

OBI Model Portfolio ESG Balanced Growth



April 2024

Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to take a medium to large degree of risk by investing a larger portion of their overall portfolio into equities, whilst maintaining a balance between risk and reward. 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 primary objective of this portfolio is to achieve a long-term total return and income above the Bank of England's base rate and generate growth in real terms (above inflation) over the medium term which is materially higher than the long-term return on cash, after fees and costs. This portfolio can take up to 75% of the risk of investing in the global equity market, as measured by the worst expected loss and annualised volatility of returns. This portfolio has a capital preservation mandate of 100% in order to protect investors and mitigate volatility during severe market events, however, the portfolio may also hold 25% in core, long term assets which may be less liquid in nature, such as investment trusts, meaning portfolio volatility is likely to be higher than the more cautious models. The recommended time-horizon for this portfolio is a minimum of 5 years. As per our ESG mandate, the underlying holdings in this portfolio are subject to negative screens, to exclude companies within "sin sectors".

Management

The benchmark we use for comparison purposes for volatility is **AFI Balanced** noting that this benchmark currently holds **67.22% in Equity** (Analytics, 1st April 2024) 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.

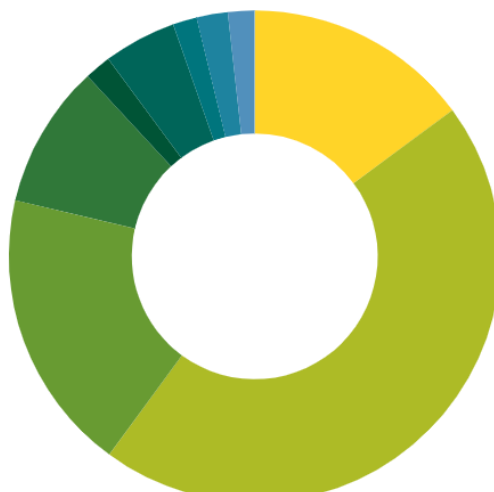
Performance

Asset	1 Month	3 Months	6 Months	12 Months	YTD	3 Years	5 Years	Since Launch 29/11/2022
OBI ESG Balanced Growth	2.52%	2.46%	4.00%	3.41%	2.46%	-	-	4.37%
Benchmark	2.83%	3.29%	9.49%	9.41%	3.29%	6.06%	23.57%	9.89%
UK Gilts	1.91%	-1.82%	6.14%	-0.44%	-1.82%	-20.00%	-16.52%	-3.31%
UK Equities	4.42%	3.17%	6.75%	8.03%	3.17%	24.23%	28.29%	10.26%

Source: FE Analytics, 1st April

Asset Allocation

- MONEY MARKET (14.87%)
- UK GILTS (45.22%)
- GLOBAL FIXED INTEREST (18.58%)
- UK FIXED INTEREST (9.43%)
- OTHER NON-EQUITY (1.75%)
- PROPERTY (4.77%)
- UK EQUITY (1.59%)
- NORTH AMERICAN EQUITY (2.05%)
- OTHER INTERNATIONAL EQUITY (1.75%)



Equity 5.39% - Non-Equity 94.61%

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

29 November 2022

Historic Yield

3.19% per annum

Ongoing Strategy Charge

0.33% per annum

Volatility

4.32% (1 Year)

Max Loss

-3.36% (1 Year)

Rebalancing Frequency

Quarterly (or as required as per the OBI strategy)



Jason Stather-Lodge

Founder/CEO/CIO



Georgina Stone

Deputy CIO

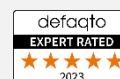
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Market Outlook

March played host to a number of key central bank meetings as investors await further clarity surrounding the path for interest rates moving forward. Whilst the US Federal Reserve, Bank of England and European Central Bank all left interest rates unchanged as expected, a mixed month of inflation data resulted in a turbulent month for financial markets. Within equity markets, whilst ongoing resilience within the US economy has supported sentiment over the year-to-date, a mixed set of inflation data saw US equity markets finish the month on a negative note as investors contemplated the impact of the data on the prospect for rate cuts. With US earnings season around the corner, we expect the short-term volatility within equity markets to persist as key US large-cap tech names remain a focal point in the coming weeks. With valuations near record highs, investors will be looking for how elevated interest rates have impacted consumers and whether the earnings reports justify valuations at their current levels.

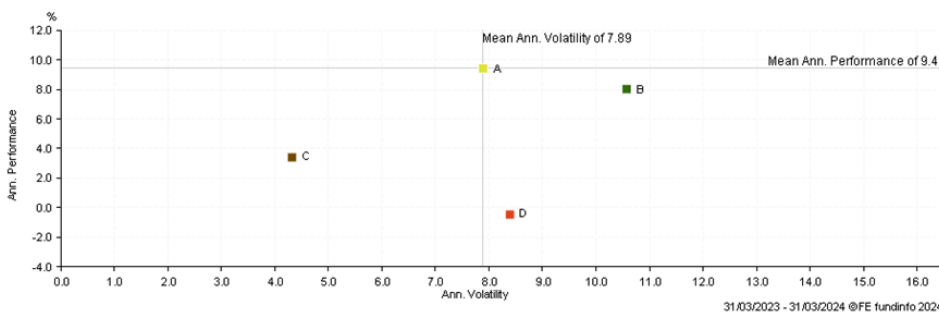
Fixed income markets were particularly volatile over the month as investors were forced to reconsider the outlook for central bank monetary policy over the remainder of 2024 as economic data out of the US continued to point to robust economic growth despite the ongoing feedthrough of previous rate hikes. Despite a volatile month, we continue to believe that the short-term outlook for fixed income markets is more positive as rate cuts edge closer, than that of equity markets which appear to be being driven by momentum rather than fundamentals.

ESG Focus & Positioning

Fixed income markets have more readily reflected the shift in investor sentiment towards interest rate cuts over 2024, with the volatility within bond markets largely reflecting the recent paring back of expectations for rate cuts in the US amid ongoing economic resilience. However, with key inflation data out of the UK boosting investors' hopes of a summer rate cut from the Bank of England, we believe that the OBI portfolios are well positioned to deliver positive returns as yields decline to reflect the upcoming rate cuts.

With financial market volatility expected to persist in the short-term, we believe that our defensive positioning remains appropriate, with a diversified exposure to fixed income assets alongside infrastructure assets. As we enter a potentially volatile period for equity markets with US earnings season approaching, we continue to believe that our focus on quality and yield within the portfolios can continue to generate positive performance without the need to introduce excess risk at this time.

Portfolio Volatility



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

Important Information

All data in this document has been extracted from Analytics as at 1st April 2024. 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. Annualised Volatility and Max Loss Figures as detailed by FE Analytics over 1 year to period, where max loss represents the worst running return.