OBI Model Portfolio Active 4

OCM Asset Management

Independent Financial Planners | Discretionary Asset Managers | Tax Advisers

March 2023

Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to invest into a higher allocation towards equities than OBI Active 3. The portfolio is managed dynamically by altering the asset allocation and by predominantly using low-risk assets that carry low market risks and using all assets that are available from the investment universe. The asset allocation on this portfolio will vary between a benchmark of 0% equity and 45% equity on average to achieve the portfolio objectives, provided economic conditions permit. As non-equity assets are in some cases becoming riskier than equity assets, we feel that the current positioning is acceptable when we take into account our mandate regarding a client's capital loss acceptance and by altering the asset allocation based on OBI and the ability to cyclically adjust the portfolios. **The portfolio will be managed to try and limit the indicative capital loss in any 12-month period to 8% in a significant event and 5% in normal market conditions and to target an annualised total return averaged out over an economic cycle (5 – 7 years) of 5% 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 Cautious** noting that this benchmark currently holds **50.06% in Equity** (Analytics, 1st March 2023) 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 4 Portfolio	-0.78%	-0.37%	-1.20%	-1.02%	1.21%	9.43%	8.09%	23.21%	122.51%
Benchmark	-0.80%	1.65%	-0.28%	-2.03%	2.36%	8.78%	13.34%	30.45%	111.48%
UK Gilts	-3.38%	-5.00%	-6.86%	-19.29%	-0.94%	-24.48%	-13.83%	-9.90%	30.69%
UK Equities	1.82%	4.63%	8.50%	7.17%	5.90%	27.19%	26.33%	59.82%	174.20%

Source: FE Analytics, 1st March

Asset Allocation

- MONEY MARKET (9.58%)
- GLOBAL FIXED INTEREST (28.14%)
- UK GILTS (6.96%)
- OTHER NON-EQUITY (3.64%)
- PROPERTY (9.13%)
- COMMODITY & ENERGY (5.99%)
- UK EQUITY (5.71%)
- NORTH AMERICAN EQUITY (17.41%)
- EUROPEAN EQUITY (5.35%)
- OTHER INTERNATIONAL EQUITY (8.09%)

Equity 41.45% - Non-Equity 58.55%

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
2.84% per annum

Ongoing Strategy Charge
0.50% 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

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OBI Active 4 is a cautious portfolio with a slightly higher equity allocation than OBI Active 3, with the delivery of outcome and capital preservation at its core which aims to achieve a return outcome of 5% per annum.

Market Outlook

Equity market performance has been broadly positive so far in 2023, driven by positive investor sentiment as global economic growth shows a continued level of resilience despite rising global interest rates. European equities have been boosted following a consistent decline in natural gas prices which has led to renewed optimism surrounding economic growth in the eurozone, cooling fears of a recession. In the US, a hotter-than-expected inflation print saw equities decline over the month as economic data continues to point to a robust economy, leading to investors pricing in higher US interest rates as the US Federal Reserve continues its fight to tame inflation.

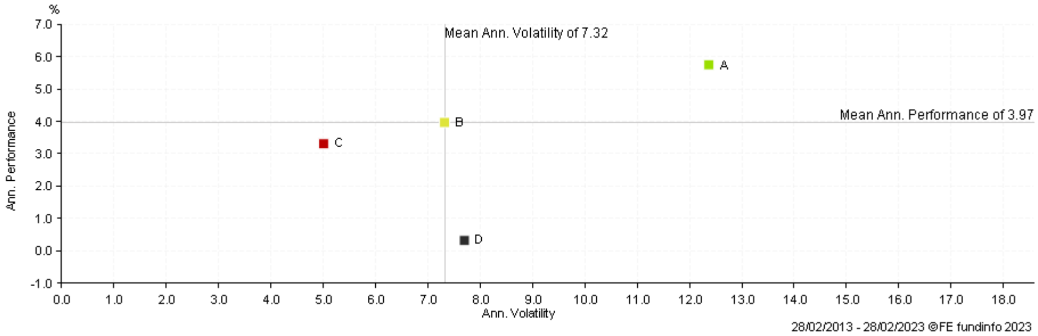
Fixed income markets have fallen as a result of the stronger than expected data coming out of Europe and the US which points to the US Federal Reserve and European Central Bank needing to raise interest rates further in order to bring inflation back to their 2% targets. Recent inflation data for Spain and France resulted in investors pricing in further ECB hiking beyond the 50bps they signalled for their upcoming March meeting. Taking a longer-term view, we remain optimistic for portfolio returns in 2023, noting our expectations for inflation to continue to moderate which in our view will alleviate pressure on central banks to maintain an aggressive pace of monetary tightening.

Portfolio Positioning

Our optimism surrounding the longer-term economic outlook for 2023 continues to be reflected in our portfolio allocation. Equity exposure remains diverse given the expected market volatility in the near term, however we continue to see valuations appear attractive against their historical averages. The ongoing reopening in China is expected to feed through into Asian and Emerging Market equities in the medium-term, with our exposure in these assets looking to take advantage of this rhetoric.

Our fixed income asset exposure remains unchanged, with the recent switch to UK High Yield reducing our overall exposure to the dollar which we expect to face headwinds as we continue into 2023 as the Fed nears the end of its tightening cycle. As a whole, we remain optimistic for the performance of fixed income assets moving forward, with the attractive yields offering a consistent level of income alongside the opportunities for capital growth across fixed income markets.

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	UK Psv UK Equities TR in GB	5.75	12.37
B	AFI Cautious TR in GB	3.97	7.32
C	OBI Active 4 TR in GB	3.31	5.01
D	UK Psv UK Gilts TR in GB	0.33	7.70

Important Information

All data in this document has been extracted from Analytics as at 1st March 2023. 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.