

Strong conviction STABLE RETURNS



OBI Active 8 – February 2020 Portfolio Update

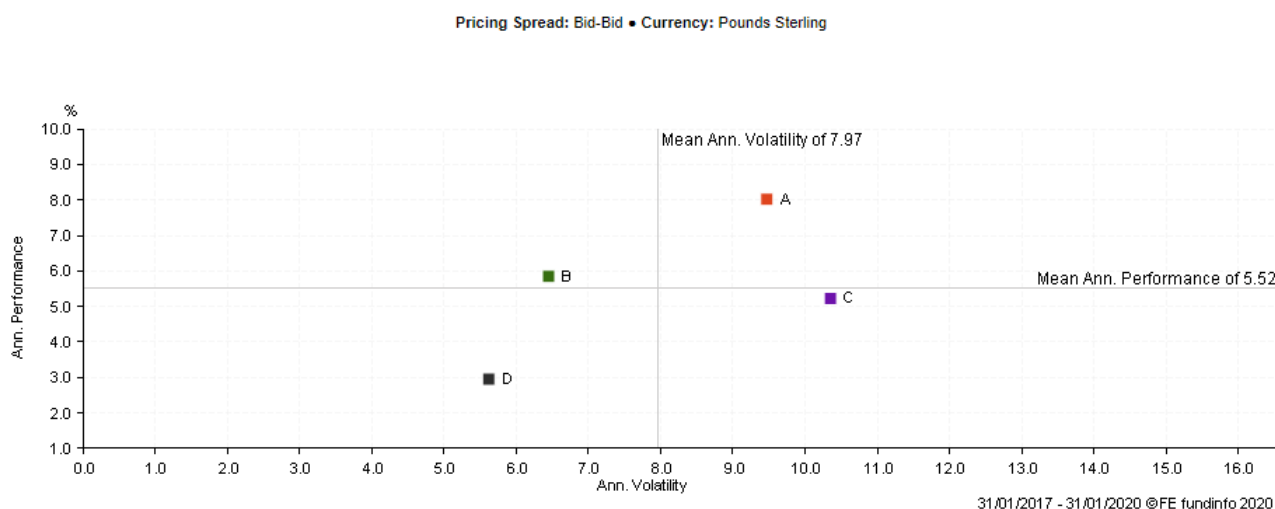
Investment Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client whose is prepared to invest into equities for most of the time and is focused more on the return than the risk, hoping that by doing this they can achieve greater long-term returns. 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 85% 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 18% following a significant event and 9% in normal market conditions** and to target an **annualised total return averaged out over a full economic cycle (5 – 7 years) of 9% before any adviser, custodian, switch and/or discretionary investment management fees, but after fund manager charges.**

The benchmark we use for comparison purposes for volatility is the **AFI Balanced**, which currently holds **62.77% in Equity (Analytics 3rd Feb 2020)**. This benchmark is therefore more aggressive than OBI Active 8 and unlike the model, it does not have a capital preservation mandate. Given the lower equity allocation, the model is unlikely to outperform the benchmark and the volatility of the model would be lower. The model performance therefore cannot be directly compared to the benchmark.

| OBI Active 8 Performance – Source Analytics 3 rd Feb 2020 | | | | | | | |
|--|---------|----------|----------|-----------|--------|---------|---------------------------|
| Asset | 1 Month | 3 Months | 6 Months | 12 Months | YTD | 3 Years | Since Launch (08/03/2016) |
| OBI Active 8 Portfolio | -0.68% | 1.70% | 1.34% | 2.10% | -0.68% | 9.12% | 20.93% |
| Benchmark | -0.35% | 2.69% | 0.50% | 10.27% | -0.35% | 18.60% | 33.25% |
| UK Gilts | 5.74% | 2.22% | 6.23% | 15.65% | 5.74% | 26.14% | 31.85% |
| FTSE 100 | -3.35% | 1.13% | -1.98% | 9.41% | -3.35% | 16.51% | 39.39% |

Scatter Chart Reflecting Volatility and Annualised Return in GBP over 3 Years



| Key | Name | Annualised Performance | Annualised Volatility |
|-----|--|------------------------|-----------------------|
| A | FTSE Actuaries UK Conventional Gilt Over 10 Years TR in GB | 8.02 | 9.47 |
| B | AFI Balanced TR in GB | 5.85 | 6.45 |
| C | FTSE 100 TR in GB | 5.23 | 10.35 |
| D | OBI Active 8 - Jan 2020 GTR in GB | 2.96 | 5.62 |

