OBI Model Portfolio Active 3

OCM Asset Management

Independent Financial Planners | Discretionary Asset Managers | Tax Advisers

March 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

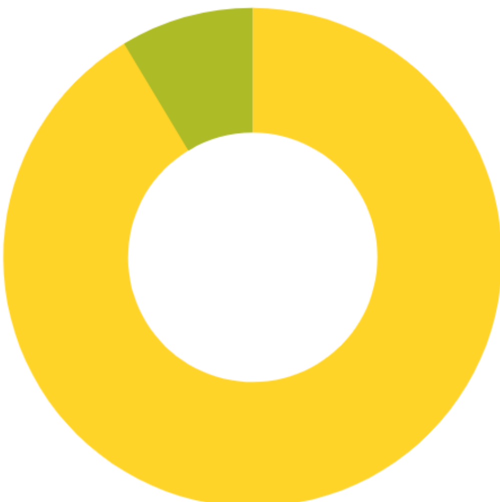
The benchmark we use for comparison purposes for volatility is **AFI Cautious** noting that this benchmark currently holds **54.52% in Equity** (Analytics, 1st March 2022) and is therefore more aggressive than this portfolio. The benchmark also has no capital preservation mandate. It would therefore 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	-0.91%	-4.75%	-4.74%	0.88%	-5.51%	14.19%	14.99%	21.04%	109.28%
Benchmark	-1.95%	-4.36%	-4.98%	3.34%	-5.69%	15.21%	19.78%	32.02%	116.09%
UK Gilts	-1.90%	-7.52%	-6.42%	-3.15%	-5.07%	4.13%	5.13%	16.38%	62.03%
UK Equities	-0.92%	3.25%	1.72%	14.48%	-1.29%	16.82%	23.33%	37.03%	154.77%

Source: FE Analytics, 1st March

Asset Allocation



MONEY MARKET (91.38%)

PROPERTY (8.62%)

Equity 0.00% - Non-Equity 100.00%

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
0.37% per annum

Ongoing Strategy Charge
0.09% per annum

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

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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

Volatile market conditions remained a key theme throughout early 2022, as geopolitical tensions continue to weigh on global asset prices. Over the past month indices fell as the conflict in Ukraine worsened, with the FTSE 100 hitting lows not seen since the Covid-19 sell-off, affirming our decision to move to cash in mid-February.

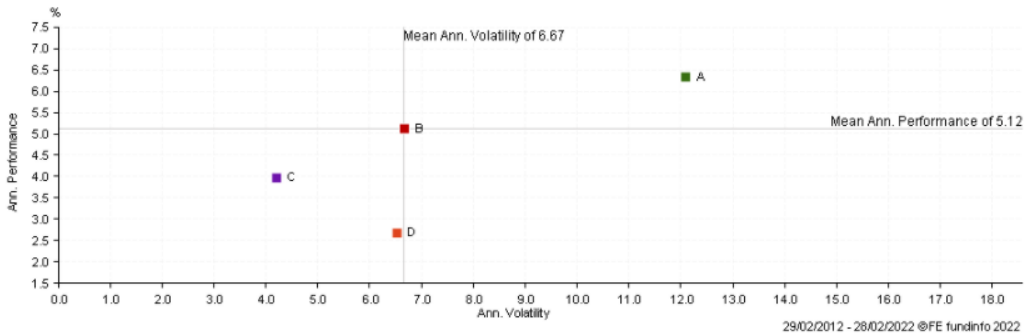
During the ongoing Ukraine war, unpredictability has not only been seen in equity markets, with investors rushing into safe-haven assets. Index Linked Government debt erased a 6% YTD decline in just one week, showing the levels of increasing volatility which is making even traditionally low risk assets uninvestable until we get more clarity. Although more resilient at times throughout the month, equity markets have suffered a correction as a result of the ongoing Ukraine and Russia conflict. With inflation feeding in from the rising oil and gas prices, this points to central banks continuing with their plans to increase rates to try and combat ongoing inflationary pressures. To avoid the increased volatility being felt in the market during this period of geopolitical tension, the portfolio has been placed into capital preservation mode while we await clarity on the short term outlook.

Moving forward, we remain concerned about the increasing levels of volatility seen within both equity and non-equity assets. Increased levels of liquidity ensure we are prepared to take advantage if any market opportunity arises, but for now it remains our view that a cautious approach is required to navigate current market conditions and protect long term gains within the portfolio.

Portfolio Positioning

Due to the uncertainty surrounding the macroeconomic environment, the OBI portfolios have moved to a high cash position, whilst retaining an exposure to property and infrastructure assets. This exposure is less volatile in nature than other non-equity assets against the current macroeconomic backdrop, and benefits from inflationary protection whilst expectations remain high. Given our current high cash position, we are awaiting clarity from a position of safety, with plenty of flexibility to re-enter markets as uncertainty abates, and the outcomes of the ongoing conflict and resulting sanctions become clearer.

Portfolio Volatility



Key	Name	Annualised Performance	Annualised Volatility
A	UK Psv UK Equities TR in GB	6.33	12.09
B	AFI Cautious TR in GB	5.12	6.67
C	OBI Active 3 - Feb 2022 TR in GB	3.97	4.21
D	UK Psv UK Gilts TR in GB	2.68	6.53

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 March 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 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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