OBI Model Portfolio Active 3

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

September 2023

Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who requires stability of capital and is prepared to accept small levels of capital losses when markets are falling, based on the higher non-equity asset allocation. The portfolio is managed dynamically by altering the asset allocation and by predominantly using low-risk assets that carry market risk and using all assets that are available from the investment universe. The asset allocation within this portfolio will vary between a benchmark of 0% equity and 35% equity on average to achieve the portfolio objectives, provided economic conditions permit. **The portfolio will be managed to try and limit the indicative capital loss in any rolling 12-month period to 6% in a significant event and 4% in normal market conditions and to target an annualised total return averaged out over an economic cycle of 4% per annum before any adviser, custodian, switch and/or discretionary investment management fees, but after fund manager charges.** Despite the higher allocation in non-equity assets, these asset classes are in some cases becoming riskier than equity assets, however we feel that the current positioning is acceptable when we consider our mandate regarding a client's capital loss acceptance.

Management

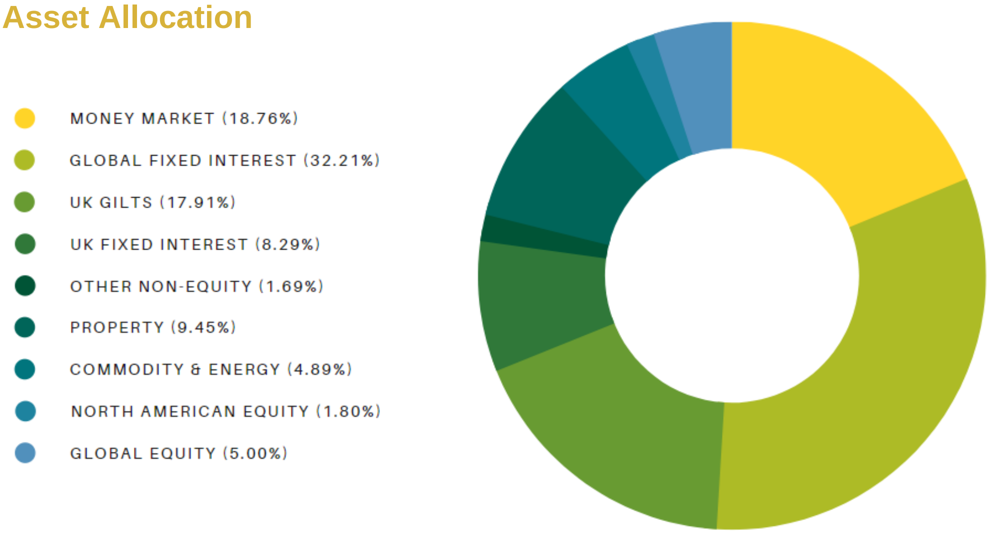
The benchmark we use for comparison purposes for volatility is **AFI Cautious** noting that this benchmark currently holds **50.16% in Equity** (Analytics, 1st September 2023) and is therefore more aggressive than this portfolio. The benchmark also has no capital preservation mandate. It would therefore 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 3 Portfolio	-0.60%	0.62%	-1.00%	-2.19%	-0.07%	3.02%	7.30%	16.71%	104.45%
Benchmark	-0.92%	0.52%	-0.67%	-1.37%	1.25%	5.97%	8.13%	20.74%	109.38%
UK Gilts	-0.69%	-0.44%	-2.87%	-9.53%	-3.61%	-27.31%	-17.89%	-21.43%	27.36%
UK Equities	-2.12%	0.74%	-3.14%	5.09%	2.50%	33.16%	16.02%	37.69%	164.25%

Source: FE Analytics, 1st September

Asset Allocation



Equity 11.69% - Non-Equity 88.31%

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
3.86% per annum

Ongoing Strategy Charge
0.38% 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 3 RISK RATING CAUTIOUS
defaqto EXPERT RATED 2023
Pension TRANSFER Gold Standard

OBI Model Portfolio Active 3

OCM Asset Management

Independent Financial Planners | Discretionary Asset Managers | Tax Advisers

September 2023

OBI Active 3 is a cautious portfolio with a higher non-equity allocation based on a low-risk mandate, with the delivery of outcome and capital preservation at its core which aims to achieve a return outcome of 4% per annum.

