OBI Model Portfolio Active 6

OCM Asset Management

Independent Financial Planners | Discretionary Asset Managers | Tax Advisers

August 2020

Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to invest into equities at the right time and is focused on both the risk and return and looking to achieve a balance. 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 65% 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 12% in a significant event and 7% in normal market conditions and to target an annualised total return averaged out over a full economic cycle (5 – 7-year period) of 7% before any adviser, custodian, switch and/or discretionary investment management fees, but after fund manager charges.**

Management

The benchmark we use for comparison purposes for volatility is **AFI Balanced** noting that this benchmark currently holds **68.87% in Equity** (Analytics, 4th August 2020) 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	7 Years	Since Launch 08/03/2016
OBI Active 6 Portfolio	-0.01%	7.15%	1.60%	2.08%	1.94%	1.21%			20.47%
Benchmark	-0.42%	7.51%	-3.30%	-2.48%	-3.89%	7.13%	26.56%	41.64%	28.53%
UK Gilts	0.60%	-0.07%	8.61%	13.53%	14.54%	30.24%	53.80%	90.90%	42.82%
FTSE 100	-1.88%	5.43%	-16.17%	-15.38%	-18.54%	-8.89%	10.29%	19.06%	17.49%

Source: FE Analytics, 4th August

Performance shown since inception on 08/03/16

Asset Allocation

- MONEY MARKET (6.55%)
- UK FIXED INTEREST (5.51%)
- GLOBAL FIXED INTEREST (14.23%)
- OTHER NON-EQUITY (2.81%)
- PROPERTY (13.53%)
- UK EQUITY (13.68%)
- NORTH AMERICAN EQUITY (15.50%)
- EUROPEAN EQUITY (15.13%)
- OTHER INTERNATIONAL EQUITY (13.08%)

Equity 57.38% - Non-Equity 42.62%

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
08 March 2016

Historic Yield
2.13% per annum

Ongoing Strategy Charge
0.72% per annum

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

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Chartered Financial Planners

Pension TRANSFER Gold Standard

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Our OBI Active 6 portfolio is a balanced portfolio with the delivery of outcome and capital preservation at its core which aims to achieve a return outcome of 7% per annum.

Market Outlook

Economic data on a global scale has rebounded sharply from the unprecedented shock to economic activity resulting from coronavirus-induced lockdowns, however overall data still remains below long-term averages. After a strong rebound in global equities in the second quarter, we are beginning to see a return of heightened intraday volatility, as investors pause to reassess corporate earnings and expectations for the pace of recovery over the second half of the year. After a fantastic few months of performance on the recovery so far, this is expected given the market conditions and current economic landscape, and it is completely normal as we transition between the recession and recovery stages of the cycle.

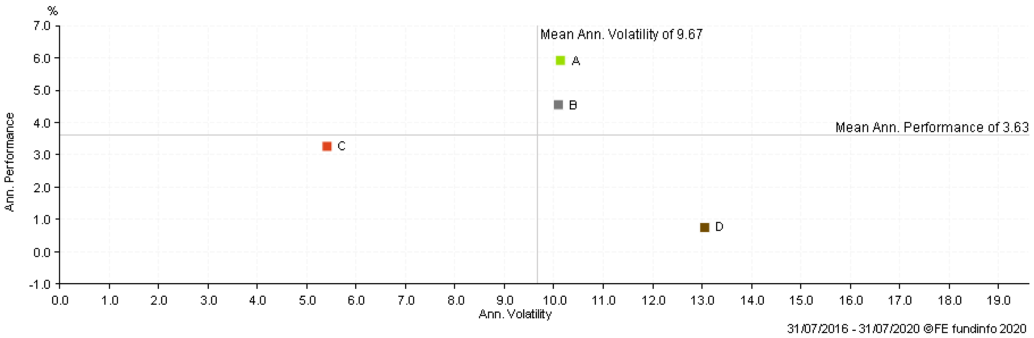
Overall, momentum remains positive, and we continue to observe supportive conditions for risk assets moving forward. It Is our view that we will experience a further recovery in activity over the second half of the year, followed by strong growth in 2021 bolstered by low international interest rates alongside continued support from central banks and governments as the global economy returns to the new normal following the coronavirus pandemic.

Portfolio Positioning

After re-entering markets with a defensive allocation in April, following an in-depth analysis of the data and a continued improvement in our medium-term market outlook on risk assets, in May we implemented our return to investing more normally across the portfolios and as such, we expect intraweek performance to be more in line with the benchmark once again. We are optimistic on the medium-term outlook from here (accepting further volatility), and we remain confident in our positioning, with well diversified portfolios which have been designed to weather these market conditions. Over the past month, we added more equity exposure to the portfolio as conditions continue to improve and the outlook brightens for risk assets. This is part of our continued analysis of markets and potential opportunities as the global economy recovers.

The portfolio has been constructed with a high level of diversification in terms of asset classes and geographies, with a mix of bond, equity, and property exposure to meet portfolio objectives over the long term. The bond exposure is gained through high quality, actively manged strategic bond funds while the equity exposure within the portfolio is gained through exposure to diverse, globally managed funds as well as passive trackers. The property exposure within the portfolio is gained through direct, bricks-and-mortar UK property funds.

Portfolio Volatility



This scatter chart reflects annualised volatility and return in GBP over the past 4 years. Over the long term, we would expect the OBI portfolio to exhibit a lower level of volatility than the benchmark.

Key	Name	Annualised Performance	Annualised Volatility
A	FTSE Actuaries UK Conventional Gilt Over 10 Years TR in GB	5.93	10.13
B	AFI Balanced TR in GB	4.56	10.09
C	OBI Active 6 - Jul 2020 TR in GB	3.27	5.41
D	FTSE 100 TR in GB	0.76	13.05

Important Information

- All data in this document has been extracted from Analytics as at 4th August 2020.
- 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.
- Unless otherwise instructed any accrued income is reinvested into the portfolio.
- Portfolio Expense represents the total strategy cost, including the adviser charge. This is based on the Fusion platform and may vary for other platforms.

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