OBI Model Portfolio Active 7

OCM Asset Management
Independent Financial Planners | Discretionary Asset Managers | Tax Advisers

August 2023

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 **64.81% in Equity** (Analytics, 1st August 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 16/02/2007
OBI Active 7 Portfolio	1.90%	1.58%	1.27%	1.40%	4.56%	21.88%	16.18%	37.39%	230.83%
Benchmark	1.89%	1.04%	-0.89%	-0.10%	2.75%	11.43%	12.10%	33.20%	99.28%
UK Gilts	0.68%	-3.22%	-5.52%	-15.07%	-3.14%	-29.11%	-17.23%	-18.33%	45.73%
UK Equities	2.57%	-1.00%	0.73%	5.29%	4.77%	38.73%	15.62%	44.08%	101.67%

Source: FE Analytics, 1st August

Asset Allocation

- MONEY MARKET (9.28%)
- UK GILTS (5.84%)
- GLOBAL FIXED INTEREST (13.69%)
- OTHER NON-EQUITY (2.02%)
- PROPERTY (4.89%)
- COMMODITY & ENERGY (4.89%)
- UK EQUITY (19.85%)
- NORTH AMERICAN EQUITY (17.64%)
- EUROPEAN EQUITY (12.72%)
- ASIAN EQUITY (3.41%)
- OTHER INTERNATIONAL EQUITY (5.77%)

Equity 64.28% - Non-Equity 35.72%

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
3.21% per annum

Ongoing Strategy Charge
0.48% per annum

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

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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

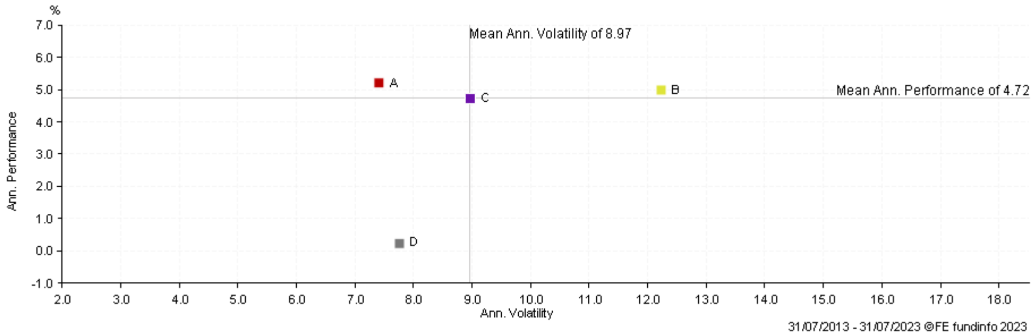
With investors digesting key interest rate decisions throughout the month, global equity markets finished July in positive territory, supporting returns across the OBI portfolios. Key economic data releases pointed to a further cooling of inflation in developed economies, which has ultimately supported 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

With ongoing macroeconomic headwinds likely to drive financial market performance in the short-term, we have maintained a diversified asset allocation with an exposure to a wide range of asset classes, sectors and geographic regions. We believe that fixed income assets offer attractive opportunities moving forward, noting that they provide a strong yield in the near-term with expectations for a pause in rate hikes is expected to support capital appreciation. Against a backdrop of near-term volatility, we continue to monitor our equity positions on a value at risk basis, , with the possibility to utilise the attractive yield generated on relatively risk-free assets and cash should valuations appear overly stretched. Whilst commodities have so far remained sensitive to economic growth expectations as China's economic recovery continues to underwhelm, unfavourable supply dynamics and optimism surrounding further Chinese stimulus have supported performance of our natural resources exposure over the month.

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	5.21	7.41
B	UK Psv UK Equities TR in GB	4.99	12.23
C	AFI Balanced TR in GB	4.72	8.97
D	UK Psv UK Gilts TR in GB	0.24	7.76

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.