

OBI Model Portfolio Active 7



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 75% 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 15% following a significant event and 8% in normal market conditions and to target an annualised total return averaged out over a full economic cycle (5 – 7 years) of 8% plus, before any adviser, custodian, switch and/or discretionary investment management fees, but after fund manager charges.**

Management

The benchmark we use for comparison purposes for volatility is **AFI Balanced** noting that this benchmark currently holds **69.33% in Equity** (Analytics, 4th January 2021) and is therefore less aggressive than this portfolio. The benchmark also has no capital preservation mandate. It would therefore be expected that this benchmark would underperform the model moving forward and that the volatility of the model would be higher. The model performance therefore cannot be directly compared to the benchmark.

Performance

| Asset | 1 Month | 3 Months | 6 Months | 12 Months | YTD | 3 Years | 5 Years | 7 Years | Since Launch 16/02/2007 |
|------------------------|---------|----------|----------|-----------|-----|---------|---------|---------|-------------------------|
| OBI Active 7 Portfolio | 4.10% | 11.08% | 16.66% | 15.01% | - | 12.01% | 34.09% | 53.15% | 215.47% |
| Benchmark | 2.54% | 8.27% | 12.23% | 7.15% | - | 15.14% | 40.72% | 55.80% | 99.84% |
| UK Gilts | 1.82% | 0.99% | 0.27% | 8.48% | - | 15.93% | 28.95% | 45.96% | 104.24% |
| UK Equities | 2.38% | 12.24% | 9.90% | -9.85% | - | -3.14% | 25.05% | 26.97% | 63.83% |

Source: FE Analytics, 4th January

Asset Allocation

- MONEY MARKET (4.56%)
- UK FIXED INTEREST (2.91%)
- GLOBAL FIXED INTEREST (2.98%)
- OTHER NON-EQUITY (4.07%)
- PROPERTY (13.10%)
- UK EQUITY (25.90%)
- NORTH AMERICAN EQUITY (15.74%)
- EUROPEAN EQUITY (17.14%)
- ASIAN EQUITY (13.59%)

Equity 72.37% - Non-Equity 27.63%



Outcome Based Investing

At OCM, we believe that assets in a client portfolio should be adjusted through each phase of the economic cycle.

In line with the OBI strategy, at the extreme point when the cycle is at its most extended and the economies are overheating, it is our view that by moving defensively and focusing on the core portfolio assets, we are able to provide the desired outcome with the least amount of expected volatility.

The key with the strategy of “Outcome Based Investing” is to limit the surprises and capture as much of the upside as possible, with a focus on delivering the client’s strategised outcome.

Key Facts

Benchmark
AFI Balanced

Inception Date
16 February 2007

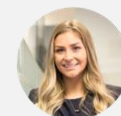
Historic Yield
1.82% per annum

Ongoing Strategy Charge
0.77% per annum

Rebalancing Frequency
Quarterly (or as required as per the OBI strategy)



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Our OBI Active 7 portfolio is a balanced portfolio with the delivery of outcome and capital preservation at its core which aims to achieve a return outcome of 8% per annum.

Market Outlook

After a turbulent 2020, we enter 2021 with optimism over what the global economy has in store for investors for the year ahead. It is no secret that markets have been looking forward to the economic recovery expected to take place over the year, with strong gains towards the end of December owing to vaccine optimism and abating political risks.

Towards the end of 2020, investors grappled with considerable uncertainty related to the continuing coronavirus pandemic as well as key political events: the US Presidential Election and Britain's long-awaited exit from the European Union. Both events added volatility to trading conditions in the final months of the year, however after court rulings quashed the remaining US election drama and a last-minute trade deal was made before the end of the year, we enter the new year with a considerably clearer outlook which continues to brighten despite remaining short term risks.

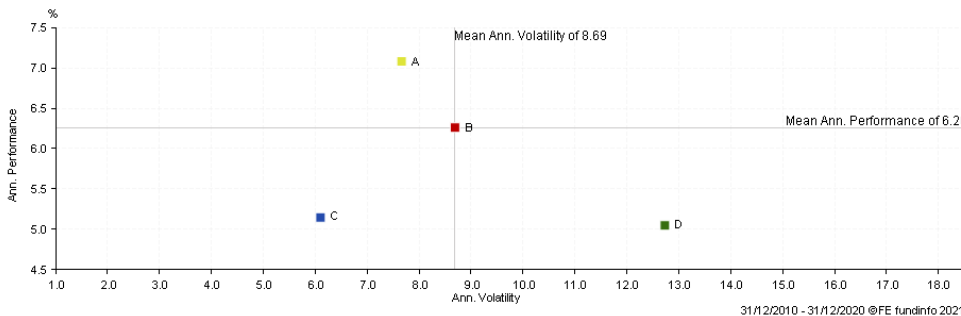
While challenges remain moving into 2021, we remain optimistic on global growth prospects as well as financial market performance over the year. Market momentum remains positive, and we continue to observe supportive conditions for risk assets moving forward. It is our view that we will experience a recovery in activity over the first half of the year, with aggressive vaccine rollouts allowing business and economic activity to return as lockdown restrictions ease. In the near term, we expect to see further volatility as economic weakness feeds through into the economic data, however we see sufficient fiscal and monetary stimulus on the horizon to maintain support for risk assets. Looking ahead over the year, although it is clear that volatility remains in the short-term, we remain optimistic and continue to see opportunities arising over the year as the outlook improves.

Portfolio Positioning

After experiencing strong performance over 2020, we are optimistic on 2021 returns and we are well positioned to benefit from an acceleration in key trends and rotations observed over 2020. It remains our view that at the transitional stages of the cycle we are able to add the most value to our client portfolios through active management and strong fund selection, while maintaining a high level of diversification to mitigate short term risks.

The portfolio has been constructed with a high level of diversification in terms of asset classes and geographies, with a mix of bond, equity, and property exposure to meet the portfolio objectives over the long term. The exposure is gained through a high-quality mix of actively managed and passive, globally diverse equity and multi asset funds. The property exposure within the portfolio is gained through direct, bricks-and-mortar UK property funds.

Portfolio Volatility



This scatter chart reflects annualised volatility and return in GBP over the past 10 years. Over the long term, we would expect the OBI portfolio to exhibit a lower level of volatility than the benchmark.

| Key | Name | Annualised Performance | Annualised Volatility |
|-----|----------------------------------|------------------------|-----------------------|
| A | OBI Active 7 - Dec 2020 TR in GB | 7.08 | 7.66 |
| B | AFI Balanced TR in GB | 6.26 | 8.69 |
| C | UK Pav UK Gilts TR in GB | 5.15 | 6.10 |
| D | UK Pav UK Equities TR in GB | 5.05 | 12.73 |

Important Information

All data in this document has been extracted from Analytics as at 4th January 2021. Past performance cannot be used as a guide to future performance and the value of your investment will fall as well as rise in value. You may not get back all of your investment and the final value of your investment will depend on the performance of your portfolio. Performance figures quoted include fund manager charges but exclude adviser, discretionary, custodian and switch charges. Unless stated, income is reinvested into the portfolio. The information contained in this document is for information purposes only. It does not constitute advice or a recommendation or an offer or solicitation for investment. Portfolio Expense is based on the Fusion platform and may vary for other platforms.