

OBI Model Portfolio Active 3



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 **51.68% in Equity** (Analytics, 1st February 2022) 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
OBI Active 3 Portfolio	-4.64%	-3.30%	-2.57%	1.46%	-4.64%	15.24%	17.86%	23.53%	112.52%
Benchmark	-3.82%	-2.20%	-1.23%	4.64%	-3.82%	18.41%	24.63%	36.07%	121.94%
UK Gilts	-3.23%	-3.02%	-5.15%	-6.41%	-3.23%	5.25%	10.47%	14.00%	65.01%
UK Equities	-0.37%	1.91%	5.38%	17.95%	-0.37%	20.38%	27.77%	42.99%	159.38%

Source: FE Analytics, 1st February

Asset Allocation

- MONEY MARKET (9.65%)
- UK FIXED INTEREST (8.03%)
- GLOBAL FIXED INTEREST (28.55%)
- OTHER NON-EQUITY (8.40%)
- PROPERTY (9.31%)
- UK EQUITY (7.05%)
- NORTH AMERICAN EQUITY (11.90%)
- EUROPEAN EQUITY (5.22%)
- OTHER INTERNATIONAL EQUITY (11.89%)

Equity 36.06% - Non-Equity 63.94%



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 June 2009

Historic Yield

1.83% per annum

Ongoing Strategy Charge

0.89% per annum

Rebalancing Frequency

Quarterly (or as required as per the OBI strategy)

Portfolio ESG Exposure

28.20%



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

W: 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

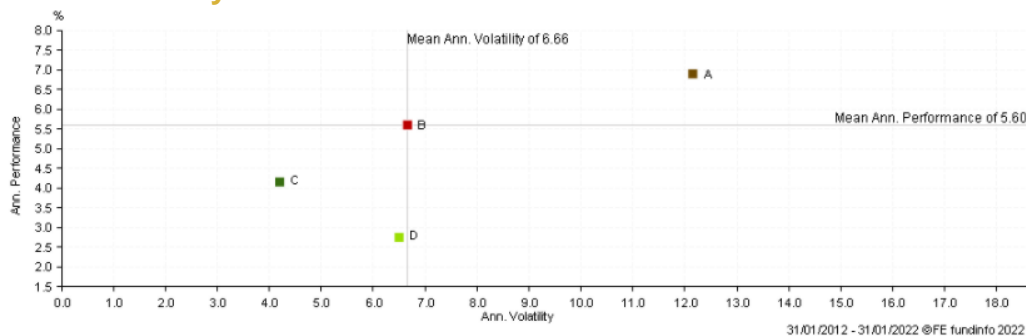
Volatility has been a key theme throughout the beginning of 2022, as monetary policy speculation and geopolitical tensions caused a shift in sentiment that weighed on asset prices. US treasury bond yields reached their highest levels since 2019 and a decline in global equity prices came as a result of inflationary fears and mixed Q4 earnings results, with big tech companies experiencing the largest selloffs as investors rotated from growth to value-oriented exposure. Geopolitical tensions between Russia and Ukraine have weighed on European asset prices. Optimism returned to markets towards the end of January, as investors looked to capitalise on discounted risk asset valuations. The OBI portfolios have not been immune to these downwards price pressures, however being overweight to UK equities in the higher equity weighted portfolios has helped mitigate the effect of some of these declines, despite ongoing political uncertainty.

As we move into February, we retain the same level of optimism on return potential in 2022, and the reinvested portfolios are well-positioned to benefit from an acceleration in key trends and rotations over the next 12 months. As monetary policy changes and rising inflationary pressures may contribute volatility to financial markets, we believe opportunities will be more selective than broad-based throughout 2022, and that an active management approach will be required to best support portfolio performance over the next 12 months.

Portfolio Positioning

Having mitigated volatility towards the end of 2021, we redeployed the elevated cash levels throughout December to reflect our renewed optimism. With the cash levels returning to 2% to 4%, the OBI portfolios are balanced between value and growth-oriented risk assets given the potentially uncertain macroeconomic backdrop as we transition through 2022. We are tilted towards UK equities, while the rest of our equity allocation is globally diversified, with a notable preference for exposure that leans towards sustainability. In addition, our non-equity exposure is well-diversified between investment strategies across the risk spectrum.

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.

Important Information

All data in this document has been extracted from Analytics as at 1st February 2022. 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.