

Model Portfolio Adventurous (Formerly OBI 9)

October 2023

Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to invest the majority of their overall portfolio into equities, accepting a high level of risk for a potentially higher reward. The primary objective of this portfolio is to generate a long-term total return and income above the Bank of England's base rate and real terms growth (above inflation) which is substantially higher than the long-term return on cash after fees and costs. This portfolio has no capital preservation mandate and can take an unconstrained amount of risk, investing in all assets that are available from the investment universe to achieve the objectives. Due to the higher risk nature of this portfolio, the recommended time-horizon is a minimum of 10 years.

Management

The benchmark we use for comparison purposes for volatility is **AFI Aggressive** noting that this benchmark currently holds **82.07% in Equity** (Analytics, 1st October 2023) and is therefore more aggressive than this portfolio. It would therefore be expected that the benchmark would outperform the portfolio 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	7 Years	Since Launch 28/04/2017
Adventurous Portfolio	0.07%	0.63%	1.61%	6.87%	4.28%	22.61%	18.22%		30.81%
Benchmark	-0.44%	0.07%	0.43%	5.12%	1.55%	9.18%	14.12%	41.61%	27.84%
UK Gilts	-1.21%	-0.95%	-6.46%	-3.09%	-4.45%	-29.34%	-17.46%	-21.43%	-18.61%
UK Equities	1.46%	1.81%	1.10%	13.56%	4.09%	37.75%	17.33%	37.69%	27.96%

Source: FE Analytics, 1st October

Performance shown since inception on 28/04/2017

Asset Allocation

- MONEY MARKET (8.24%)
- GLOBAL FIXED INTEREST (10.75%)
- UK GILTS (19.27%)
- UK FIXED INTEREST (2.17%)
- OTHER NON-EQUITY (2.53%)
- COMMODITY & ENERGY (5.11%)
- UK EQUITY (22.86%)
- NORTH AMERICAN EQUITY (9.21%)
- EUROPEAN EQUITY (11.25%)
- ASIAN EQUITY (6.08%)
- OTHER INTERNATIONAL EQUITY (2.53%)



Equity 51.93% - Non-Equity 48.07%

Long Hold Investing

The assets in this portfolio have been selected based on a long hold approach, with a recommended minimum investment horizon of 10 years. Unlike OCM's OBI proposition, this portfolio has no capital preservation mandate, and will likely have a lower portfolio turnover.

The general asset allocation within the portfolio will be maintained over the long term, however underlying funds may be switched at the discretion of the Investment Committee in cases of consistent underperformance or positioning shifts.

Key Facts

Benchmark

AFI Aggressive

Inception Date

28 April 2017

Historic Yield

3.58% per annum

Ongoing Strategy Charge

0.48% per annum

Volatility

10.35%

Max Loss

-12.87%

Rebalancing Frequency

Quarterly



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Market Outlook

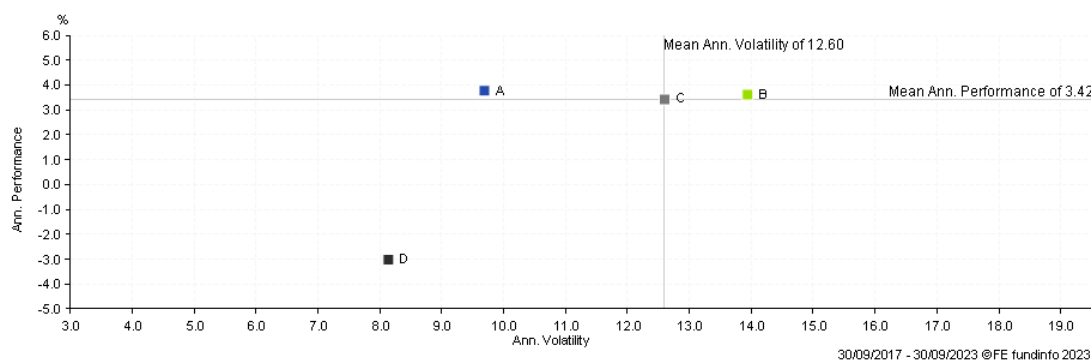
Throughout September, investor sentiment fluctuated between optimism that central banks had largely reached their expected peak interest rates and a more cautious view that rising oil prices may weigh on inflationary pressures, meaning rates may need to stay higher for longer. Several interest rate decisions throughout the month, led to further volatility as investors looked for clues on future policy, however whilst the ECB signalled a future pause, and the Fed and Bank of England leaving rates unchanged, an outlook of higher for longer rates weighed on risk appetite.

As we move into the final quarter of the year, we remain somewhat cautious towards equities ahead of upcoming corporate earnings. With equity markets cooling over the month, we believe that there remains a high level of optimism priced into valuations and therefore expect some further weakness moving into the end of the year, with corporate earnings expected to show a weakening of profitability. Although we expect upside potential in equities to be limited in the near-term, it is our view that there remains well positioned, attractively priced areas of the market, particular in more defensive sectors where resilient balance sheets provide both a strong dividend yield and resilience to rising interest rates. Over the longer-term, we believe any equity weakness presents us the opportunity to increase our exposure at more attractive prices, which we believe can drive positive portfolio returns throughout 2024 as macro headwinds continue to ease.

Portfolio Positioning

With expectations for further short-term weakness, the portfolios maintain a more cautious asset allocation, taking advantage of the higher interest rates on cash and cash-like securities, whilst holding an overweight position to government debt. Despite bond yields moving higher over the month, driven by the "higher for longer" outlook, it remains our view that developed market economies are showing signs of weakness, and therefore we expect inflationary pressures and bond yields to fall moving forward. The portfolios remain underweight towards equities, however the remaining equity exposure favours more defensive positioning in areas of the market that in our view are both attractively priced, and well positioned to weather any economic weakness. In the near-term we expect volatility to persist but believe the more defensive positioning of the portfolios will allow us to generate a positive return in this environment and when taking a longer-term view, we believe risk assets will forge a strong recovery as macroeconomic headwinds clear. Therefore, we believe it is vital to remain agile in our approach to asset allocation in order to capture the strongest opportunities as they arise.

Portfolio Volatility



This scatter chart reflects annualised volatility and return in GBP over the past 6 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	Adventurous TR in GB	3.77	9.66
B	UK Psv UK Equities TR in GB	3.62	13.94
C	AFI Aggressive TR in GB	3.42	12.60
D	UK Psv UK Gilts TR in GB	-3.02	8.14

Important Information

All data in this document has been extracted from Analytics as at 1st October 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 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. Annualised Volatility and Max Loss Figures as detailed by FE Analytics over 5 years to period, where max loss represents the worst running return.