

## Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who requires stability of capital and is prepared to accept small levels of capital losses when markets are falling, based on the higher non-equity asset allocation. The portfolio is managed dynamically by altering the asset allocation and by predominantly using low-risk assets that carry market risk and using all assets that are available from the investment universe. The asset allocation within this portfolio will vary between a benchmark of 0% equity and 35% equity on average to achieve the portfolio objectives, provided economic conditions permit. **The portfolio will be managed to try and limit the indicative capital loss in any rolling 12-month period to 6% in a significant event and 4% in normal market conditions and to target an annualised total return averaged out over an economic cycle (usually 5 – 7 years) of 4% per annum before any adviser, custodian, switch and/or discretionary investment management fees, but after fund manager charges.** Despite the higher allocation in non-equity assets, these asset classes are in some cases becoming riskier than equity assets, however we feel that the current positioning is acceptable when we consider our mandate regarding a client’s capital loss acceptance.

## Management

The benchmark we use for comparison purposes for volatility is **AFI Cautious** noting that this benchmark currently holds **52.17% in Equity** (Analytics, 1st December 2021) 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 01/06/2009
<b>OBI Active 3 Portfolio</b>	0.60%	0.01%	3.69%	6.96%	5.32%	19.54%	25.68%	30.94%	119.68%
<b>Benchmark</b>	0.27%	-0.65%	3.82%	9.14%	6.89%	21.25%	31.00%	42.30%	125.94%
<b>UK Gilts</b>	2.57%	0.90%	3.57%	-0.95%	-2.09%	15.04%	16.48%	27.76%	75.09%
<b>UK Equities</b>	-1.91%	-1.19%	1.96%	16.66%	12.48%	16.22%	28.58%	39.78%	146.81%

Source: FE Analytics, 1st December

## Asset Allocation

- MONEY MARKET (29.71%)
- UK FIXED INTEREST (5.58%)
- GLOBAL FIXED INTEREST (23.15%)
- UK GILTS (1.11%)
- OTHER NON-EQUITY (4.75%)
- PROPERTY (9.23%)
- UK EQUITY (7.10%)
- NORTH AMERICAN EQUITY (7.98%)
- EUROPEAN EQUITY (4.11%)
- OTHER INTERNATIONAL EQUITY (7.28%)



Equity 26.47% - Non-Equity 73.53%

## 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 June 2009

**Historic Yield**  
1.70% per annum

**Ongoing Strategy Charge**  
0.74% per annum

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

**Portfolio ESG Exposure**  
27.10%



**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 Active 3 is a cautious portfolio with a higher non-equity allocation based on a low-risk mandate, with the delivery of outcome and capital preservation at its core which aims to achieve a return outcome of 4% per annum.

## Market Outlook

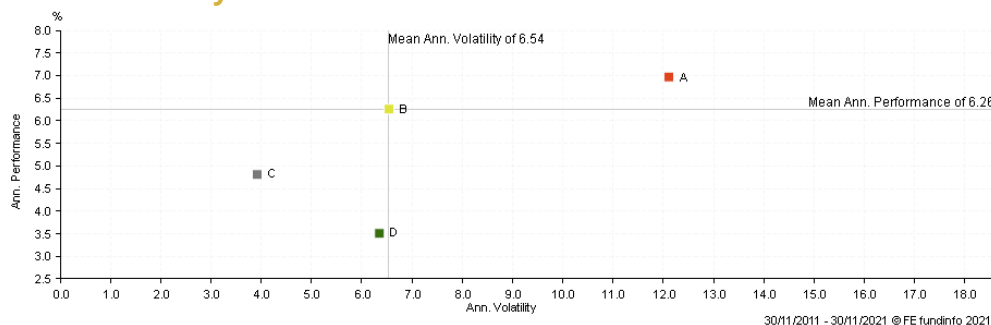
Following strong performance during the first half of 2021, financial markets have been increasingly turbulent since the end of the third quarter, with decelerating global growth and uncertainty over the short-term macroeconomic environment weighing on investor sentiment. After October's healthy price correction, risk assets across the globe rebounded due to a broadly positive third-quarter earnings season and positive fiscal stimulus news flows. While the recovery in risk asset prices had been welcoming, monetary policy speculation, supply chain issues, and rising concerns over the new Omicron Covid-19 variant have contributed to volatile equity and bond market conditions throughout November. With some areas re-imposing lockdown measures and anticipation for the Bank of England to announce tighter monetary policy conditions in December, we are approaching the end of 2021 with caution as financial markets price in uncertainty over the coming weeks.

While the medium to long term outlook remains positive, we expect policy movements, the impact of supply chain issues and developments concerning the Omicron variant to continue to contribute to uncertainty in the near term. Looking towards 2022, we expect risk assets to benefit from positive momentum as uncertainties begin to dissipate. Consequently, we will continue to watch incoming data and market sentiment closely to capitalise on attractive opportunities if short-term clarity improves.

## Portfolio Positioning

While our long-term outlook remains positive, the material increase in short term risks encouraged us to become more prudent, such that we have made several changes to the portfolios since September. We removed regional assets that were susceptible to elevated idiosyncratic risks, in addition to dialling down our equity and non-equity risk asset exposure. This has created elevated cash levels that have provided the portfolios with sufficient protection and flexibility as we look to navigate changes in the economic backdrop in the weeks ahead, and we will look to reposition the portfolio accordingly as we move into the next stage of the economic cycle.

## Portfolio Volatility



This scatter chart reflects annualised volatility and return in GBP over the past 10 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	UK Fsv UK Equities TR in GB	6.97	12.11
B	AFI Cautious TR in GB	6.26	6.54
C	OBI Active 3 - Oct 2021 TR in GB	4.81	3.92
D	UK Fsv UK Gilts TR in GB	3.51	6.35

## Important Information

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