OBI Model Portfolio Balanced Growth (Formerly OBI 8)

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

November 2023

Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to take a medium to large degree of risk by investing a larger portion of their overall portfolio into equities, whilst maintaining a balance between risk and reward. 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 primary objective of this portfolio is to achieve a long-term total return and income above the Bank of England's base rate and generate growth in real terms (above inflation) over the medium term which is materially higher than the long-term return on cash, after fees and costs. The asset allocation on this portfolio will vary between a benchmark of 0% equity and 75% equity on average to achieve the portfolio objectives, provided economic conditions permit. This portfolio has a capital preservation mandate of 100% in order to protect investors and mitigate volatility during severe market events, however, the portfolio may also hold 25% in core, long term assets which may be less liquid in nature, such as investment trusts, meaning portfolio volatility is likely to be higher than the more cautious models. The recommended time-horizon for this portfolio is a minimum of 5 years.

Management

The benchmark we use for comparison purposes for volatility is **AFI Balanced** noting that this benchmark currently holds **65.46% in Equity** (Analytics, 1st November 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.

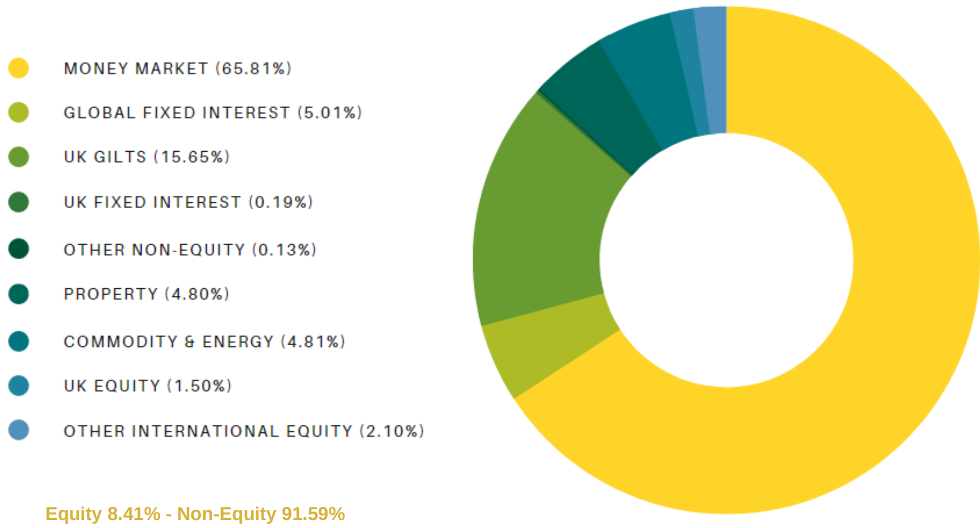
Performance

Asset	1 Month	3 Months	6 Months	12 Months	YTD	3 Years	5 Years	7 Years	Since Launch 08/03/2016
OBI Balanced Growth	-1.24%	-2.60%	-0.84%	2.47%	1.96%	17.43%	18.69%	33.28%	43.64%
Benchmark	-2.82%	-4.55%	-3.56%	1.60%	-1.93%	5.31%	12.53%	22.48%	36.38%
UK Gilts	-0.38%	-1.75%	-4.89%	-6.34%	-4.81%	-29.05%	-18.27%	-17.10%	-13.21%
UK Equities	-4.28%	-4.92%	-5.84%	5.75%	-0.36%	37.44%	18.72%	31.23%	48.25%

Source: FE Analytics, 1st November

Performance shown since inception on 08/03/16

Asset Allocation



Equity 8.41% - Non-Equity 91.59%

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
08 March 2016

Historic Yield
4.51% per annum

Ongoing Strategy Charge
0.21% per annum

Volatility
9.08%

Max Loss
-12.80%

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

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Market Outlook

Volatility remained a key theme throughout the month, with an escalation of the conflict in the Middle East weighing on risk appetite as investors assessed the potential impact to global economies. As such, global equity markets experienced sharp declines in the latter half of October, as this heightened level of geopolitical risk dampened sentiment. In addition, a rise in oil prices drove investors to reconsider the outlook for inflation, with central banks potentially having to do more in order to bring inflation back to target, leading bond yields higher over the month.

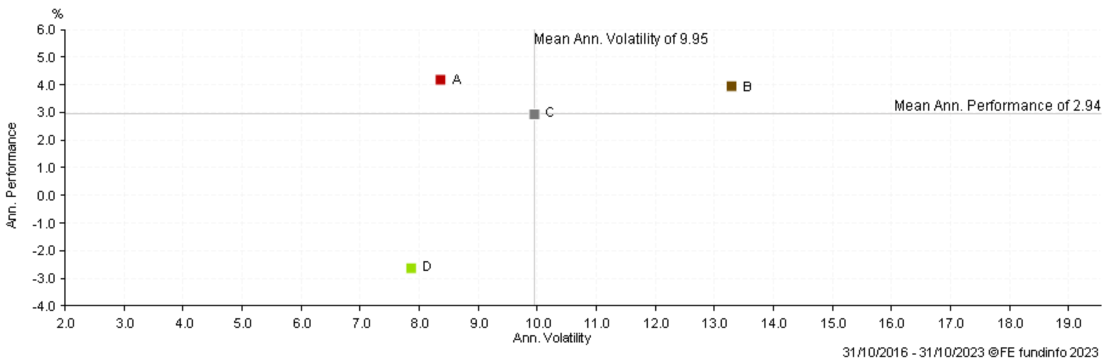
The conflict in the Middle East has resulted in significant economic and humanitarian devastation, and whilst we hope for a swift diplomatic resolution, no one can be certain as to how events unfold from here. As evidenced by the initial stages of the war in Ukraine last year, the outlook for financial markets and global economies remains somewhat clouded in the near-term by these geopolitical events and given that a significant escalation could have severe effects on global equity markets, we have taken the decision to reduce the level of risk within the portfolios.

Portfolio Positioning

Despite our already cautious outlook on equities moving into Q4, the increased level of uncertainty stemming from the conflict in the Middle East has led us to reevaluate our outlook as we move towards the end of the year, noting that we now see little upside potential in risk-assets in the current environment. Therefore, we have removed our equity and corporate debt exposure given our belief that the risks have heavily shifted to the downside. The proceeds from these positions have been deployed into money market funds which are considered 'risk-free' whilst providing an attractive yield. We have maintained our overweight to government debt, which we would expect to benefit from a flight to safety as well as a fall in interest rate expectations, whilst also retaining our exposure to key commodities given our expectations for the risk associated with the ongoing conflict will support the prices of these assets.

The situation in the Middle East is evolving quickly, and therefore it is our view that an agile approach to portfolio management is key. However, as it stands, we can review developments in the region from a position of safety knowing that our current positioning will preserve capital in the event of a significant deterioration of risk appetite, whilst generating returns from risk-free, yield generating assets.

Portfolio Volatility



Key	Name	Annualised Performance	Annualised Volatility
A	OBI Balanced Growth TR in GB	4.19	8.36
B	UK Psv UK Equities TR in GB	3.96	13.29
C	AFI Balanced TR in GB	2.94	9.95
D	UK Psv UK Gilts TR in GB	-2.62	7.86

This scatter chart reflects annualised volatility and return in GBP over the past 7 years. Over the long term, we would expect the OBI portfolio to exhibit a lower level of volatility than the benchmark.

Important Information

All data in this document has been extracted from Analytics as at 1st November 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. Annualised Volatility and Max Loss Figures as detailed by FE Analytics over 5 years to period, where max loss represents the worst running return.