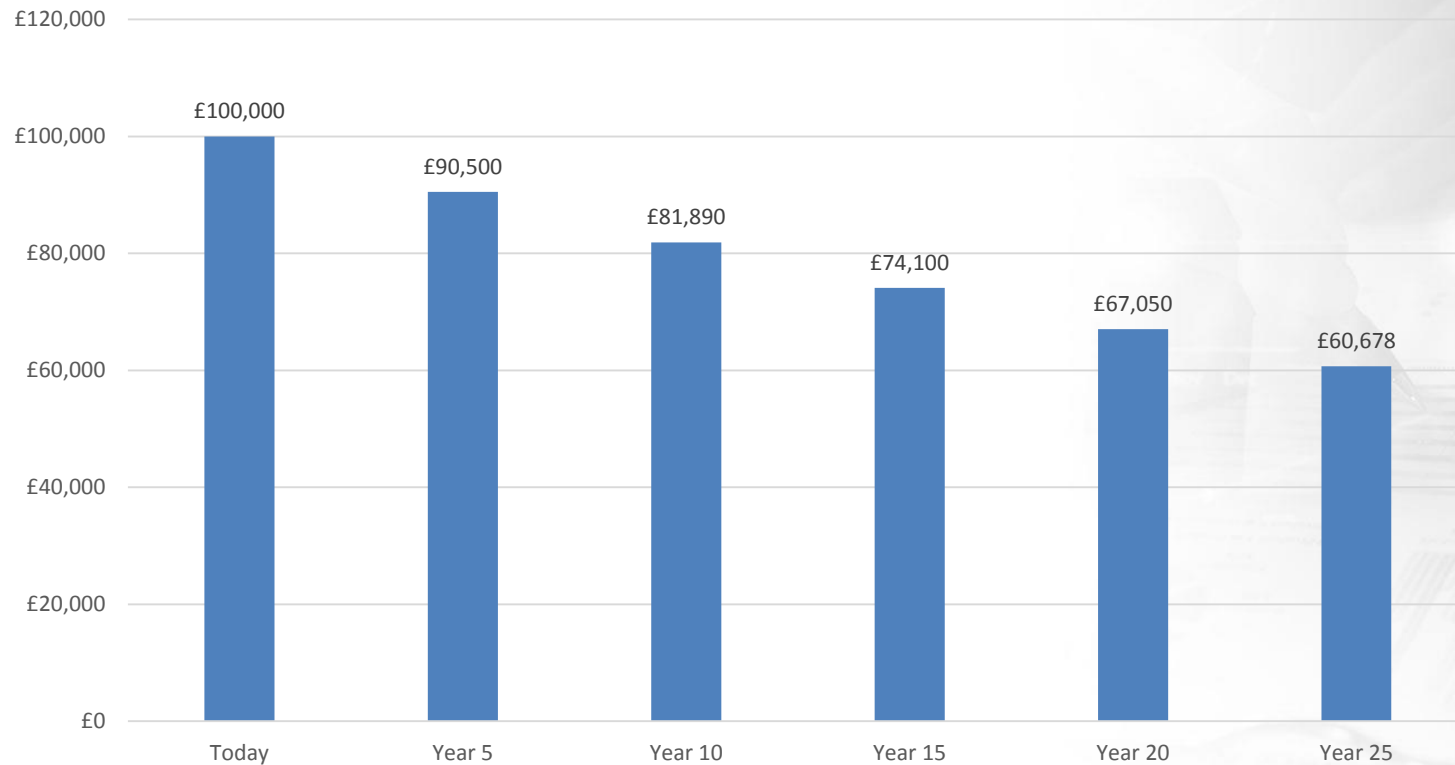
RICHMOND HOUSE  
INVESTMENT MANAGEMENT



ADAM JONES - HEAD OF INVESTMENTS

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# WHY DO WE INVEST? THE IMPACT OF INFLATION ON CASH OVER THE LONG TERM (ASSUMES A 2% NEGATIVE REAL INTEREST RATE)....