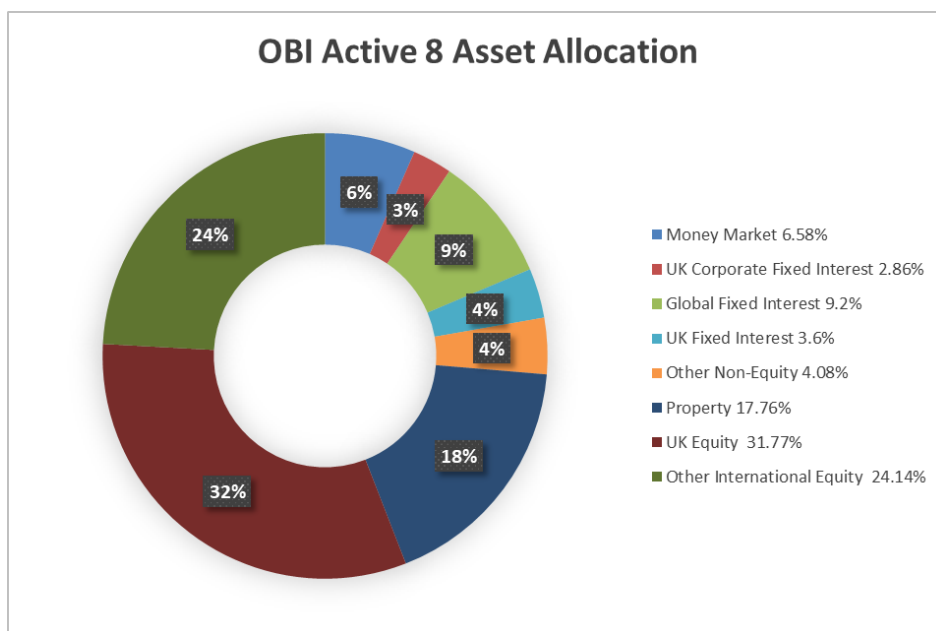
Outlook & Positioning

Our OBI Active 8 portfolio is our most aggressive portfolio which is still considered balanced, with the delivery of outcome and capital preservation at its core which aims to achieve a return outcome of 9% per annum.

After experiencing challenging conditions for the majority of the year, in the final quarter of 2019, equity markets were lifted by trade optimism and central bank stimulus in major economies, however the global economy remained in a fragile condition. As it stands, we are waiting to see whether bright spots observed in the data are temporary flashes of light against an otherwise bleak backdrop, or a more sustained improvement in the growth outlook. As a result, we maintain our defensive position, but we do see opportunities arising in certain areas of equity markets and therefore will continue to take advantage of these opportunities as they arise. In December, we added exposure to small cap UK, European and Global equities as part of our staged re-entry into equities, with particular potential in this area given recent underperformance and supportive conditions.

Going forward we continue to keep a close eye on global economic data and are beginning to see signs of improving economic fundamentals, with particular improvement in global manufacturing data. Another area where we see opportunities arising is in Emerging Market and Japanese equities. Our analysis has highlighted that these areas are best positioned to benefit from the improving global manufacturing data as well as more supportive global economic conditions. Currently, the coronavirus is raising concerns over economic output in China which has caused a sell-off in global equity markets. However, as our medium to long term outlook remains unchanged, we are considering this as a potential opportunity to increase our equity content by taking advantage of new opportunities as we continue to move our equity exposure back in line with the benchmark.

The portfolio has been constructed with a high level of diversification in terms of asset classes and geographies. The portfolio currently follows a relatively defensive strategy, with a higher weighting of non-equity exposure compared to the benchmark, with bond exposure which performs particularly well during periods of weakness. The equity exposure within the portfolio is gained through exposure to diverse, globally managed multi-asset funds, as well as a small position in UK, European and Global Smaller Companies, which will benefit from an increase in government spending after a period of prolonged trade and economic uncertainty as risks abate. As economic fundamentals continue to improve, we will continue to reduce defensive bond exposure in favour of equity funds as part of our re-entry to equities.



Equity: 55.91% – Non-Equity: 44.09%

Portfolio Facts

Benchmark Index for Volatility – AFI Balanced

Historical Yield: 1.67%

Portfolio Expense: 0.76% p.a

Important Information

- All data in this document has been extracted from Analytics as at **3rd February 2020**.
- 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.
- Unless otherwise instructed any accrued income is reinvested into the portfolio.
- Portfolio Expense represents the total strategy cost and does not include the adviser charge. This is based on the Fusion platform and may vary for other platforms.

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