

# OBI Model Portfolio Cautious Balanced ESG



## 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% 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 Cautious** noting that this benchmark currently holds 50.84% in **Equity** (Analytics, 1st July 2021) and is therefore more aggressive than this portfolio. The benchmark also has no capital preservation mandate. It would therefore be expected that this benchmark would outperform the model and that the volatility of the benchmark 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 | Since Launch 01/11/16 |
|---------------------------|---------|----------|----------|-----------|--------|---------|-----------------------|
| OBI ESG Cautious Balanced | 1.87%   | 4.70%    | 4.06%    | 15.28%    | 4.18%  | 18.78%  | 33.12%                |
| Benchmark                 | 1.66%   | 4.12%    | 4.26%    | 13.85%    | 4.66%  | 15.98%  | 26.49%                |
| UK Gilts                  | 0.72%   | 1.33%    | -4.68%   | -5.60%    | -5.00% | 9.41%   | 12.20%                |
| UK Equities               | -0.01%  | 4.97%    | 9.00%    | 20.83%    | 10.62% | 4.99%   | 24.13%                |

Source: FE Analytics, 1st July

## Asset Allocation

- MONEY MARKET (8.87%)
- UK FIXED INTEREST (13.31%)
- GLOBAL FIXED INTEREST (17.78%)
- OTHER NON-EQUITY (7.67%)
- PROPERTY (5.08%)
- UK EQUITY (16.75%)
- NORTH AMERICAN EQUITY (13.47%)
- EUROPEAN EQUITY (12.84%)
- OTHER INTERNATIONAL EQUITY (4.23%)

Equity 47.29% - Non-Equity 52.71%



## 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 Cautious

**inception Date**  
01 November 2016

**Historic Yield**  
1.76% per annum

**Ongoing Strategy Charge**  
0.94% per annum

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



**Jason Stather-Lodge**  
Founder/CEO/CIO



**Georgina Stone**  
Deputy CIO

## Contact Us

OCM Wealth Management Limited  
3 Bouverie Court,  
The Lakes, Northampton, NN4 7YD  
T: 01604 621467  
E: info@ocmwealthmanagement.co.uk  
W: ocmwealthmanagement.co.uk





OBI ESG Cautious Balanced is a cautiously balanced portfolio with the delivery of outcome and capital preservation at its core, which aims to achieve a return outcome of 6% per annum.

## Market Outlook

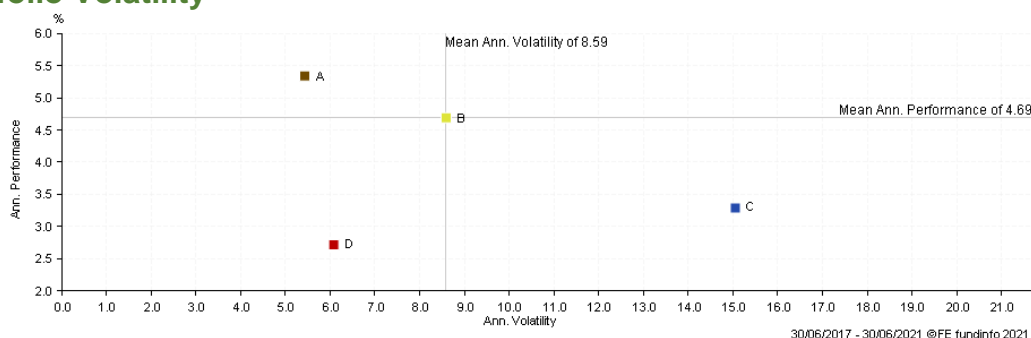
Having started the year on strong footing, the majority of global regions have seen their economic fundamentals continue to improve, as vaccination rates and policy stimulus help to drive upward revisions in economic data. The UK, US, and Europe are leading the global inoculation efforts, which has subsequently resulted in upward revisions to their GDP forecasts for 2021. Although the improving outlook contributed to the acceleration in government bond yields in February and March, financial markets maintained their positive trajectory until the start of May, when inflation and policy expectations increasingly dominated news flows. Despite experiencing elevated volatility in the short-term, both growth-oriented and value-oriented assets have performed positively from June to July, as investor sentiment improves, and inflation concerns abate. Despite the recent uptick in the Delta Covid cases over recent weeks, investors have so far looked through this as they continue to price in the improving economic outlook for 2021 and beyond.

As long-term investors, we have viewed much of the excess volatility in 2021 as short-term noise, with no changes to our underlying assumptions on the global recovery and market outlook. Looking further ahead, although it is clear that volatility remains in the short-term as market participants focus on the pace of the recovery, inflation pressures, and future policy, we remain optimistic and continue to see opportunities arising as the outlook improves, with global growth remaining well supported by governments and central banks. ESG investments appear set to benefit strongly from accelerating consumer and investor trends over 2021. Governments and corporates are using the recovery to align their strategies with green, social and sustainable financing goals. The shift is at the forefront of investors' minds, with record sums from institutional and retail investors flowing into sustainable investment funds since the start of 2020.

## ESG Focus & Positioning

Over the past month, we capitalised on over-extended valuations to take some profits on our holdings and plan to re distribute these into new opportunities that we believe have the potential to outperform over the coming months, as we transition through the global economic recovery. The portfolio has been constructed with a key focus on sustainability, with a high level of diversification in terms of asset classes and geographies, with a mix of bond, equity, and property exposure to meet portfolio objectives over the long term. The bond exposure is gained through high quality, actively managed strategic bond funds while the equity exposure within the portfolio is gained through exposure to diverse, globally managed funds.

## Portfolio Volatility



This scatter chart reflects annualised volatility and return in GBP over the past 4 years. Over the long term, we would expect the portfolio to exhibit a lower level of volatility than the benchmark.

| Key | Name   | Annualised Performance | Annualised Volatility |
|-----|--|------------------------|-----------------------|
| A   | OBI ESG Cautious Balanced - Jun 2021 GTR in GB | 5.34                   | 5.43                  |
| B   | AFI Cautious TR in GB                          | 4.69                   | 8.59                  |
| C   | UK Psv UK Equities TR in GB                    | 3.29                   | 15.05                 |
| D   | UK Psv UK Gilts TR in GB                       | 2.72                   | 6.08                  |

## Important Information

All data in this document has been extracted from Analytics as at 1st July 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 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.