OBI Model Portfolio Active 3

OCM Asset Management
Independent Financial Planners | Discretionary Asset Managers | Tax Advisers

May 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 **53.61% in Equity** (Analytics, 1st May 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	0.22%	0.25%	-3.05%	-0.24%	-4.40%	14.32%	14.51%	21.85%	111.70%
Benchmark	-1.57%	-1.53%	-3.70%	-0.29%	-5.29%	11.87%	19.28%	31.21%	117.00%
UK Gilts	-2.43%	-6.06%	-8.91%	-7.74%	-9.10%	-1.89%	0.02%	11.82%	55.16%
UK Equities	-0.24%	0.71%	2.63%	8.17%	0.33%	12.63%	23.60%	37.76%	158.96%

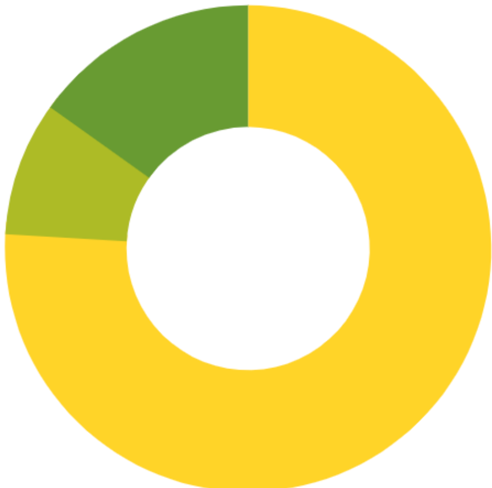
Source: FE Analytics, 1st May

Asset Allocation

MONEY MARKET (75.94%)

PROPERTY (8.93%)

COMMODITY & ENERGY (15.13%)



Equity 10.27% - Non-Equity 89.73%

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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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

After a challenging start to the year owing to geopolitical tensions and inflationary concerns, markets declined further over April, as investors considered the impact of a more aggressive monetary policy tightening cycle on the medium-term outlook. Central bank meetings this month are expected provide more clarity on policymakers' plans to prevent runaway inflation without driving growth lower over the years ahead, with volatility expected to remain high in the short term.

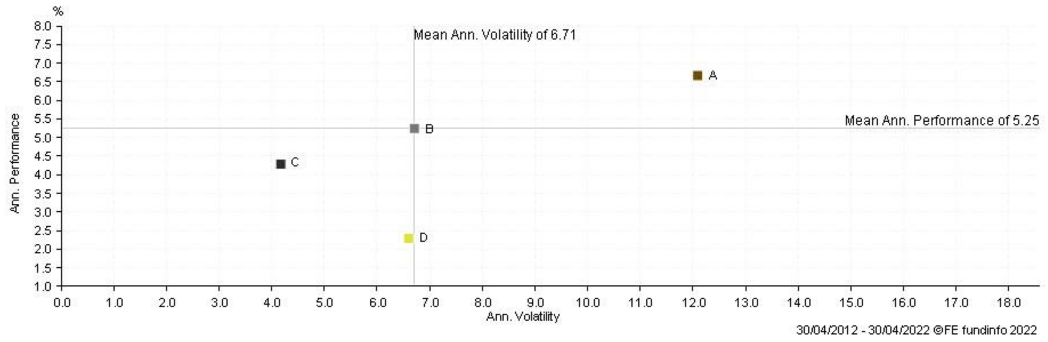
Geopolitical tensions continue to weigh on markets, with a key emphasis now being placed on how a proposed EU ban on Russian oil will affect supply and demand, potentially increasing commodity market volatility. China's Covid-Zero policy has triggered fears of further supply chain disruptions and falling consumer demand, pointing to slower global growth outlook. Fixed income markets saw another month of volatility as yields rose, with the US 10-year accelerating to its highest level since 2018 as recessionary fears increased.

Moving forward, we await clarity from central banks and news on further sanctions from the west, while inflationary pressures feed through into weaker consumer spending. Equity markets are expected to remain volatile in the near-term, and we continue to monitor the situation closely for any significant economic development that may provide more clarity on the broader economic picture and lead to a shift in investor sentiment.

Portfolio Positioning

Following our decision to add positions in physical gold and natural resources last month, we believe that these assets, alongside our property and infrastructure positions maintain our defensive approach to shield investors against the increased levels of volatility currently being experienced within global equity markets. We are continuing to review potential options of reintroducing equity and bond exposure back into the portfolios whilst taking the evolving economic backdrop into account. As market sentiment worsens as the inflation narrative continues to dampen the growth outlook, we believe that valuations are likely to become more attractive, providing an opportunity to add risk back into the portfolio at more attractive levels.

Portfolio Volatility



Key	Name	Annualised Performance	Annualised Volatility
A	UK Psv UK Equities TR in GB	6.67	12.09
B	AFI Cautious TR in GB	5.25	6.71
C	OBI Active 3 - May 2022 TR in GB	4.29	4.17
D	UK Psv UK Gilts TR in GB	2.29	6.60

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 May 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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