


One Portfolio Approach

A Fine Vintage for Modern Portfolios

 Brightwell






The Total Portfolio Approach or One Portfolio Approach (OPA) as we call it at Brightwell is the latest buzzword in investment circles. However, OPA isn't a radical new invention, it's more like old wine in a new bottle.

So, what sets OPA apart? Instead of obsessing over conventional asset class labels, OPA emphasises the role each investment plays in achieving your objectives. It's like building a football team, you focus on what you need to win - pace, resilience, creativity - not around how many strikers or defenders convention says you should field. In a One Portfolio Approach, every investment is judged by its contribution to the overall game plan — whether it's for growth, income, liquidity, or risk reduction — rather than which asset class silo (equities, bonds, property, etc.) it comes from.

Importantly, OPA is not a new or different approach to institutional management in the way that the Endowment, Norwegian, or Australian models are often portrayed. Those approaches primarily reflect different beliefs about active versus passive investing, in-house versus external management, and the mix of public versus private assets. OPA operates on a different dimension: rather than dictating who manages the money or which markets to favour, it focuses on how to build and manage the entire portfolio as one cohesive whole. In fact, you can embed OPA within any of those traditional models — it's not an “either/or” choice but a complementary philosophy.



Douglas Clark
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This focus on function over form leads to smarter portfolio choices. For example, an opportunistic real estate investment might be classified as property, but if its risk-return profile is equity-like, we treat it as part of the growth allocation and benchmark against other growth opportunities, public and private. By grouping assets according to their function in the portfolio, OPA breaks down traditional silos and ensures every holding works together to serve the portfolio's overall goal. As a recent example, in December we sold a private infrastructure fund on the secondary market and reallocated a portion of the proceeds into a late stage PE secondaries fund — this preserved value, enhanced portfolio expected return and generated liquidity.

The benefits of the approach are tangible:

- **Resilience under pressure:** During the 2022 LDI crisis, we avoided fire sales by swiftly reallocating collateral across the portfolio — preserving value and maintaining stability. This is further enhanced through a broad toolkit, including the use of corporate bonds as collateral which significantly improves portfolio efficiency in the new era of higher collateral requirements. The implementation of this was made possible by having a single integrated team focused on overall client goals, rather than a siloed asset class specialists seeking to outperform their strategic benchmarks.

- **Sharper decisions:** Capital competes on purpose, not labels. This avoids the ever present challenge of attractive investment strategies not neatly fitting into a defined asset class. This is particularly important for more opportunistic strategies where timing is important — if it takes time to determine which team or allocation a strategy should sit within, the opportunity might be lost.
- **True diversification:** Grouping assets by role avoids hidden overlaps and ensures each holding adds something distinct to the portfolio. This is more important than ever given market dynamics — companies like Alphabet, Meta and Microsoft are huge weights in equity markets, increasingly larger issuers of corporate bonds and tenants of data centres. Asset class diversification can give false comfort.
- **Greater dynamism:** By focusing on function — growth, income, liquidity, protection — we cut through asset class jargon and can make quicker responses to market shifts and time-sensitive opportunities.
- **Better alignment to goals:** We focus on achieving investor outcomes, not just tracking benchmarks. Without anchoring to strategic asset allocation (SAA) targets, we reduce inertia and avoid performance drag. This is particularly helpful in managing mature DB pension schemes on a de-accumulation journey where managing to rigid SAAs can be problematic as portfolios shrink and rebalancing becomes a greater challenge.



In short, our One Portfolio Approach is about clarity of purpose and integrated portfolio management. It's not a radical departure or a passing fad, but rather a logical evolution of sound investment thinking. By focusing on outcomes and the true function of each asset, we build more intuitive, flexible portfolios, all aimed at delivering on your long-term financial goals.

Moving to an OPA model is not an overnight exercise. It requires an evolution in governance, team structure and portfolio architecture, but can yield significant benefits. We've learned from our own journey and will continue to do so, just like a maturing vintage. Our most important lesson has been that, while the change to this model takes time, it's made easier by having the clear north star of the overall portfolio objectives as central to every decision.

And just like a fine vintage, the best investment ideas don't need a revolution — they just need to be poured into the right glass.

For more information about Brightwell's One Portfolio Approach please contact Andrew Drake:
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