# WHY DO WE DIVERSIFY? ANNUAL ASSET CLASS RETURNS SINCE 2000....

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Commodities 31.8%	US Treasuries 6.7%	Commodities 25.9%	MSCI EM 56.3%	REITS 32.0%	MSCI EM 34.5%	REITS 37.5%	MSCI EM 39.8%	US Treasuries 14.0%	MSCI EM 79.0%	Gold 29.2%	US Treasuries 9.8%	REITS 23.8%	S&P 500 32.4%	S&P 500 13.7%	S&P 500 1.4%	Global HY 14.8%	MSCI EM 37.8%	Cash 1.8%	REITS 18.5%
US Treasuries 13.4%	Global IG 4.6%	Gold 25.6%	MSCI EAFE 39.2%	MSCI EM 26.0%	Commodities 21.4%	MSCI EM 32.6%	Gold 31.9%	Gold 4.3%	Global HY 62.0%	MSCI EM 19.2%	Gold 8.9%	Global HY 19.3%	MSCI EAFE 23.3%	REITS 11.7%	US Treasuries 0.8%	S&P 500 12.0%	MSCI EAFE 25.9%	US Treasuries 0.8%	S&P 500 15.4%
REITS 8.5%	Cash 4.4%	Global IG 14.9%	REITS 33.5%	MSCI EAFE 20.7%	Gold 17.8%	MSCI EAFE 26.9%	Commodities 16.2%	Cash 2.1%	MSCI EAFE 32.5%	Commodities 16.8%	Global IG 4.5%	MSCI EM 18.6%	Global HY 8.0%	US Treasuries 6.0%	Cash 0.1%	Commodities 11.8%	S&P 500 22.0%	Gold -1.9%	MSCI EAFE 9.7%
Cash 6.2%	Global HY 3.1%	US Treasuries 11.6%	Global HY 30.7%	Global HY 12.4%	MSCI EAFE 14.0%	Gold 23.2%	MSCI EAFE 11.6%	Global IG -8.3%	REITS 31.7%	REITS 15.9%	Global HY 2.6%	MSCI EAFE 17.9%	REITS 0.7%	Global IG 3.2%	MSCI EAFE -0.8%	MSCI EM 11.2%	Gold 12.9%	Global HY -3.3%	Global HY 8.1%
Global IG 3.1%	Gold -0.7%	Cash 1.8%	S&P 500 28.7%	S&P 500 10.9%	REITS 10.7%	S&P 500 15.8%	US Treasuries 9.1%	Global HY -27.9%	S&P 500 26.5%	S&P 500 15.1%	S&P 500 2.1%	S&P 500 16.0%	Global IG 0.1%	Gold 0.1%	REITS -3.4%	Gold 8.8%	REITS 11.5%	Global IG -3.4%	Commodities 7.8%
Gold -5.4%	MSCI EM -2.4%	Global HY -1.1%	Commodities 23.9%	Global IG 9.4%	S&P 500 4.9%	Global HY 13.5%	Global IG 7.3%	Commodities -35.6%	Gold 25.0%	Global HY 13.9%	Cash 0.1%	Global IG 11.1%	Cash 0.1%	Cash 0.0%	Global IG -3.8%	Global IG 4.3%	Global HY 10.2%	REITS -3.9%	Global IG 6.4%
Global HY -5.8%	REITS -7.8%	REITS -2.4%	Gold 19.9%	Commodities 9.1%	Cash 3.1%	Global IG 7.2%	S&P 500 5.5%	S&P 500 -37.0%	Global IG 19.2%	MSCI EAFE 8.2%	REITS -9.4%	Gold 8.3%	MSCI EM -2.3%	Global HY -0.1%	Global HY -4.2%	REITS 1.3%	Global IG 9.3%	S&P 500 -4.3%	MSCI EM 6.3%
S&P 500 -9.1%	S&P 500 -11.9%	MSCI EM -6.0%	Global IG 14.5%	Gold 4.6%	US Treasuries 2.8%	Cash 4.9%	Cash 5.0%	MSCI EAFE -43.1%	Commodities 18.9%	Global IG 6.0%	MSCI EAFE -11.7%	US Treasuries 2.2%	US Treasuries -3.3%	MSCI EM -1.8%	Gold -10.4%	US Treasuries 1.1%	Commodities 7.6%	Commodities -12.9%	US Treasuries 4.4%
MSCI EAFE -14.0%	Commodities -19.5%	MSCI EAFE -15.7%	US Treasuries 2.3%	US Treasuries 3.5%	Global HY 1.5%	US Treasuries 3.1%	Global HY 3.0%	REITS -50.2%	Cash 0.2%	US Treasuries 5.9%	Commodities -13.3%	Cash 0.1%	Commodities -9.5%	MSCI EAFE -4.5%	MSCI EM -14.9%	MSCI EAFE 1.0%	US Treasuries 2.4%	MSCI EAFE -13.2%	Gold 4.3%
MSCI EM -30.6%	MSCI EAFE -21.2%	S&P 500 -22.1%	Cash 1.1%	Cash 1.3%	Global IG -3.0%	Commodities 2.1%	REITS -10.0%	MSCI EM -53.2%	US Treasuries -3.7%	Cash 0.1%	MSCI EM -18.2%	Commodities -1.1%	Gold -27.3%	Commodities -17.0%	Commodities -24.7%	Cash 0.3%	Cash 0.8%	MSCI EM -14.3%	Cash 1.1%

Source: BofA Merrill Lynch Global Investment Strategy, Bloomberg. \*YTD returns



BEST PERFORMING GLOBAL EQUITY  
MARKET YTD?





