

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 **68.80% in Equity** (Analytics, 1st December 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.

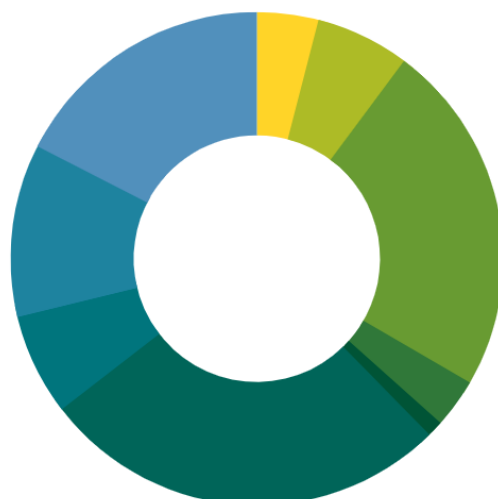
Performance

Asset	1 Month	3 Months	6 Months	12 Months	YTD	3 Years	Since Launch 31/08/2018
LHX Balanced	3.57%	-0.94%	-3.39%	-14.53%	-14.74%	8.11%	8.80%
Benchmark	4.32%	-2.05%	-2.91%	-9.69%	-11.06%	6.14%	4.48%
UK Gilts	2.59%	-1.95%	-8.80%	-21.37%	-19.29%	-17.89%	-16.09%
UK Equities	7.42%	3.69%	-0.10%	5.74%	1.09%	10.43%	3.48%

Source: FE Analytics, 1st December

Asset Allocation

- MONEY MARKET (4.03%)
- UK FIXED INTEREST (6.16%)
- GLOBAL FIXED INTEREST (23.19%)
- OTHER NON-EQUITY (3.23%)
- COMMODITY & ENERGY (1.03%)
- UK EQUITY (26.90%)
- NORTH AMERICAN EQUITY (6.65%)
- EUROPEAN EQUITY (11.33%)
- OTHER INTERNATIONAL EQUITY (17.48%)



Equity 62.36% - Non-Equity 37.64%

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
0.57% per annum

Rebalancing Frequency
Quarterly



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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

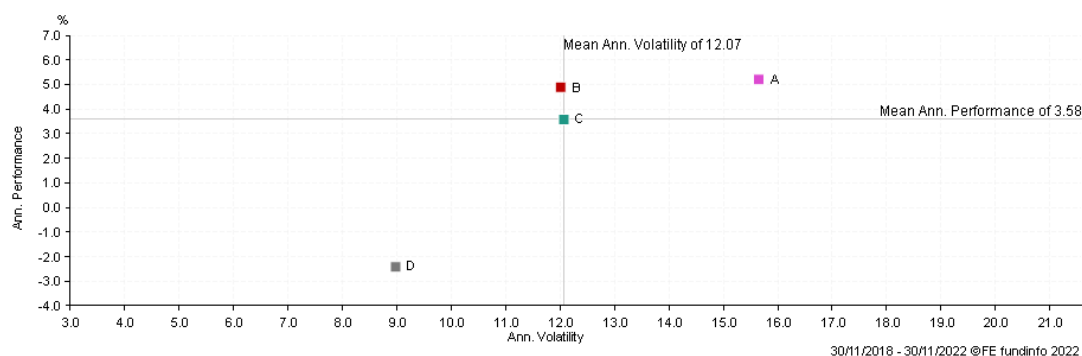
A greater than expected decline in US inflation has boosted investor sentiment throughout November, as investors moved to price in a slowdown in the US Federal Reserve's policy tightening. In the UK, the Autumn Budget laid out by Chancellor Jeremy Hunt received a tentative seal of approval from investors, as UK gilt and currency markets remained relatively muted. The new government outlined a plan that it hopes can cushion the upcoming recession, by providing a platform for growth over the medium term, whilst looking to reduce the budget deficit through a number of tax hikes. In Asia, Chinese government officials began to soften the Zero-Covid regime following mass protests across the country, laying out a 20-step programme to reduce the economic impact of the policy whilst looking to step up their vaccination programme. Chinese markets subsequently rallied as investors hoped a softening in lockdown restrictions would boost consumer demand across the region and help ease global supply chains.

As we look towards year-end with a sense of optimism, we will be watching the upcoming economic data closely, looking for further signals that inflationary pressures are easing and indications of dovish tilts from central bank officials, both of which are expected to build on this month's boost to investor sentiment.

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.

Key	Name	Annualised Performance	Annualised Volatility
A	UK Psy UK Equities TR in GB	5.21	15.65
B	LHX Balanced Portfolio TR in GB	4.89	12.01
C	AFI Balanced TR in GB	3.58	12.07
D	UK Psy UK Gilts TR in GB	-2.41	8.98

Important Information

All data in this document has been extracted from Analytics as at 1st December 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.