

OBI Model Portfolio Ultra Cautious



Objective

This portfolio aims to deliver a return that is in line with the Bank of England's base rate whilst providing a greater level of liquidity than fixed term deposits. The portfolio will achieve this objective by investing solely in cash and money market securities, using a dynamic and diversified approach to fund selection to manage risk over the long term. **The portfolio is managed in line with an ultra-cautious risk profile, with the ability to move to 100% cash if required in line with market conditions. This portfolio will not take any risk other than investing in money market assets.**

Management

The benchmark we use for comparison purposes for total return is the **IA Standard Money Market** sector, which is representative of the combined performance of the money market sector.

Yield Comparison

Asset	Yield
Average IA Standard Money Market	4.72%
Bank of England Base Rate	5.25%
Gilts (UK 10 Year)	4.51%
Ultra Cautious Portfolio	5.37%

Source: FE Analytics, 1st December

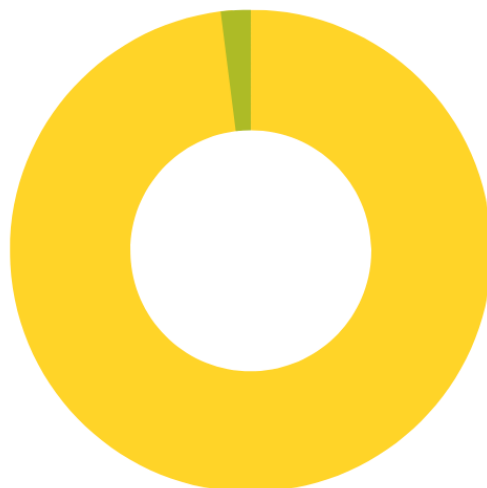
Performance

Asset	1 Month	3 Months	6 Months	12 Months	YTD	3 Years	5 Years	7 Years	Since Launch 01/09/2023
OBI Ultra Cautious	0.45%								1.37%
Benchmark	0.47%	1.37%	2.64%	4.56%	4.27%	5.56%	6.85%	7.43%	1.36%
UK Gilts	2.84%	1.68%	1.48%	-5.94%	-1.93%	-26.53%	-14.68%	-13.61%	1.79%

Source: FE Analytics, 1st December

Asset Allocation

- MONEY MARKET (98.00%)
- CASH (2.00%)



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
IA Standard Money Market

Inception Date
01 September 2023

Current Yield
5.36% per annum

Ongoing Strategy Charge
0.16% per annum

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



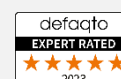
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OBI Ultra Cautious Portfolio is designed to deliver an ultra-low risk mandate, with the delivery of outcome and capital preservation at its core which aims to achieve a return in line with the Bank of England Base rate.

Market Outlook

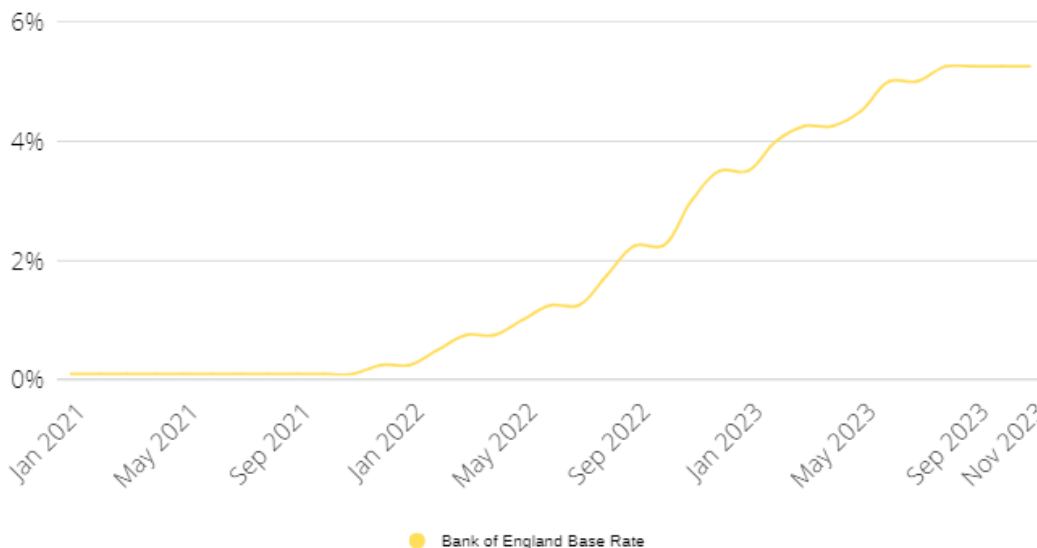
Following a difficult October in which conflict in the Middle East and concerns over higher for longer interest rates weighed on sentiment, global equity indices rebounded over the month following a decline in inflation within key developed economies, boosting bets of a 'soft landing'. China's equity market was the sole outlier, facing headwinds over the month as their property market continued to dampen sentiment, with the People's Bank of China pushing lenders to support the ailing property sector. Moving forward, we remain cautious towards equities, noting that we still see a number of near-term headwinds that could dampen current valuations.

As Q3 earnings season winds down, investors have turned their attention to economic data releases over the month with inflation data back in focus. With key central banks now in 'wait and see' mode with regards to their next steps, the downside surprise to both US and UK inflation reports drove expectations that the next move in interest rates would likely be lower. UK inflation was driven lower as the OFGEM Energy Price cap fed through into a sharp decline in energy price inflation, whilst inflation in the US also declined on the back of the recent drop in gasoline prices. These declines raised hopes that central banks would not be required to further raise rates any further, which led to a rally in fixed income markets as investors readjusted their expectations for interest rates in the coming year.

Portfolio Positioning

This portfolio holds a diversified blend of money market funds, that invest in short term money market instruments such as Certificates of Deposit, Government Bills and Time deposits. Whilst this portfolio is positioned to hold 100% in money market instruments to generate a yield, we continually monitor the available money market funds for the best yield and lowest cost, to ensure this portfolio generates the highest yield possible. Through investing in open-ended money market funds, we believe the portfolio can continue to generate an attractive yield at a low cost, whilst allowing a greater sense of flexibility in comparison to fixed deposits.

Bank of England Base Rate



This chart highlights the Bank of England's base rate since 01/01/2021. The yield available on Money market assets typically reflect the Central Bank's underlying interest rate.

Important Information

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