Athens Stock Exchange (ASE) General Index +38.22% YTD



SO HOW DO WE ACHIEVE TRUE  
DIVERSIFICATION?

THE 'TRADITIONAL' SOLUTION....



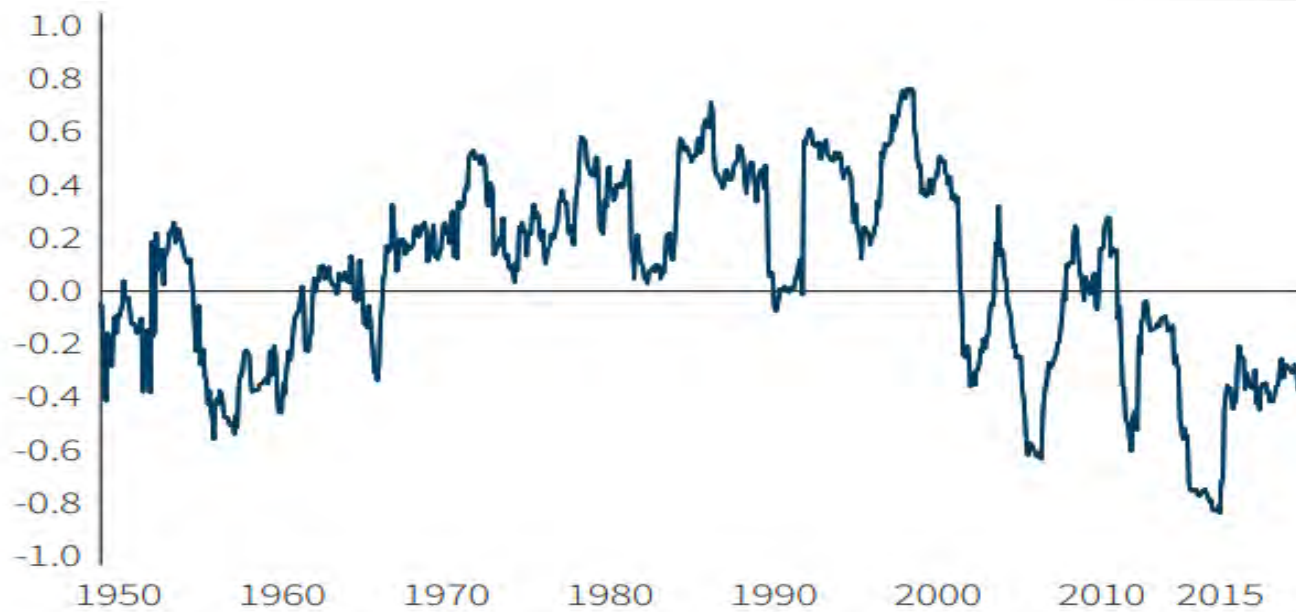


# THE PROBLEM(S)... 10 YEAR UK GOVERNMENT BOND YIELD



SOURCE: TRADINGECONOMICS.COM | DEPARTMENT OF TREASURY, UK

# THE DIVERSIFYING EFFECT OF BONDS WITH REGARD TO EQUITIES IS NOT CONSTANT....



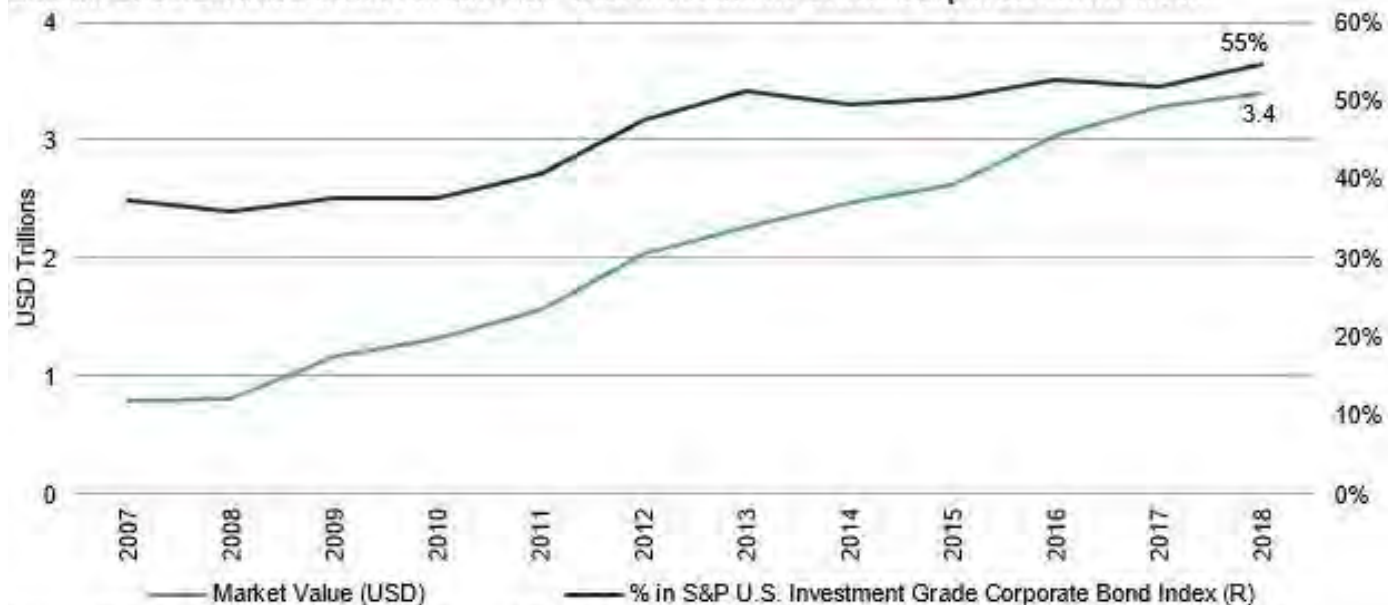
Source: William Blair, as of December 2017. **Past performance is not indicative of future returns.** Stocks are represented by the S&P 500 Index; bonds by the 10-year U.S. Treasury.



