OBI Model Portfolio Active 7

OCM Asset Management

Independent Financial Planners | Discretionary Asset Managers | Tax Advisers

October 2022

Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client whose is prepared to invest into equities for most of the time and is focused more on the return than the risk, hoping that by doing this they can achieve greater long-term returns. The portfolio is managed dynamically by altering the asset allocation using assets that carry market risk and using all assets that are available from the investment universe. The asset allocation in this portfolio will vary between a benchmark of 0% equity and 75% equity to achieve the portfolio objectives, provided economic conditions permit. **The portfolio will be managed to try and limit the indicative capital loss in any 12-month period to 15% following a significant event and 8% in normal market conditions and to target an annualised total return averaged out over a full economic cycle (5 – 7 years) of 8% plus, 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 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 16/02/2007
OBI Active 7 Portfolio	-4.65%	-1.94%	-5.86%	-8.62%	-10.56%	14.12%	13.22%	40.08%	210.64%
Benchmark	-6.33%	-1.91%	-10.23%	-13.42%	-14.94%	2.06%	11.26%	37.74%	86.77%
UK Gilts	-8.74%	-13.25%	-19.66%	-23.50%	-25.00%	-25.70%	-15.79%	-9.37%	45.74%
UK Equities	-6.40%	-4.08%	-9.27%	-5.26%	-8.57%	0.88%	8.65%	39.85%	76.16%

Source: FE Analytics, 1st October

Asset Allocation

- MONEY MARKET (13.08%)
- UK GILTS (6.07%)
- GLOBAL FIXED INTEREST (19.87%)
- OTHER NON-EQUITY (1.16%)
- PROPERTY (6.49%)
- COMMODITY & ENERGY (5.39%)
- UK EQUITY (10.64%)
- NORTH AMERICAN EQUITY (25.29%)
- EUROPEAN EQUITY (7.88%)
- OTHER INTERNATIONAL EQUITY (4.13%)

Equity 53.33% - Non-Equity 46.67%

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 Balanced

Inception Date
16 February 2007

Historic Yield
1.75% per annum

Ongoing Strategy Charge
0.46% per annum

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

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

defaqto 6 RISK RATING BALANCED GROWTH

defaqto EXPERT RATED ★★★★★ 2022

Pension TRANSFER Gold Standard

OBI Model Portfolio Active 7

OCM Asset Management

Independent Financial Planners | Discretionary Asset Managers | Tax Advisers

October 2022

Our OBI Active 7 portfolio is a balanced portfolio with the delivery of outcome and capital preservation at its core which aims to achieve a return outcome of 8% 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.

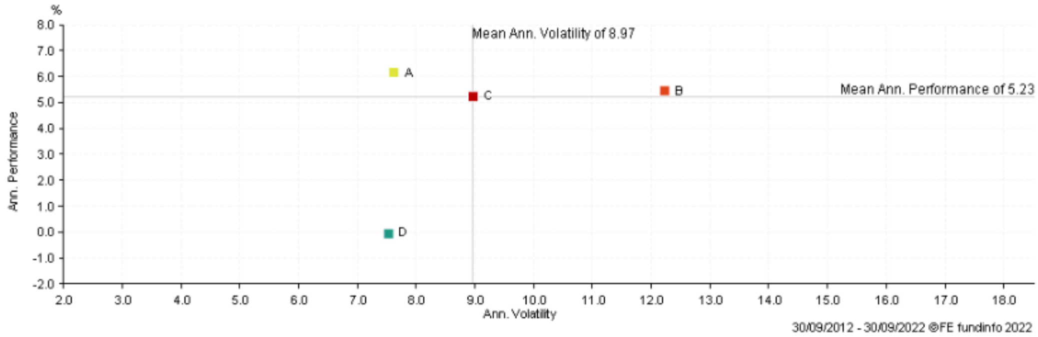
Moving into Q4, we continue to expect further monetary policy tightening, with the US Fed likely to continue with their hawkish rhetoric and the Bank of England and ECB both facing increasing pressure to raise rates at a faster pace to support their respective currencies. Investors will also be looking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

Portfolio Positioning

With intraday market volatility continuing across all asset classes during the recent market sell-off, our cautious portfolio positioning has mitigated some of the downwards pressures when compared to the benchmark, as investors continue to price in a weakening economic growth outlook. Whilst we are nearing a more normalised level of equity exposure across the OBI portfolios amid a more optimistic outlook for 2023, we remain underweight in key areas which in our view will continue to face significant headwinds moving forward.

The recent volatility across all asset classes further highlights the importance of our cautious approach, however as financial markets price in further hawkish Federal Reserve interest rate hikes and recessionary risks, we are becoming increasingly optimistic on the outlook for Q4 and beyond. As such, we will continue to review opportunities on a value at risk basis and look to utilise elevated cash levels to take advantage of attractive valuations in opportunities that, in our view, exhibit strong upside potential against limited downside risk.

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.

Key	Name	Annualised Performance	Annualised Volatility
A	OBI Active 7 TR in GB	6.16	7.62
B	UK Psv UK Equities TR in GB	5.45	12.23
C	AFI Balanced TR in GB	5.23	8.97
D	UK Psv UK Gilts TR in GB	-0.05	7.53

Important Information

OCM Asset Management is a trading name of OCM Wealth Management Limited, which is authorised and regulated by the Financial Conduct Authority Number 418826, OCM Wealth Management Limited registered in England No: 5029800 | Registered Office; St Clair House, 5 Old Bedford Road, Northampton, NN4 7YD

T: 01604 621 467 | W: www.ocmassetmanagement.co.uk