OBI Model Portfolio Active 3

OCM Asset Management

Independent Financial Planners | Discretionary Asset Managers | Tax Advisers

April 2022

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 **54.47% in Equity** (Analytics, 1st April 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.

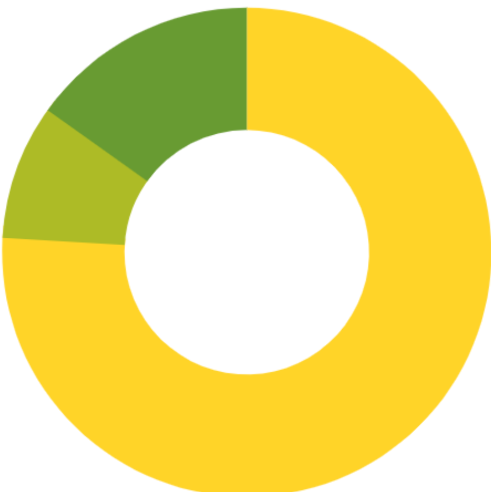
Performance

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	0.96%	-4.61%	-2.65%	1.61%	-4.61%	14.16%	15.29%	21.20%	111.28%
Benchmark	2.03%	-3.78%	-1.80%	3.74%	-3.78%	15.81%	21.17%	33.41%	120.47%
UK Gilts	-1.92%	-6.82%	-4.76%	-5.04%	-6.82%	-0.91%	2.71%	12.14%	59.05%
UK Equities	2.08%	0.76%	4.61%	12.78%	0.76%	16.47%	24.02%	41.82%	160.06%

Source: FE Analytics, 1st April

Asset Allocation

- MONEY MARKET (75.94%)
- PROPERTY (8.93%)
- COMMODITY & ENERGY (15.13%)



Equity 10.14% - Non-Equity 89.86%

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
0.62% per annum

Ongoing Strategy Charge
0.29% per annum

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

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defaqto 3 RISK RATING CAUTIOUS

defaqto EXPERT RATED 2022

Pension TRANSFER Gold Standard

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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

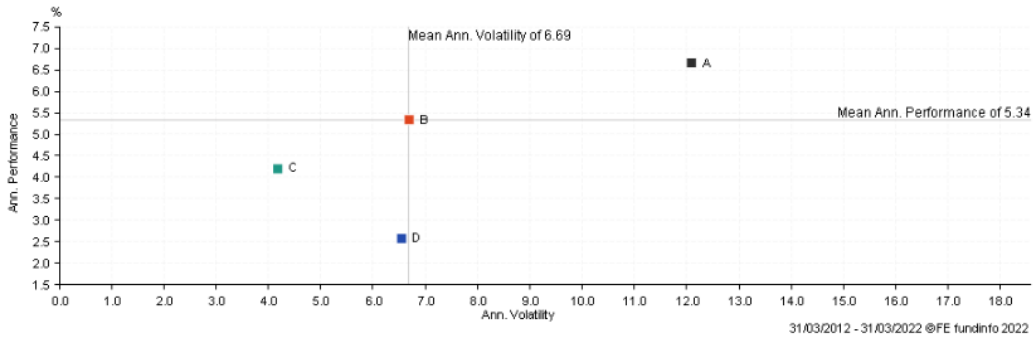
The inflation narrative remains a key focus for investors as they continue assess how the tightening of monetary policy and the ongoing conflict in Ukraine will affect the global growth outlook for 2023. Some concerns have been raised as to the affect further sanctions imposed on Russia will have on the supply and demand of Russian energy exports, which alongside pledges from the US to release more of its strategic fuel reserves, has contributed to heightened volatility within commodity markets. With inflationary pressures continuing to rise as a result of higher material costs, tight labour markets and fears of supply constraints as China enters another lockdown, a selloff in government bonds has accelerated, with the US 2-year yield rising above the US 10-year, briefly inverting the yield curve and increasing recessionary fears amongst some investors.

Moving forward, we are awaiting further clarity regarding the monetary policy outlook, as central banks look to tamper runaway inflation without pushing the economy into a recession. Ongoing peace talks between Ukraine and Russia have temporarily improved market sentiment, however, this is proving to be short-lived, and any further breakdown in negotiations or an escalation of the conflict is likely to dampen the optimism we have seen return to equity markets. Despite ongoing volatility in the near-term, our long-term outlook remains positive, and we continue to monitor the situation closely for any economic news flows which may provide more clarity on the broader economic picture or lead to a shift in investor sentiment.

Portfolio Positioning

Following the actions taken to reduce risk in February, we redeployed some of our elevated cash levels last month, taking positions in physical gold and natural resources which we feel will allow us to take advantage of the recent pullback in commodity prices. This, combined with existing property and infrastructure exposure within the portfolios, has allowed us to maintain our defensive approach, whilst protecting investors against heightened volatility within global equity markets. Moving forward, we are reviewing potential options of reintroducing equity exposure back into the portfolios whilst taking into consideration all available data as the economic landscape evolves, noting that is our view that the positive sentiment we are seeing in markets will fall off in the near-term and potentially provide an opportunity add equity exposure as valuations become more attractive.

Portfolio Volatility



Key	Name	Annualised Performance	Annualised Volatility
A	UK Psv UK Equities TR in GB	6.66	12.09
B	AFI Cautious TR in GB	5.34	6.69
C	OBI Active 3 - Feb 2022 TR in GB	4.20	4.18
D	UK Psv UK Gilts TR in GB	2.58	6.55

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