# BUT WHAT ABOUT CORPORATE BONDS?

Buyer beware....BBB rated bonds (the lowest qualifying tier) now constitute some 55% of the US investment grade market.

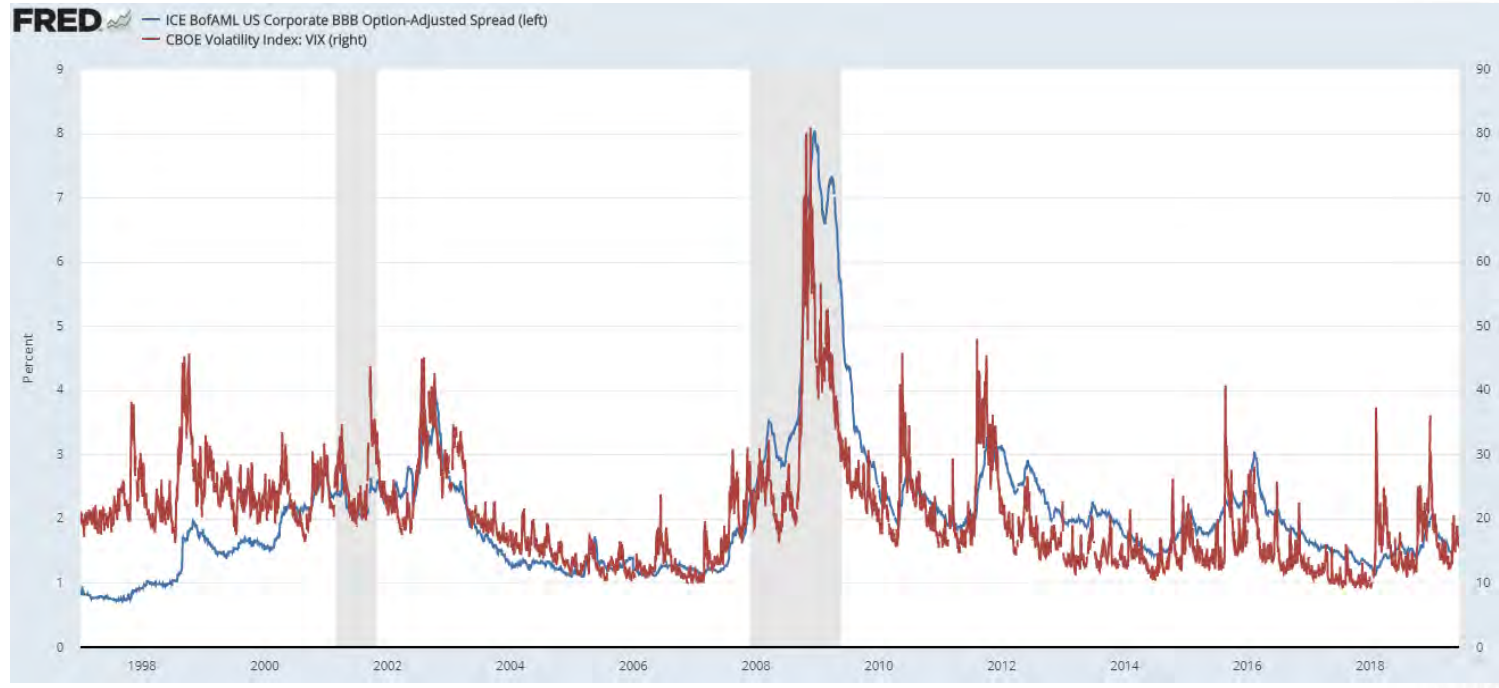
Exhibit 2: BBB-Rated Bonds in the S&P U.S. Investment Grade Corporate Bond Index



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2018. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

# YOU MEAN THEY DON'T ALWAYS OFFER DIVERSIFICATION BENEFITS?

Credit spreads correlate very tightly with rising volatility....





