OBI Model Portfolio Active 6

OCM Asset Management

Independent Financial Planners | Discretionary Asset Managers | Tax Advisers

October 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 **69.46% in Equity** (Analytics, 1st October 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	0.31%	2.61%	11.31%	4.17%	3.94%	3.19%			22.82%
Benchmark	0.17%	2.50%	16.31%	0.21%	-1.67%	9.25%	35.25%	47.98%	31.50%
UK Gilts	2.05%	-0.86%	0.43%	3.75%	7.87%	17.58%	26.55%	43.14%	22.87%
UK Equities	-1.98%	-3.08%	10.13%	-16.69%	-20.04%	-10.28%	15.48%	17.96%	12.32%

Source: FE Analytics, 1st October

Performance shown since inception on 08/03/16

Asset Allocation

- MONEY MARKET (8.31%)
- UK FIXED INTEREST (8.11%)
- GLOBAL FIXED INTEREST (10.63%)
- OTHER NON-EQUITY (1.72%)
- PROPERTY (12.91%)
- UK EQUITY (14.20%)
- NORTH AMERICAN EQUITY (15.21%)
- EUROPEAN EQUITY (15.22%)
- ASIAN EQUITY (5.37%)
- OTHER INTERNATIONAL EQUITY (8.32%)

Equity 58.32% - Non-Equity 41.68%

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
2.06% per annum

Ongoing Strategy Charge
0.84% per annum

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

Jason Stather-Lodge

Founder/CEO/CIO

Georgina Stone

Deputy CIO

Contact Us

OCM Wealth Management Limited
3 Bouverie Court,
The Lakes, Northampton, NN4 7YD
T: 01604 621467
E: info@ocmwealthmanagementco.uk
W: ocmwealthmanagement.co.uk

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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

Overall, momentum remains positive, and we continue to observe supportive conditions for risk assets moving forward. It is our view that we will continue to experience a further recovery in activity over the coming months. We expect this pace of economic recovery to slow and become less consistent across economies following the initial post-lockdown burst in growth due to the re-imposition of some restrictions on rising virus cases in certain parts of the world. We still expect that growth will be supported into 2021 however, bolstered by low international interest rates alongside continued support from central banks and governments as the global economy returns to the new normal.

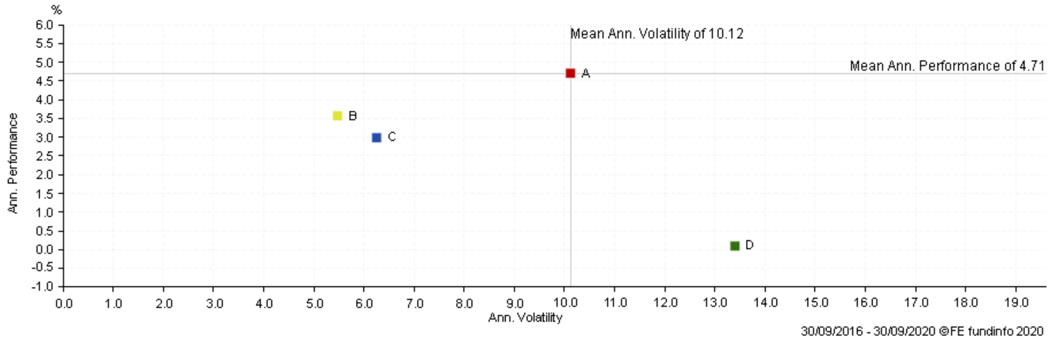
After a strong rebound in global equities in the second and third quarters, we are beginning to see a return of heightened intraday volatility, as investors pause to weigh up several upcoming risks, this is expected given the market conditions and current economic landscape, and it is completely normal as we transition between the recession and recovery stages of the cycle. We view US election uncertainty, Brexit developments, and a second wave of virus cases as near-term headwinds, but positive COVID-19 vaccine developments, dovish central banks and an ongoing economic recovery should allow equity markets to push higher over the medium-term, with conditions remaining supportive for risk assets.

Portfolio Positioning

We have recently reallocated funds from vulnerable sectors to those we see as better placed to benefit moving forward. We reduced exposure to large cap US stocks and global government bonds in order to take profits on the positions that are now at extreme valuations and that we believe have limited upside potential remaining. As such, the portfolios currently have a high cash position, however over the month we will be redeploying this cash into existing holdings to benefit from upward momentum, as well as adding sustainable exposure which is well placed to benefit from a change in consumer trends and behaviours. We are optimistic on the medium-term outlook from here (accepting further volatility), and remain confident in our positioning, with well diversified portfolios which have been designed to weather these market conditions.

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 exposure is gained through a high-quality mix of actively manged and passive, globally diverse equity and multi asset funds. 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	AFI Balanced TR in GB	4.71	10.12
B	OBI Active 6 - Sept 2020 TR in GB	3.57	5.47
C	UK Psv UK Gilts TR in GB	2.99	6.25
D	UK Psv UK Equities TR in GB	0.10	13.40

Important Information

All data in this document has been extracted from Analytics as at 1st October 2020. 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.

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OCM Wealth Management Limited registered in England No: 5029809 | Registered Office: 3 Bouverie Court, The Lakes, Northampton, NN4 7YD.

T: 01604 621 467 | W: www.ocmwealthmanagement.co.uk