

Strong conviction  
STABLE RETURNS



OBI Active 5 – August 2017 Portfolio Update

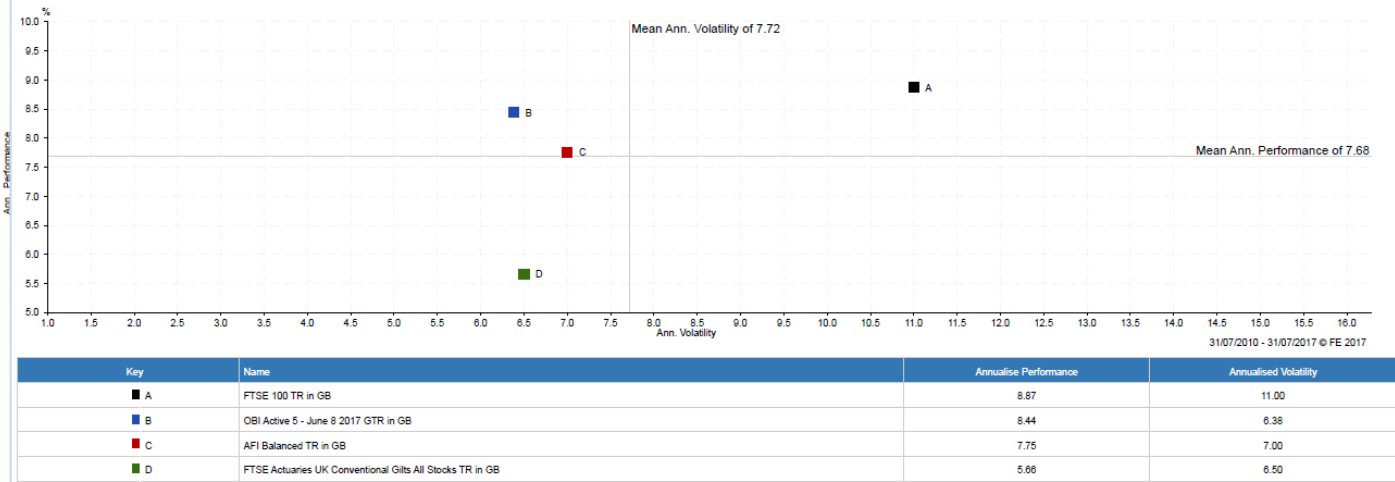
Investment Objective

This type of portfolio is NOT a risk-free portfolio; rather, it is suitable for a client who is prepared to invest into equities at the right time and is focused on both the risk and return and looking to achieve a balance. The portfolio is managed dynamically by altering the asset allocation using assets that carry market risk, and using all assets that are available from the investment universe. The asset allocation in this portfolio will vary between a benchmark of 0% equity and 55% equity to achieve the portfolio objectives, provided economic conditions permit. The portfolio will be managed to try and limit the *indicative capital loss in any 12-month period to 10% in a significant event and 6% in normal market conditions* and to target an *annualised total return averaged out over a full economic cycle (5 – 7 year period) of 6%.*

The benchmark we use for comparison purposes for volatility is **AFI Balanced** noting this benchmark currently **holds 66.5% in Equity (Analytics 1<sup>st</sup> August 2017)** and is therefore more aggressive and has no capital preservation mandate. It would be expected therefore that the benchmark would outperform the model and that the volatility would be higher. The model performance therefore cannot be directly compared to the benchmark.

OBI Active 5 Performance – Source Analytics 1 <sup>st</sup> August 2017							
Asset	1 Month	3 Months	6 Months	12 Months	3 Years	5 Years	7 Years
OBI Active 5 Portfolio	0.54%	2.59%	7.58%	11.67%	30.27%	54.34%	76.28%
Benchmark	1.01%	2.84%	6.64%	11.70%	28.88%	51.71%	68.59%
UK Gilts	0.59%	-0.94%	3.21%	-1.81%	21.34%	21.06%	47.48%
FTSE 100	1.57%	3.96%	6.81%	15.33%	24.60%	56.57%	82.47%

Scatter Chart Reflecting Volatility and Annualised Return in GBP over last 7 years