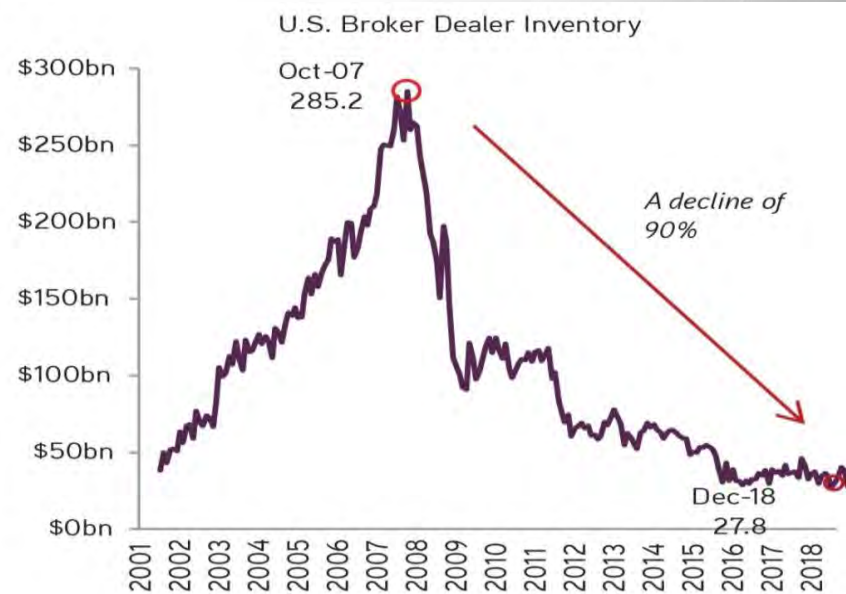
# THE ROAD AHEAD . . .

In our view markets are set to become more turbulent given the rise in protectionist policy and a changed liquidity environment

**Figure 13: Interest rate volatility remained elevated**



Source: Bloomberg

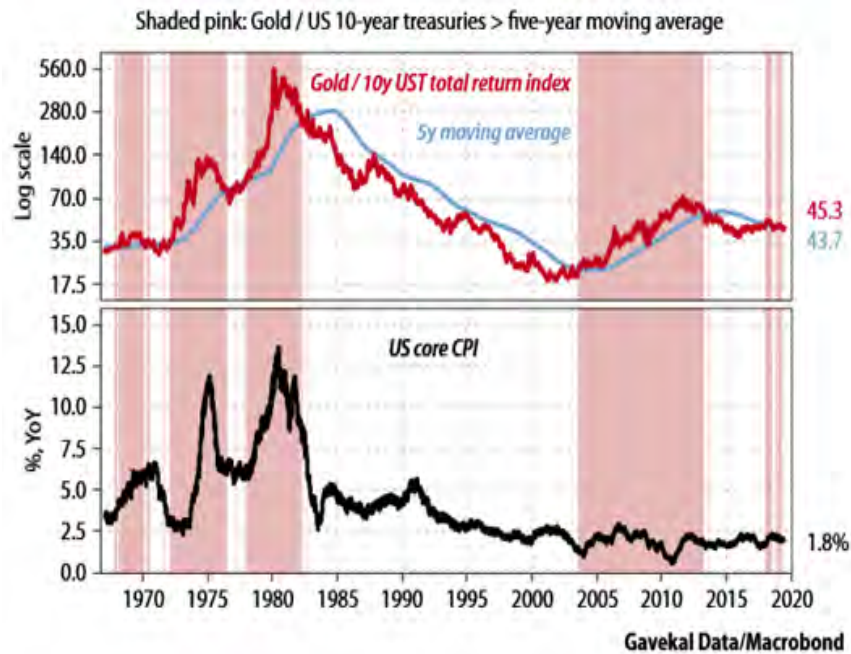




# SO WHERE CAN WE TURN TO PROVIDE OUR CLIENTS WITH A MORE STABLE INVESTMENT JOURNEY ?

Gold...

Cash & Equivalents...



