OCM ASSET MANAGEMENT

Strong conviction
STABLE RETURNS

OBI Active 7 – September 2017 Portfolio Update

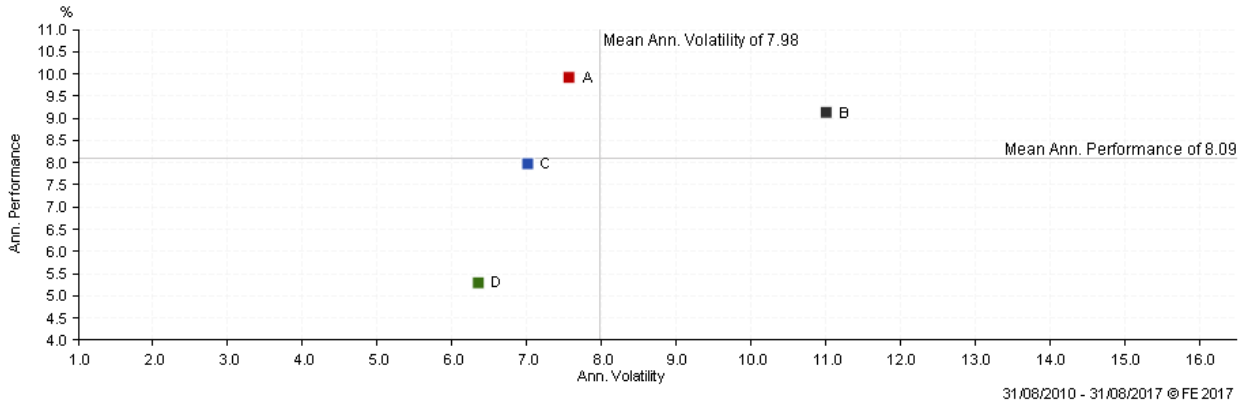
Investment Objective

This type of portfolio is NOT a risk free portfolio, rather, it is suitable for a client whose is prepared to invest into equities for the majority of the time and is focused more on the return than the risk, hoping that by doing this they can achieve greater medium term returns. 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 asset allocation in this portfolio will vary between a benchmark of 0% equity and 75% equity to achieve the portfolio objectives, provided economic conditions permit. The portfolio will be managed to try and limit the ***indicative capital loss in any 12-month period to 15% following a significant event and 8% in normal market conditions*** and to target an ***annualised total return averaged out over a full economic cycle (5 – 7 years) of 8% plus***.

The benchmark we use for comparison purposes for volatility is **AFI Balanced** noting this benchmark currently **holds 66.7% in Equity (Analytics 1st September 2017)** and is therefore more aggressive and has no capital preservation mandate. It would be expected therefore that the benchmark would outperform the model and that the volatility would be higher. The model performance therefore cannot be directly compared to the benchmark.

OBI Active 7 Performance – Source Analytics 1st September							
Asset	***1 Month***	***3 Months***	***6 Months***	***12 Months***	***3 Years***	***5 Years***	***7 Years***
OBI Active 7 Portfolio	1.27%	1.58%	7.18%	14.54%	28.69%	65.66%	92.47%
Benchmark	1.70%	2.16%	5.86%	12.25%	27.66%	53.19%	69.63%
UK Gilts	1.32%	0.23%	1.37%	-3.28%	19.76%	22.48%	44.38%
FTSE 100	1.03%	-0.28%	3.11%	14.67%	22.32%	57.14%	79.69%

Scatter Chart Reflecting Volatility and Annualised Return in GBP over last 7 years



