

# OBI Model Portfolio Balanced ESG



## 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 **70.23% in Equity** (Analytics, 1st January 2022) 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 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 Balanced	1.60%	2.77%	6.37%	13.00%	-	35.43%	49.16%
Benchmark	1.54%	1.79%	3.41%	9.88%	-	34.56%	41.83%
UK Gilts	-2.58%	2.21%	0.47%	-4.55%	-	9.91%	12.74%
UK Equities	4.60%	3.82%	6.37%	17.63%	-	26.21%	32.00%

Source: FE Analytics, 1st January

## Asset Allocation

- MONEY MARKET (6.35%)
- UK FIXED INTEREST (4.10%)
- GLOBAL FIXED INTEREST (6.93%)
- OTHER NON-EQUITY (3.34%)
- PROPERTY (8.12%)
- UK EQUITY (18.23%)
- NORTH AMERICAN EQUITY (20.29%)
- EUROPEAN EQUITY (19.79%)
- ASIAN EQUITY (12.85%)

Equity 71.16% - Non-Equity 28.84%



## 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**  
01 November 2016

**Historic Yield**  
1.30% per annum

**Ongoing Strategy Charge**  
0.95% per annum

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



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

## Market Outlook

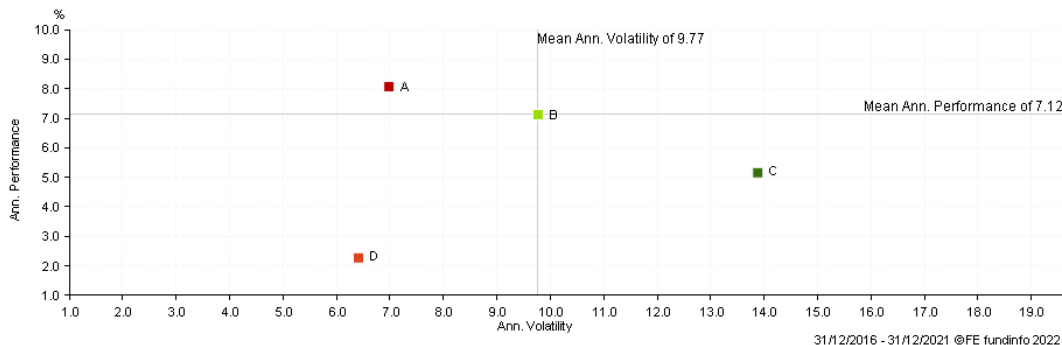
While turbulence has been a common theme over the past twelve months, 2021 has been a year of strong performance in financial markets, supporting investor optimism as we enter the New Year. Having experienced a healthy price correction in October, risk assets across the globe rebounded due to a broadly positive third-quarter earnings season and positive fiscal stimulus news flows. While the recovery in risk asset prices had been welcoming, monetary policy speculation, inflationary pressures and a new Covid-19 strain contributed to volatile equity and bond market conditions throughout December. Albeit, given the low hospitalisation rate of the Omicron variant, sentiment soon returned to financial markets, encouraging investors to capitalise upon discounted risk asset valuations.

After a cautious yet active fourth quarter for the OBI portfolios, the reinvestment of our elevated cash levels throughout December provided a welcome boost to 2021 performance, as financial markets benefitted from a ‘Santa Rally’ in the lead up to the end of the year. We remain optimistic on return potential in 2022, and the reinvested portfolios are well-positioned to benefit from an acceleration in key trends and rotations over the next 12 months. While monetary policy changes and rising inflationary pressures may contribute volatility to financial markets, we anticipate a stable improvement in earnings throughout the year, and we will look to capitalise on attractive opportunities as they arise.

## ESG Focus & Positioning

Having mitigated volatility towards the end of 2021, we redeployed the elevated cash levels throughout December to reflect our renewed optimism. With the cash levels returning to 2% to 4%, the OBI portfolios are balanced between value and growth-oriented risk assets given the potentially uncertain macroeconomic backdrop as we transition through 2022. We are tilted towards UK equities, while the rest of our equity allocation is globally diversified, with a notable preference for exposure that leans towards sustainability. In addition, our non-equity exposure is well-diversified between investment strategies across the risk spectrum.

## Portfolio Volatility



This scatter chart reflects annualised volatility and return in GBP over the past 5 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 Balanced - Dec 2021 TR in GB	8.07	6.98
B	AFI Balanced TR in GB	7.12	9.77
C	UK Pav UK Equities TR in GB	5.16	13.88
D	UK Pav UK Gilts TR in GB	2.28	6.41

## Important Information

All data in this document has been extracted from Analytics as at 1st January 2022. 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.