# SO WHERE CAN WE TURN TO PROVIDE OUR CLIENTS WITH A MORE STABLE INVESTMENT JOURNEY?

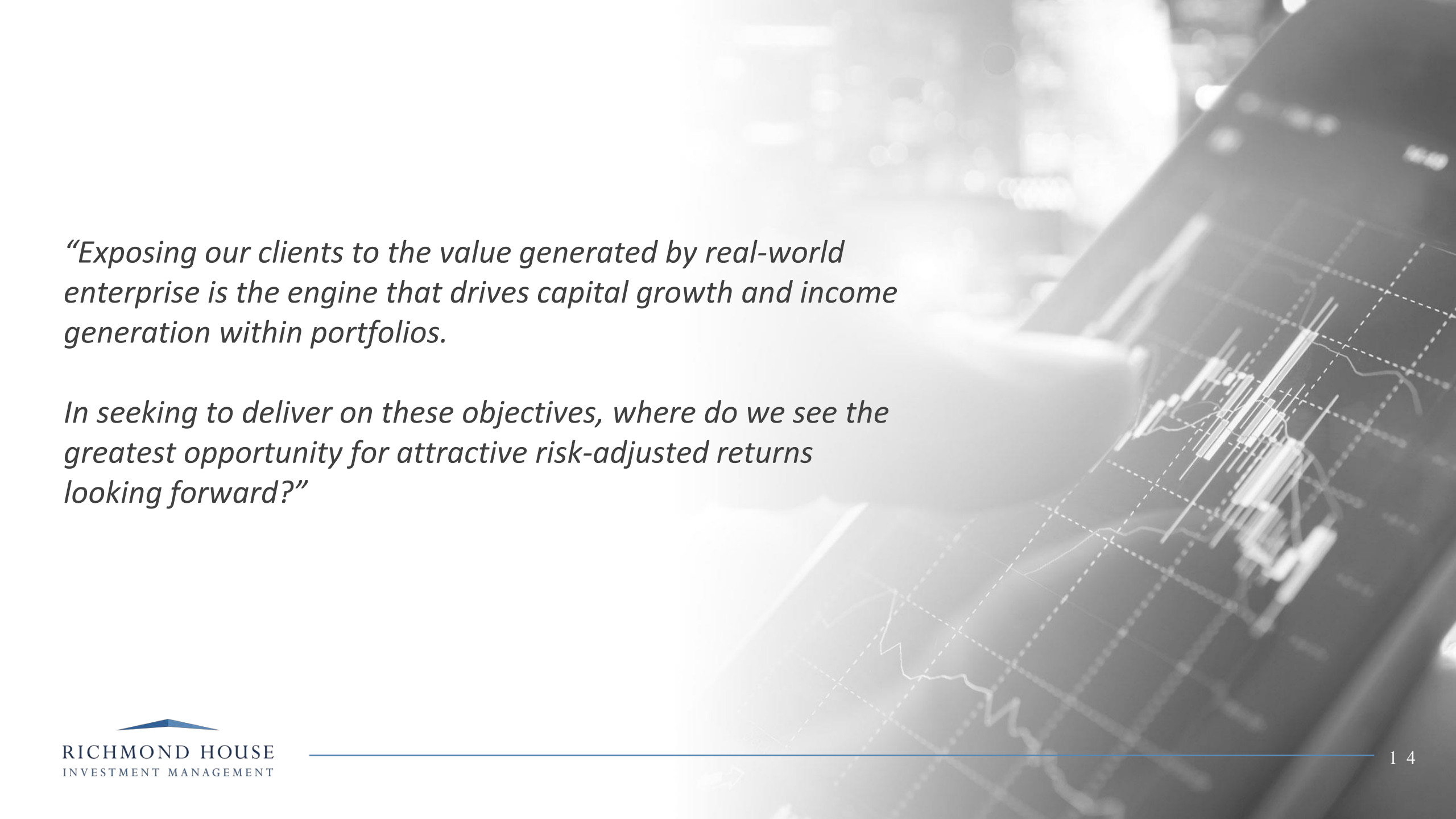
Real Assets....