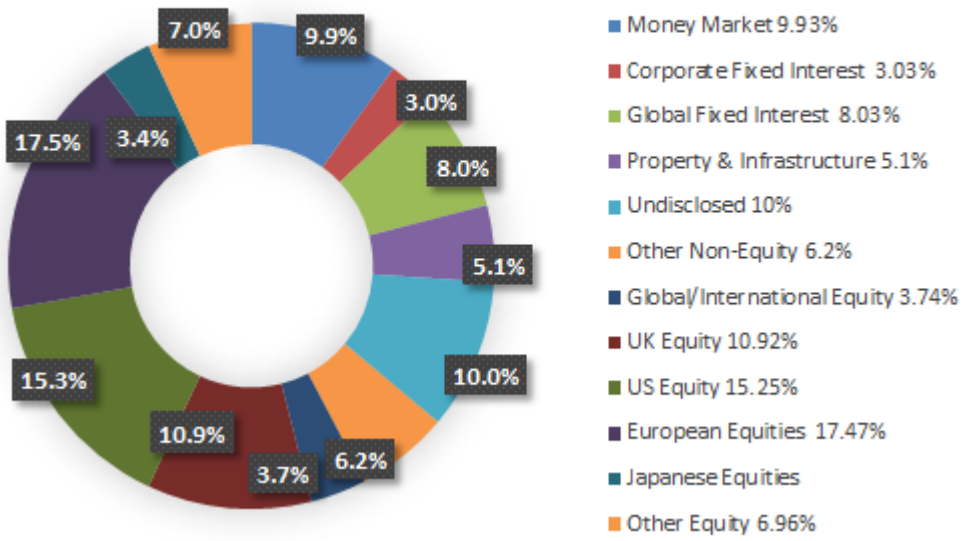
Key	Name	Annualised Performance	Annualised Volatility
A	OBI Active 7 - August 28 2017 GTR in GB	9.92	7.56
B	FTSE 100 TR in GB	9.14	11.00
C	AFI Balanced TR in GB	7.98	7.01
D	FTSE Actuaries UK Conventional Gilts All Stocks TR in GB	5.30	6.35

Outlook & Positioning

The OBI Active 7 is the third of our balanced portfolios that is still considered balanced as regards to the underlying asset allocation which can vary anywhere between 0% and 75% and as with all of our portfolios balances the mandate between delivering the outcome and protecting capital. Q1 and Q2 of 2017 has been positive, with most markets rallying off the back of positive economic data that has started to slow down as we enter Q3. Global data is still positive; however, equity markets are currently volatile and reacting to any changes in political and economic conditions. This is not identifying anything serious at this juncture, however we have reduced the risk element of the portfolio and increased our weighting into the non-equity, less risky assets. We will remain relatively cautious until we get positive data and the current uncertainty in the markets is less.

Our non-equity exposure is achieved through Global and UK High Yield and Absolute Return assets, multi asset funds that are cautious and finally Infrastructure. We have moved the portfolios to something that has lower market sensitivity, so the holdings are now measured using volatility based equity and non-equity holdings. From an equity perspective, most of the asset allocation is achieved through a high exposure to globally managed funds with directional exposure to markets we believe show upward growth. The remaining assets are held in globally diverse funds which will be tactically rotated by the underlying fund managers with a 20% directional asset allocation to UK, Europe and Asia. We will remain underweight UK until we see better data and stability in the underlying UK economy.

In terms of equity allocation, we are holding circa **58% in equities** which is still circa 9% less than the benchmark. We would expect this to fluctuate during 2017 as we take profits and only repurchase again following periods of volatility and falling valuations, in line with the mandate of the portfolio. Following this, we will rotate lesser performing assets from within the non-equity sector and add to our equity allocation.



Equity 57.7% – Non-Equity 42.3%

Portfolio Facts

Benchmark Index for Volatility – AFI Balanced **Historical Yield:** 1.40% **Portfolio Expense:** 0.86% p.a

Important Information

- All data in this document has been extracted from Analytics as at **1st September 2017.**
- The value of investments may fluctuate in price or value and you may get back less than the amount originally invested. Past performance is no guarantee of future performance.
- Performance figures quoted include the fund manager charges but exclude other fees such as any adviser, custodian, switch and/or discretionary investment management fees.
- Unless otherwise instructed any accrued income is reinvested into the portfolio.

OCM Asset Management is a trading name of OCM Wealth Management Limited which is authorised and regulated by the Financial Conduct Authority Number 418826. OCM Wealth Management Limited registered in England No 5029809. Registered Office @ 3 Bouverie Court, The Lakes, Northampton, NN4 7YD. Telephone 01604 621 467 - Web Address www.ocmwealthmanagement.co.uk