OBI Active 8 – March 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.***

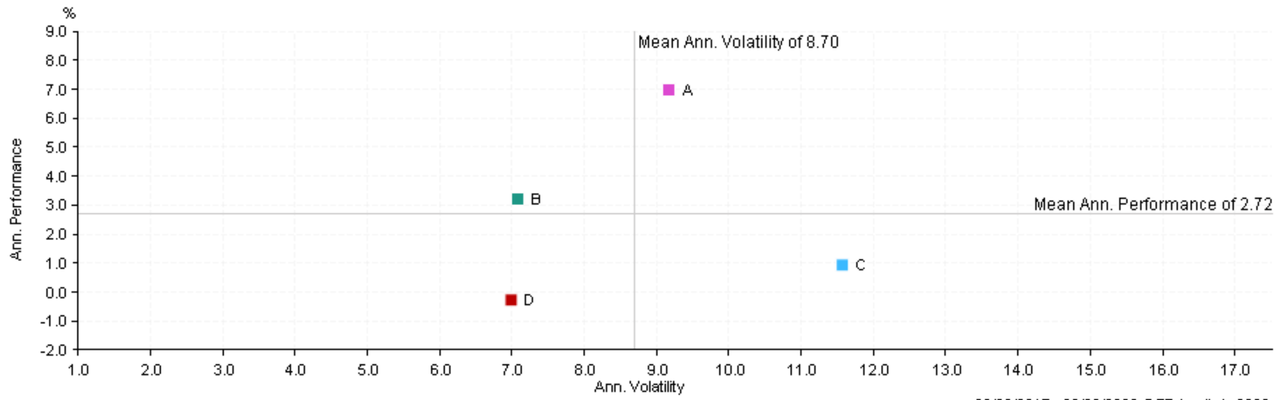
The benchmark we use for comparison purposes for volatility is the **AFI Balanced**, which currently **holds 66.24% in Equity (Analytics 2nd Mar 2020)**. Although this is now a similar level to the portfolio, we have only recently made equity allocation in line with the benchmark, which has been more aggressive and unlike the model, does not have a capital preservation mandate. The model performance therefore cannot be directly compared to the benchmark.

OBI Active 8 Performance – Source Analytics 2nd Mar 2020

Asset	*1 Month*	*3 Months*	*6 Months*	*12 Months*	*YTD*	*3 Years*	*Since Launch (08/03/2016)*
OBI Active 8 Portfolio	-8.15%	-5.53%	-7.61%	-4.57%	-7.86%	-0.81%	12.18%
Benchmark	-5.64%	-4.11%	-2.03%	3.73%	-5.33%	9.98%	26.59%
UK Gilts	2.36%	5.63%	1.55%	19.68%	7.74%	22.45%	34.35%
FTSE 100	-11.36%	-10.45%	-5.78%	-2.66%	-12.04%	2.85%	26.85%

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

Pricing Spread: Bid-Bid • **Currency:** Pounds Sterling



28/02/2017 - 29/02/2020 ©FE fundinfo 2020

Key	Name	Annualised Performance	Annualised Volatility
A	FTSE Actuaries UK Conventional Gilt Over 10 Years TR in GB	6.98	9.17
B	AFI Balanced TR in GB	3.22	7.08
C	FTSE 100 TR in GB	0.94	11.57
D	OBI Active 8 - Feb 2020 TR in GB	-0.27	6.99

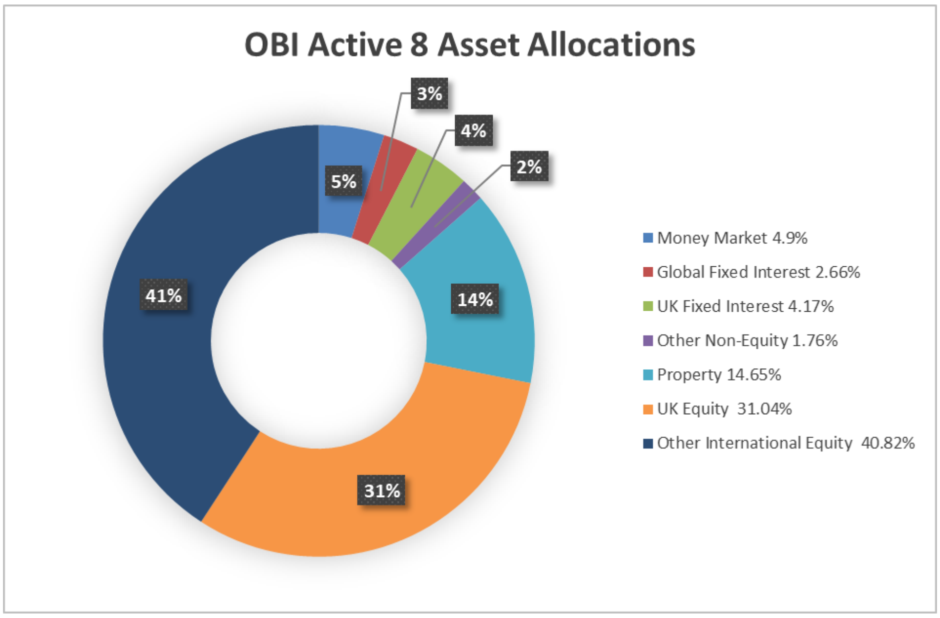
Outlook & Positioning

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. In recent weeks we have observed the bright spots seen in the data since the end of December become more sustained signs of stabilisation and recovery in key global economies. As a result, our global economic outlook is improving, and although the coronavirus is currently weighing on sentiment, there are signs of the virus being contained in China, and economies are likely to support growth through the period of turbulence. Therefore, as part of our re-entry into equities, which began in December, we used the recent selloff in global equity markets at the beginning of February (around -5%) as a buy in opportunity to bring portfolio allocation back to traditional equity/non-equity levels. This was achieved by adding exposure to global equity funds after the selloff at the beginning of February bought valuations more in line with expectations, and therefore provided us with a reasonable re-entry point into these assets given our favourable growth outlook for risk assets in 2020. We also added a small position in emerging market and Japanese equities, as we see these areas particularly benefiting from the global recovery in manufacturing and improving global outlook.

Going forward we continue to keep a close eye on global economic which continues to show signs of improving economic fundamentals, with particular improvement in global manufacturing data, and supportive conditions from major central banks. Currently, the coronavirus outbreak is raising concerns over economic output which has caused a sell-off in global equity markets. We continue to watch the spread of the virus, and should the situation escalate and the efforts to contain it start to feed into the economic data we will consider adjusting our allocation accordingly. However, at the moment our medium to long term outlook remains unchanged, although we do expect to see significant volatility in markets in the near term.

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 gained through strategic bond funds and UK direct property funds, which are lower risk, and provide more consistent returns. The equity exposure within the portfolio is gained through exposure to diverse, globally managed multi-asset and equity 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. Exposure to emerging market and Japanese equities was also added to the portfolio as we see potential in these areas given the improving fundamental outlook.



Equity: 71.86% – Non-Equity: 28.14%

Portfolio Facts

Benchmark Index for Volatility – AFI Balanced **Historical Yield**: 1.41% **Portfolio Expense:** 0.91% p.a

Important Information

- All data in this document has been extracted from Analytics as at **2nd March 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.