

# OBI Passive Cautious Balanced



## Objective

This type of portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to passively invest into equities at the right time, with a balanced focus on both the risk and return. 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 55% 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 10% in a significant event and 6% in normal market conditions and to target an annualised total return averaged out over a full economic cycle (5 – 7-year period) of 6% before any adviser, custodian, switch and/or discretionary investment management fees, but after fund manager charges.**

## Management

A part of our 'Managed Passive' portfolio suite, this portfolio is a low-cost alternative to the existing OBI Active 5 portfolio.

The benchmark we use for comparison purposes for volatility is **AFI Cautious** noting that this benchmark currently holds **52.27% in Equity** (Analytics, 1st November 2021) and is therefore less 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	Since Launch 17/01/2020
OBI Passive Cautious	0.69%	1.28%	2.83%	16.11%	7.40%	16.85%
Benchmark	0.37%	1.00%	3.54%	15.80%	6.61%	10.06%
UK Gilts	1.99%	-2.19%	1.28%	-3.91%	-4.75%	0.74%
UK Equities	1.52%	3.42%	5.41%	35.03%	15.02%	2.45%

Source: FE Analytics, 1st November

## Asset Allocation

- MONEY MARKET (30.06%)
- UK FIXED INTEREST (4.86%)
- GLOBAL FIXED INTEREST (20.45%)
- OTHER NON-EQUITY (3.09%)
- UK EQUITY (9.08%)
- NORTH AMERICAN EQUITY (11.16%)
- EUROPEAN EQUITY (5.35%)
- OTHER INTERNATIONAL EQUITY (3.09%)
- ASIA EQUITY (3.90%)
- UNDISCLOSED (8.96%)

Equity 37.06% - Non-Equity 62.94%



## 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 Cautious

**Inception Date**  
01 January 2020

**Historic Yield**  
1.47% per annum

**Ongoing Strategy Charge**  
0.24% per annum

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

**Portfolio ESG Exposure**  
10.03%



**Jason Stather-Lodge**  
Founder/CEO/CIO



**Georgina Stone**  
Deputy CIO

## Contact Us

OCM Wealth Management Limited  
St Clair House, 5 Old Bedford Road,  
Northampton, NN4 7AA  
T: 01604 621467  
E: [info@ocmwealthmanagement.co.uk](mailto:info@ocmwealthmanagement.co.uk)  
W: [ocmwealthmanagement.co.uk](http://ocmwealthmanagement.co.uk)





## OBI Passive Cautious Balanced

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

### Market Outlook

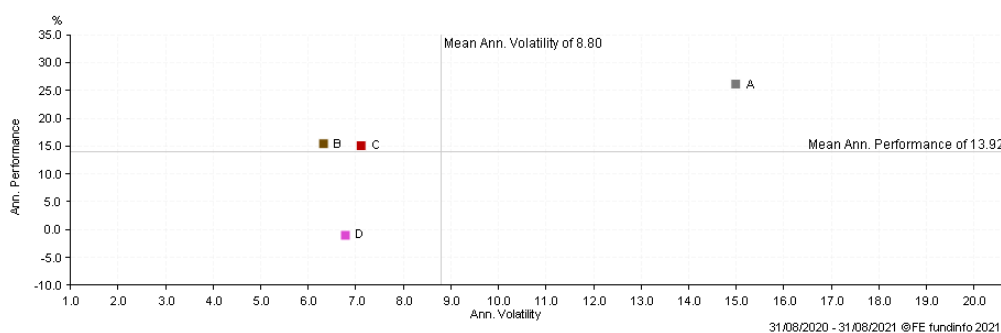
Following a strong performance in the first half of 2021, financial markets became increasingly turbulent towards the end of the third quarter, with decelerating global growth, policy speculation, mixed economic data flows and idiosyncratic events contributing to September's risk-off sentiment. This risk-off sentiment continued into October, a historically volatile month for equities, resulting in a 5% pullback in equity markets. Since this healthy price correction, we have witnessed equity market prices begin to improve, driven by a broadly positive third-quarter earnings season and the progression of President Biden's new social spending framework. While the recovery in risk asset prices over recent weeks is welcoming, we are cautious of financial market conditions in the short term, given the more hawkish tone taken by central banks as inflationary pressures surpass policymaker expectations. As a result, investors anticipate that November's monetary policy decisions from the Bank of England and the Federal Reserve could hold important implications for financial markets.

While the medium to long term outlook remains positive, we expect policy movements, the impact of supply chain issues and a slowing pace of recovery to contribute to uncertainty in the short term. Looking beyond November, we expect risk assets to recover towards the end of 2021 and beyond. Consequently, we will continue to watch incoming data and market sentiment closely to capitalise on attractive opportunities as short-term clarity improves.

### Portfolio Positioning

While risks remain, our high-level of portfolio diversification in terms of asset classes and geographies has helped to navigate excess market volatility and enhanced portfolio performance over the past three months, benefitting from the ongoing economic recovery. The portfolios are currently exceeding their annualised return targets and, given favourable macroeconomic tailwinds at this stage of the cycle, we remain confident that we can continue to drive portfolio outperformance through active management. As certain regions begin the early phase of the mid-economic cycle, we are considering a number of changes to the OBI portfolios at our upcoming Investment Committee Meeting in September, to reposition the portfolio as we move into the next stage of the cycle.

### Portfolio Volatility



This scatter chart reflects annualised volatility and return in GBP over the past 1 year. Over the long term, we would expect the OBI portfolio to exhibit a lower level of volatility than the benchmark.

### Important Information

All data in this document has been extracted from Analytics as at 1st November 2021. 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 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.