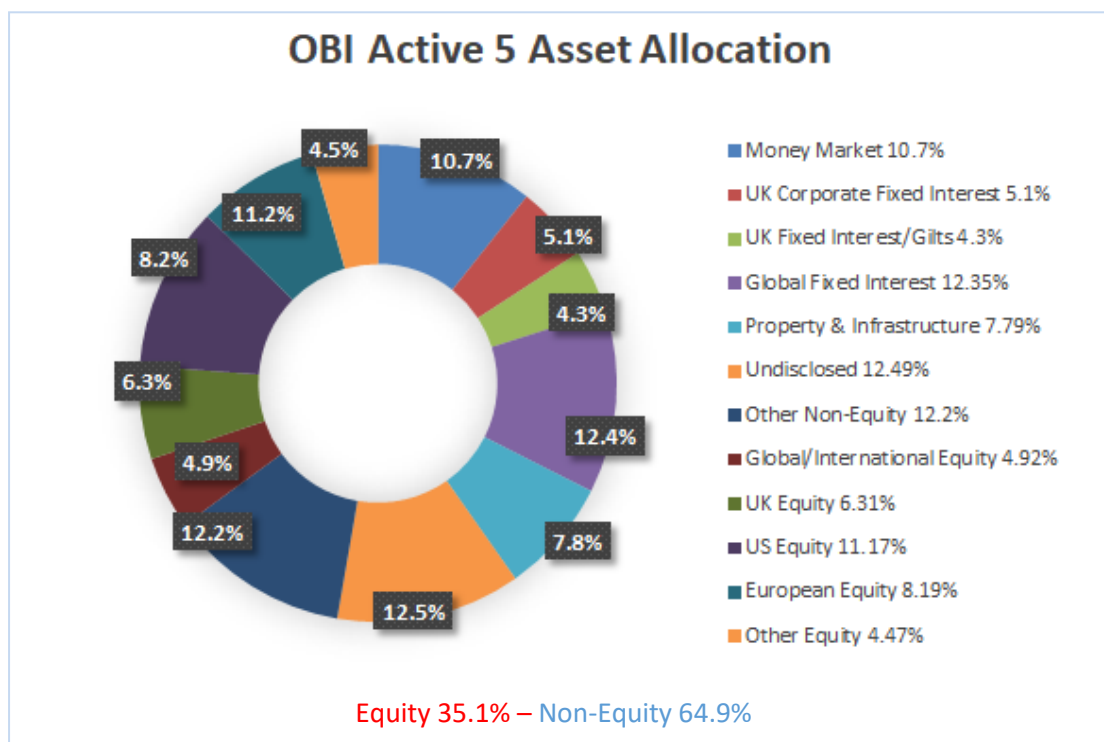


## Outlook & Positioning

The OBI Active 5 is the first of our balanced portfolios that is considered cautiously balanced with regards to the underlying asset allocation which can vary anywhere between 0% and 55% and as with all our portfolios, the mandate is balanced between delivering the Outcome and protecting capital. The start of 2017 has been positive, with most markets rallying off the back of positive economic data that has started to slow down as we enter August 2017. Global data is still positive; however, volatility seems to have returned into the markets and this is not identifying anything serious at this juncture. Momentum will start to raise again when we get some clarity over various social, political and economic issues.

Our non-equity exposure is achieved through Global and UK High Yield and Absolute Return assets, multi assets funds that are cautious and finally Infrastructure. We have moved the portfolios to something that has lower market sensitivity, so the holdings are now measured using volatility based equity and non-equity holdings. From an equity perspective, most of the asset allocation is achieved through a high exposure to globally managed funds with directional exposure to markets we believe show upward growth. The remaining assets are held in globally diverse funds which will be tactically rotated by the underlying funds managers with a small directional asset allocation to UK and Europe. We will remain underweight UK until we see better data and stability in the underlying UK economy.

In terms of equity allocation, we are holding circa **35% in equities** which is still circa 31% less than the benchmark. We would expect this to fluctuate during 2017 as we take profits and only repurchase again following periods of volatility and falling valuations, in line with the mandate of the portfolio. Following this, we will rotate lesser performing assets from within the non-equity sector and add to our equity allocation.



## Portfolio Facts

**Benchmark Index for Volatility –** AFI Balanced

**Historical Yield:** 1.68%

**Portfolio Expense:** 0.79% p.a

## Important Information

- All data in this document has been extracted from Analytics as at **1<sup>st</sup> August 2017**.
- The value of investments may fluctuate in price or value and you may get back less than the amount originally invested. Past performance is no guarantee of future performance.
- Performance figures quoted include the fund manager charges but exclude other fees such as any adviser, custodian, switch and/or discretionary investment management fees.
- Unless otherwise instructed any accrued income is reinvested into the portfolio.

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