

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 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 **64.81% in Equity** (Analytics, 1st August 2023) 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	2.12%	2.92%	1.92%	1.55%	5.75%	9.99%	21.39%
Benchmark	1.89%	1.04%	-0.89%	-0.10%	2.75%	11.43%	11.47%
UK Gilts	0.68%	-3.22%	-5.52%	-15.07%	-3.14%	-29.11%	-17.32%
UK Equities	2.57%	-1.00%	0.73%	5.29%	4.77%	38.73%	18.42%

Source: FE Analytics, 1st August

Asset Allocation

- MONEY MARKET (7.64%)
- UK FIXED INTEREST (3.86%)
- GLOBAL FIXED INTEREST (18.38%)
- OTHER NON-EQUITY (2.33%)
- COMMODITIES (4.05%)
- PROPERTY (4.30%)
- UK EQUITY (17.43%)
- NORTH AMERICAN EQUITY (17.28%)
- EUROPEAN EQUITY (13.80%)
- OTHER INTERNATIONAL EQUITY (8.39%)
- ASIAN EQUITY (2.54%)



Equity 63.49% - Non-Equity 36.51%

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

2.88% per annum

Ongoing Strategy Charge

0.49% 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

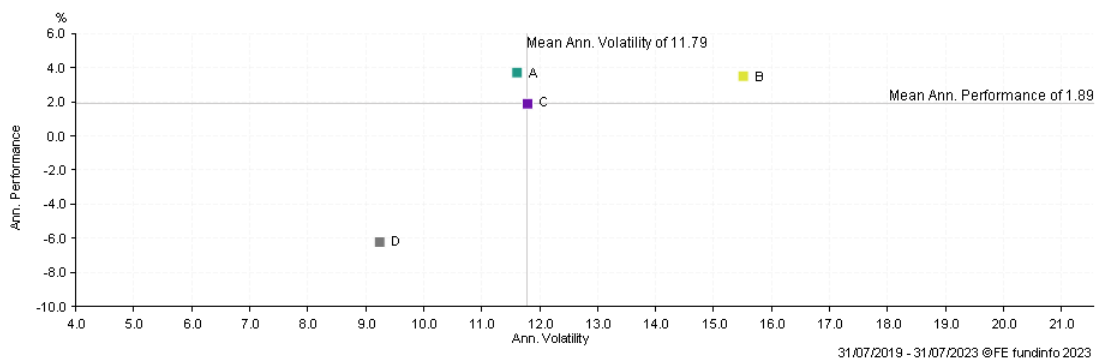
With investors digesting key interest rate decisions throughout the month, global equity markets finished July in positive territory, supporting returns across the OBI portfolios. Key economic data releases pointed to a further cooling of inflation in developed economies, which has ultimately supported investor sentiment over the month. Moving forward we expect central banks to remain "data dependent" when assessing future policy, which despite adding a sense of uncertainty to the outlook for interest rates, suggests that the end of their respective tightening cycles is near, given the relatively supportive economic data so far.

Despite tighter financial conditions weighing on the outlook for economic growth, corporate profitability has moved into the spotlight during Q2 earnings season. Large banks have continued to benefit from the rapid rise in interest rates as they report greater than expected net interest income, whilst large-cap tech firms continued to benefit from exposure to generative AI, driving the tech-heavy benchmark higher. With Global economies yet to feel the full effect of central bank interest rate hiking we remain somewhat cautious on the outlook for equities as valuations, particularly in the US, become stretched. Moving forward, we expect upcoming macroeconomic data releases to drive financial markets in the short-term, whilst we remain more optimistic for returns over the long-term as inflationary pressures subside, reinforcing the need for a dynamic approach to asset allocation.

Portfolio Positioning

Following the changes to positioning made in June, the LHX portfolios hold a diversified exposure towards equities, bonds, property assets, and in the lower risk portfolios, money market assets. With a focus on quality and yield, we expect this allocation to remain resilient during periods of near-term volatility whilst taking advantage of higher yields available following the normalisation of interest rates over the last 18 months. Despite reducing our exposure to growth assets in June, we have retained a slight growth bias, given that we still expect these assets to outperform over the full market cycle, however it is our view that this more diverse allocation will help the portfolio remain resilient against what we expect to be a more volatile market environment moving forward.

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	LHX Balanced Portfolio TR in GB	3.71	11.61
B	UK Psv UK Equities TR in GB	3.50	15.51
C	AFI Balanced TR in GB	1.89	11.79
D	UK Psv UK Gilts TR in GB	-8.21	9.24

Important Information

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