

## 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 65% 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 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 **67.35% in Equity** (Analytics, 1st July 2023) 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	5 Years	Since Launch 29/11/2022
<b>OBI ESG 6</b>	-0.80%	-0.68%	0.25%	-	1.74%	-	-	0.55%
<b>Benchmark</b>	-1.02%	-1.72%	-0.04%	-2.95%	0.66%	11.32%	11.30%	0.10%
<b>UK Gilts</b>	-3.53%	-2.53%	-7.40%	-15.55%	-3.45%	-29.42%	-18.19%	-7.95%
<b>UK Equities</b>	-3.74%	-3.82%	0.63%	0.54%	1.86%	31.54%	13.44%	1.08%

Source: FE Analytics, 1st July

## Asset Allocation

- MONEY MARKET (8.74%)
- UK FIXED INTEREST (10.69%)
- GLOBAL FIXED INTEREST (12.63%)
- OTHER NON-EQUITY (3.28%)
- PROPERTY (4.83%)
- UK EQUITY (15.97%)
- NORTH AMERICAN EQUITY (22.39%)
- EUROPEAN EQUITY (15.33%)
- OTHER INTERNATIONAL EQUITY (6.14%)



Equity 59.83% - Non-Equity 40.17%

## 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

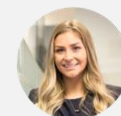
**Historic Yield**  
2.82% per annum

**Ongoing Strategy Charge**  
0.70% per annum

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



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



**Georgina Stone**  
Deputy CIO

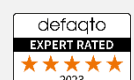
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OBI ESG Balanced is a balanced portfolio with the delivery of the outcome and capital preservation at its core, which aims to achieve a return outcome of 7% per annum.

## Market Outlook

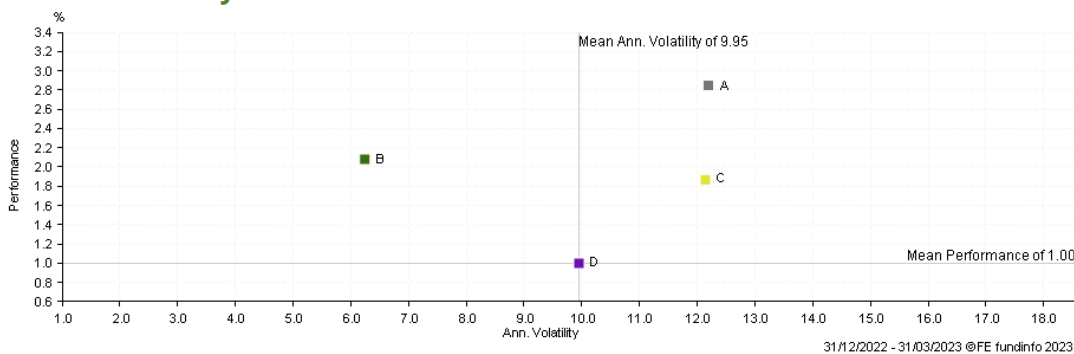
Throughout May, optimism on cooling inflation and peak interest rates was somewhat overshadowed by concerns over the US debt ceiling, as global financial markets struggled for traction amid key macroeconomic uncertainties. However, following a deal struck between the White House and Speaker McCarthy that has now passed a vote in both The House and The Senate, a US default appears to have been avoided. The deal will suspend the debt ceiling, which caps the total amount of money the government is allowed to borrow, until January 2025 and implements a range of cuts to spending, with non-defence discretionary spending being cut, whilst limiting the 2025 increase to just 1%. Investors have welcomed a greater sense of clarity on the issue; however, focus will now likely return to a number of key data points and central bank decisions on the horizon, and we therefore expect markets to remain volatile in the near-term.

The US tech sector has continued to be a key outperformer in May, as resilient earnings combined with a renewed sense of optimism surrounding developments in Artificial Intelligence drove tech-heavy benchmarks higher, helping to offset some of the headwinds from the portfolio's fixed income exposure over the month. Whilst volatility remains high and near-term headwinds may persist, it is our view that the longer-term outlook is becoming more positive, with larger key-risks appearing to be priced into asset valuations following a difficult 2022, and we therefore remain optimistic portfolio returns throughout 2023 and beyond.

## ESG Focus & Positioning

As economic data continues to support our view that inflation across developed markets is cooling, The OBI portfolios remain fully invested with the belief that central banks are broadly nearing their respective interest rate hiking cycles, which we expect to support investor sentiment. With the potential for macroeconomic headwinds to remain throughout the remainder of 2023, and as we navigate through a period of tighter financial conditions, we believe a balanced approach to asset allocation remains key, noting that we are not in favour of taking a particular style bias at this stage. Quality and yield remain key themes across the portfolios and in our view, portfolio diversification is crucial at this stage to navigate short-term uncertainties whilst maximizing the opportunity for growth.

## Portfolio Volatility



This scatter chart reflects volatility and return in GBP over the past 3 months. Over the long term, we would expect the portfolio to exhibit a lower level of volatility than the benchmark.

Key	Name	Performance	Annualised Volatility
A	UK Psv UK Equities TR in GB	2.85	12.19
B	OBI ESG 6 TR in GB	2.08	6.24
C	UK Psv UK Gilts TR in GB	1.87	12.14
D	AFI Balanced TR in GB	1.00	9.95

## Important Information

All data in this document has been extracted from Analytics as at 1st July 2023. 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.