Actively Managed Strategies





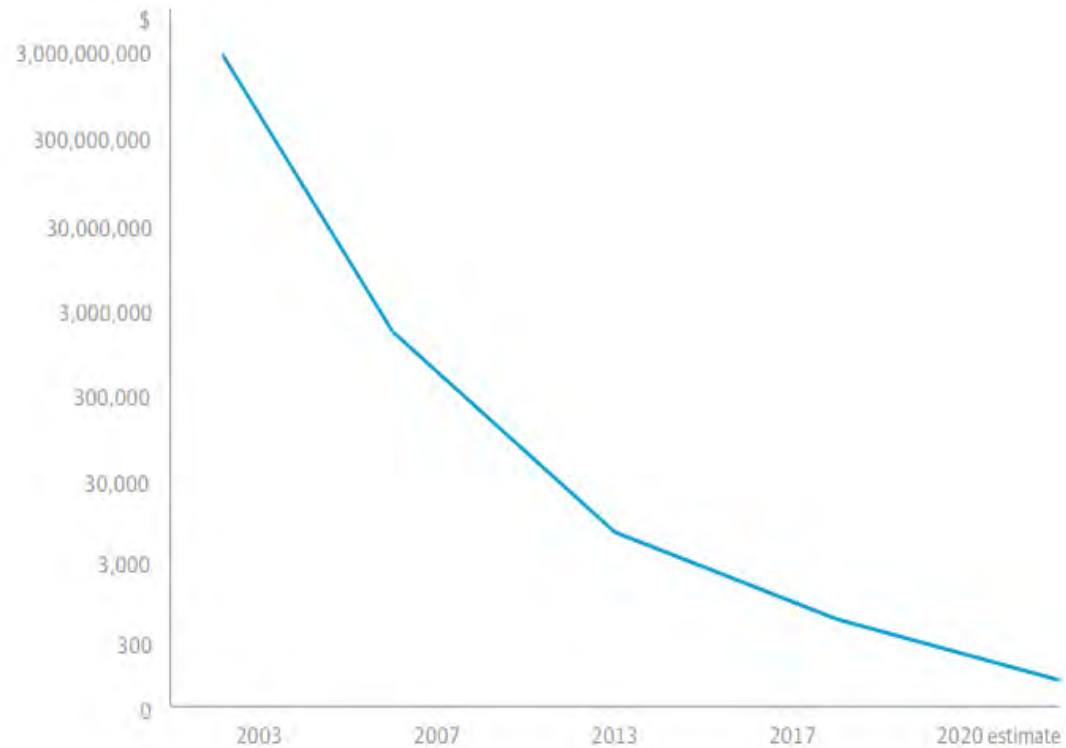


*“Exposing our clients to the value generated by real-world enterprise is the engine that drives capital growth and income generation within portfolios.*

*In seeking to deliver on these objectives, where do we see the greatest opportunity for attractive risk-adjusted returns looking forward?”*



# DISRUPTIVE TECHNOLOGY... THE RISE OF THE MACHINES...



# FINANCIAL SERVICES... YES, YOU DID READ THAT CORRECTLY!



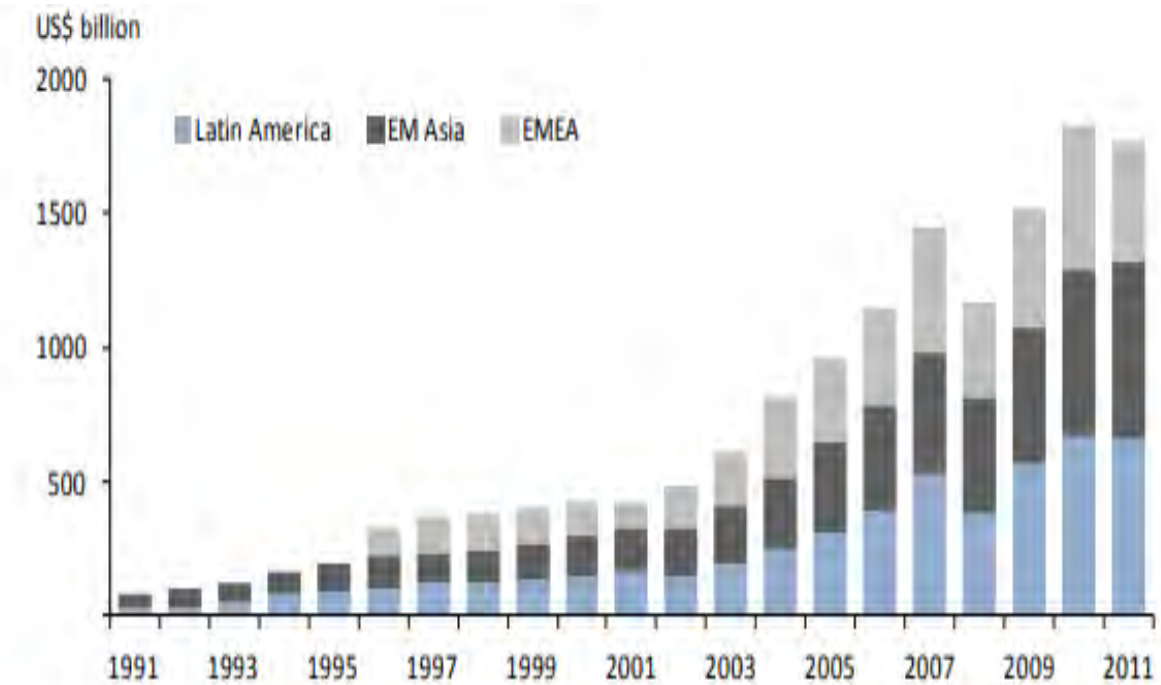
# GLOBAL FINANCIALS TRADING AT RELATIVE LOWS LAST SEEN IN 2008...