Market Outlook

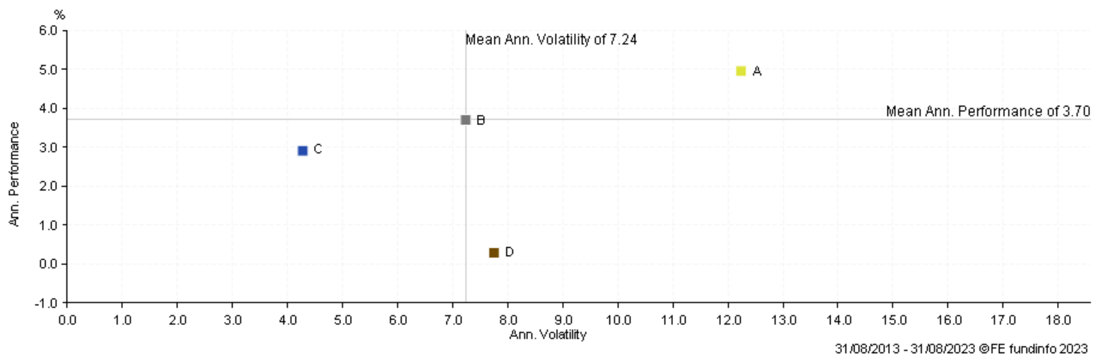
Following strong performance throughout July, risk appetite in August was somewhat tempered by the prospect of higher for longer interest rates, that saw bond yields rise, whilst concerns over China's property sector also weighed on sentiment. With Q4 fast approaching, our expectations remain for inflation to decline throughout the coming months in key developed economies, which has been echoed in August's inflation print in the UK that surprised to the downside. Despite core price pressures continuing to remain sticky, headline inflation fell to 6.8%, leading traders to reverse expectations for the Bank of England to raise interest rates beyond 6%, supporting performance in gilt markets, alongside our view that fixed income will play an important role within the portfolio's asset allocation for the remainder of the year. Other key economic data points have highlighted a softening in activity, which has spurred optimism that central banks are nearing the end of their tightening cycles; however, we remain somewhat cautious as to the impact rate hikes will have on corporate profitability in coming quarters. Looking further ahead we remain optimistic for portfolio returns given our expectations for a longer-term decline in interest rates and the cooling of inflationary pressures should provide a more supportive investment environment.

Portfolio Positioning

In line with our expectations for risk assets to experience weakness in the short term, we have recently taken profit on some of our equity exposure, in favour of government debt, noting the attractive yields these assets currently generate, alongside our expectations for capital growth moving forward. Equity exposure has so far been a crucial element of the portfolio's construction, with the rally seen in US and European indices providing strong diversification benefits and helping support broadly positive performance on a year-to-date basis, however, we believe that a lot of good news is now priced into valuations, leaving limited upside potential and substantial downside potential as the economic backdrop weakens. For that reason, we have taken the opportunity to reduce our equity allocation across the portfolios, particularly within direct exposure towards the US and Europe.

It is our view that further market volatility is to be expected in the near-term and this has been reflected in our more cautious approach to portfolio positioning, however we believe that a focus on quality and yield best positions us to generate positive returns in this environment, whilst our medium to long-term view remains positive with expectations for broader macroeconomic headwinds to clear.

Portfolio Volatility



Key	Name	Annualised Performance	Annualised Volatility
A	UK Psv UK Equities TR in GB	4.95	12.24
B	AFI Cautious TR in GB	3.70	7.24
C	OBI Active 3 TR in GB	2.91	4.28
D	UK Psv UK Gilts TR in GB	0.29	7.75

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.

Important Information