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Diversified asset management: seeking out yield where it exists

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Equity market volatility, historically low interest rates, and the quest for higher risk-weighted returns inevitably require opportunistic diversification of investment allocations.
This was especially the case in 2020. With this in mind, tactical investment management aims to take on exposure to various assets classes and geographical regions in the best possible conditions.

2020 was no a walk in the part for investors. Amidst an unprecedented pandemic and steep market volatility, diversified asset management showed off all its strengths and allowed savers to take advantage of tactical management, seizing those opportunities that arose in the various asset classes. The main risk factors late in the year (Covid-19, the US election and Brexit) have gradually faded, while the development of several vaccines comes as a big relief and has cleared up the equity market horizon for the first quarter of 2021.

That doesn't mean that bouts of volatility will vanish. On the contrary, they will be an opportunity to take on exposure to risky assets. The important thing is to stay nimble while constantly adjusting one's risk-reward pairing.

Diversified asset management does exactly this in letting investors take on exposure to all asset classes likely to achieve attractive returns.

For example, European investors should feel free to take on exposure to global high yield, Chinese equities and bonds, not to mention gold. Fixed-income markets alone are no longer enough to ensure a portfolio's stability, as building up the allocation is forcing European managers to seek out opportunities outside the euro zone. The reason for this is that Covid-19 exit is taking very different trajectories from one region to another. As it emerged earlier from the pandemic, China has taken a noteworthy lead in getting its economy going again.

QUANTITATIVE RESEARCH HELPS MANAGERS CONTROL RISK

Regarding methodology, diversified asset management, of course, relies on scenarios drawn up in advance by OFI Asset Management. A pre-allocation committee meets on a monthly basis. Each asset class-specialised manager draws up his forecasts, which they present on a six-month horizon. All asset classes are covered and market visions are compared.

On this basis, the committee draws up an allocation strategy. Meetings are held weekly to make timely adjustments.

Management of a fund must always take a pragmatic approach, given that it is part of the strategy approved by the allocation committee.

In addition, quantitative models are used to better circumscribe risk-taking and set up a framework within which the manager can operate opportunistically.

SRI

Expertise in diversified SRI investment management

Socially Responsible Investment (SRI) is an integral part of OFI Asset Management's strategies, particularly in our diversified strategies.

Such strategies combine fundamental and extra-financial research that optimises long-term performance on the basis of the client's degree of risk aversion.
These strategies offer solid financial returns while taking into account the fight against global warming, mainly by selecting companies that are instrumental in decarbonising the economy (by reining in greenhouse gas emissions, using green tech, etc.).

The figures mentioned herein cover past years. The investments mentioned herein are one way to capture financial market returns in exchange for a certain amount of risk. Invested capital and performances are not guaranteed, and there exists a risk of loss of capital. Source of indices cited: www.bloomberg.com

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