Source: BofA Merrill Lynch Global Investment Strategy, Datastream, MSCI



# EMERGING MARKETS HAVE EMERGED ...

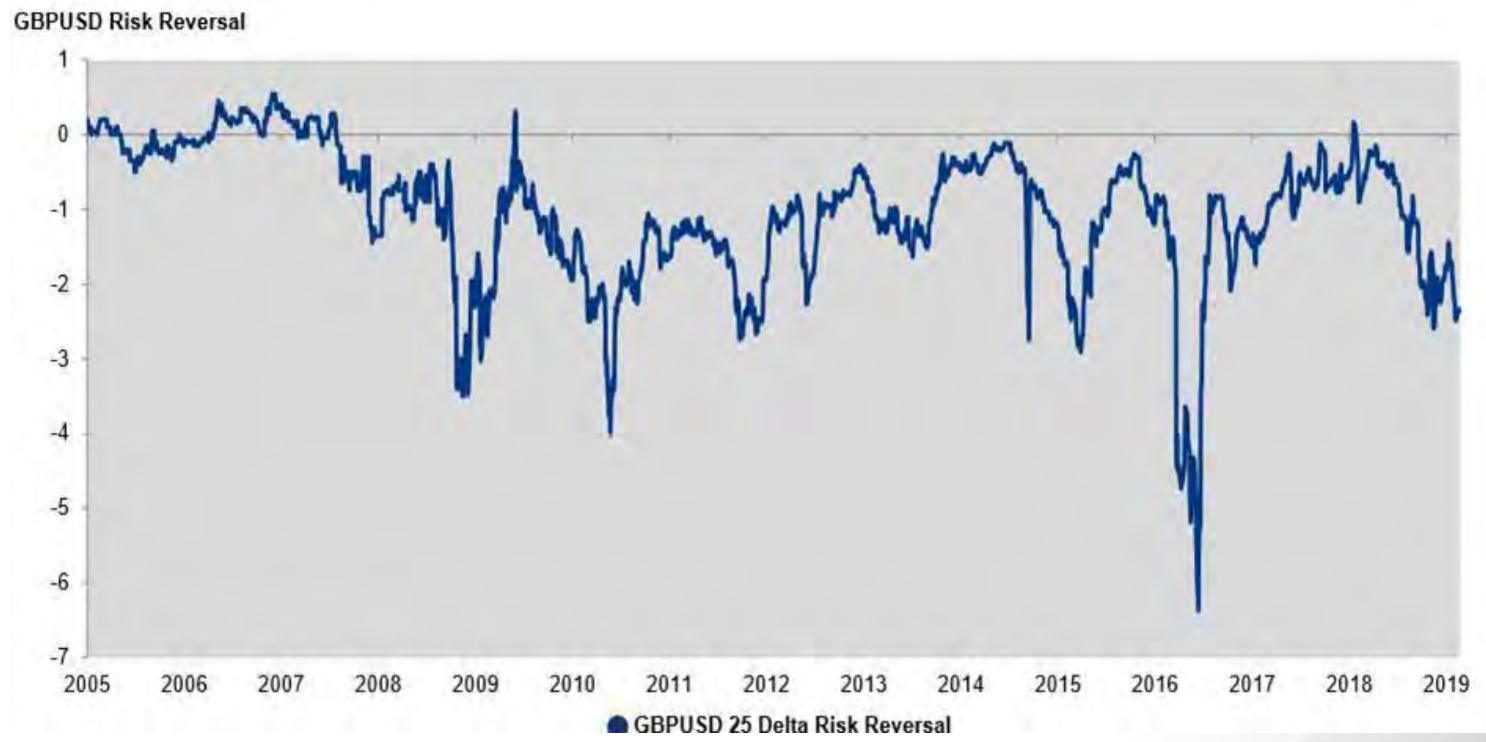


Source: JP Morgan

# UK EQUITIES LOOK ATTRACTIVE HERE ....

Year	Derating	Starting PE	Ending PE	PE T+1 year	Rerating	Total Return
2008	-26.7%	11.8	8.7	12.1	39.4%	30.1%
2002	-26.3%	17.5	12.9	13.5	4.8%	20.9%
2018	-23.6%	14.7	11.2	?	?	?
1990	-22.7%	11.4	8.8	9.7	9.8%	20.8%
1994	-15.4%	13.4	10.8	12.7	17.5%	24.9%

# WHAT...NO BREXIT ?!





QUESTIONS?



**Past performance is not a guide to future results. The value of investments, and the income from them, can go down as well as up and clients may get back less than the amount invested.**

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