

LHX Balanced Long Hold



Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to accept capital losses when markets are falling, based on the balanced-growth asset allocation. The portfolio has been constructed based on a long-term investment horizon with a long hold investment strategy. The portfolio is therefore suitable for clients with a long-term investment horizon who prefer to remain fully invested throughout the market cycle and are comfortable with high levels of volatility. The asset allocation in this portfolio will vary between a benchmark of 50% equity and 65% equity on average to achieve the portfolio objectives. **Due to the long-hold nature of the portfolio, the indicative capital loss in any rolling 12-month period is not limited, however the portfolio is expected to return an annualised total return averaged out over an economic cycle (usually 5 – 7 years) of 7% per annum before any adviser, custodian, switch and/or discretionary investment management fees, but after fund manager charges.**

Management

The benchmark we use for comparison purposes for volatility is **AFI Balanced**, noting that this benchmark currently holds **68.35% in Equity** (Analytics, 1st October 2022) and therefore currently more aggressive than this portfolio. It would 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	Since Launch 31/08/2018
LHX Balanced	-5.71%	-2.63%	-13.10%	-18.44%	-18.85%	5.00%	8.80%
Benchmark	-6.33%	-1.91%	-10.23%	-13.42%	-14.94%	2.06%	4.48%
UK Gilts	-8.56%	-13.08%	-19.50%	-23.35%	-25.00%	-25.55%	-17.31%
UK Equities	-6.21%	-3.89%	-9.09%	-5.07%	-8.57%	1.08%	3.44%

Source: FE Analytics, 1st October

Asset Allocation

- MONEY MARKET (4.08%)
- UK FIXED INTEREST (6.21%)
- GLOBAL FIXED INTEREST (24.02%)
- UK GILTS (0.94%)
- OTHER NON-EQUITY (2.88%)
- UK EQUITY (26.31%)
- NORTH AMERICAN EQUITY (17.12%)
- EUROPEAN EQUITY (10.20%)
- OTHER INTERNATIONAL EQUITY (8.24%)



Equity 61.87% - Non-Equity 38.13%

Long Hold Investing

The assets in this portfolio have been selected based on a long hold approach, with a recommended minimum Investment horizon of 5 years. Unlike OCM's OBI proposition, the asset allocation within this portfolio will remain consistent over the long term, with low portfolio turnover.

In line with the Long Hold strategy, the general asset allocation within the portfolio will be maintained over the long term, however underlying funds may be switched at the discretion of the Investment Committee in cases of consistent underperformance or positioning shifts.

Key Facts

Benchmark
AFI Balanced

Inception Date
31 August 2018

Historic Yield
1.90% per annum

Ongoing Strategy Charge
0.79% per annum

Rebalancing Frequency
Quarterly



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





LHX Balanced is a long hold portfolio with a balanced non-equity allocation based on a medium-risk mandate, with the delivery of outcome at its core which aims to achieve an annualised return outcome of 7% per annum.

Market Outlook

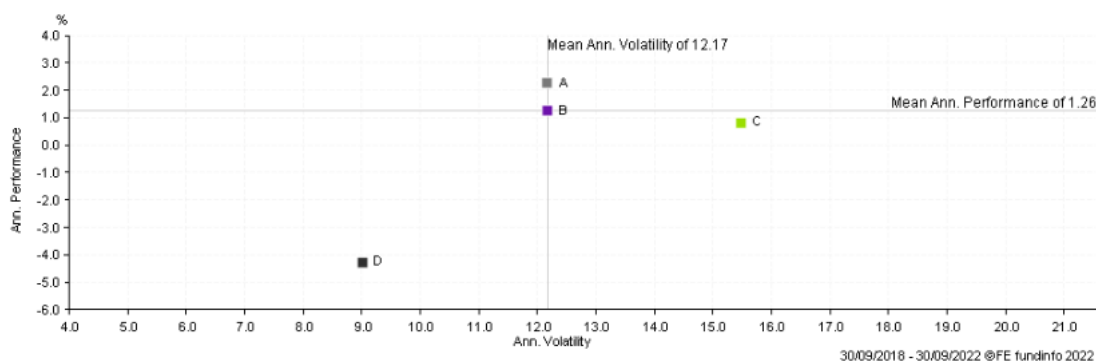
UK markets experienced heightened levels of volatility towards the end of last month as a government fiscal support package added to concerns surrounding the economic growth outlook with inflation already at multi-decade highs. The Bank of England announced a bond buying programme to support pension funds after expectations for increased government borrowing led to a sharp rise in interest rate expectations, causing a surge in bond yields. Expectations for further US Federal Reserve interest rate hikes have continued to weigh on equity valuations over the month following a hotter than expected inflation reading. Whilst headline inflation levels declined for a second consecutive month, an unexpected increase in core inflation led to a fall in global equity prices as hopes of a dovish pivot were pushed back.

Moving into Q4, we continue to expect further monetary policy tightening, with the US Fed likely to continue with their hawkish rhetoric and the Bank of England and ECB both facing increasing pressure to raise rates at a faster pace to support their respective currencies. Investors will also be looking to earnings season in order to assess how elevated inflation levels have affected corporate profitability and forward guidance.

Portfolio Positioning

Whilst 2022 has been a volatile period for financial markets, it is our view that the LHX portfolios remain appropriately positioned to perform in line with return expectations when looking over a full economic cycle. Currently, the portfolios contain a diversified exposure of value and growth-oriented risk assets, given the ongoing uncertainty we are seeing in macroeconomic backdrop. 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 4 years. Over the long term, we would expect the LHX 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 October 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.