

# Model Portfolio Growth



January 2024

## Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to invest a large portion of their overall portfolio into equities, accepting a high level of risk for a potentially higher reward. The primary objective of this portfolio is to generate a long-term total return and income above the Bank of England's base rate and real terms growth (above inflation) which is significantly higher than the long-term return on cash after fees and costs. This portfolio can take up to 85% of the risk of investing in the world equity market, as measured by the worst expected loss and annualised volatility of returns. This portfolio has no defined capital preservation mandate and invests in all assets that are available from the investment universe to achieve the objectives. Due to the higher risk nature of this portfolio, the recommended time-horizon is a minimum of 7 years.

## Management

The benchmark we use for comparison purposes for volatility is **AFI Balanced**, noting that this benchmark currently holds **64.90% in Equity** (Analytics, 1st January 2024) and is therefore more aggressive than this portfolio. It would therefore be expected that the benchmark would outperform the portfolio and that the volatility of the portfolio would be higher. The model performance therefore cannot be directly compared to the benchmark.

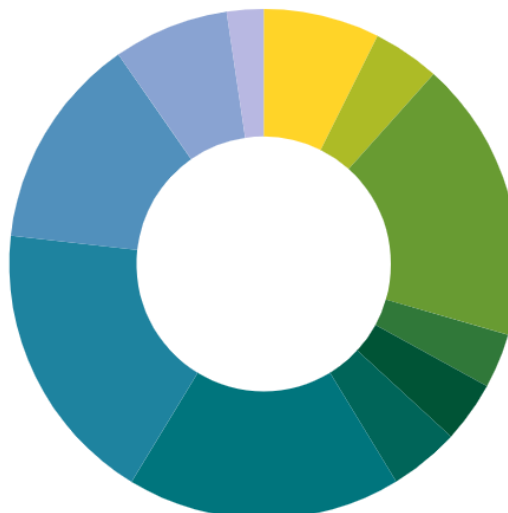
## Performance

Asset	1 Month	3 Months	6 Months	12 Months	YTD	3 Years	5 Years	Since Launch 31/08/2018
OCM Growth	4.17%	5.76%	6.16%	9.93%	-	0.53%	37.56%	26.19%
Benchmark	4.64%	6.01%	6.09%	6.99%	-	3.83%	27.15%	16.07%
UK Gilts	5.38%	8.15%	7.42%	3.35%	-	-23.64%	-12.07%	-11.85%
UK Equities	4.72%	3.45%	5.43%	7.68%	-	26.53%	35.76%	21.70%

Source: FE Analytics, 1st January

## Asset Allocation

- MONEY MARKET (7.39%)
- UK FIXED INTEREST (4.25%)
- GLOBAL FIXED INTEREST (17.86%)
- OTHER NON-EQUITY (3.46%)
- COMMODITIES (3.88%)
- PROPERTY (4.45%)
- UK EQUITY (17.41%)
- NORTH AMERICAN EQUITY (18.06%)
- EUROPEAN EQUITY (13.56%)
- OTHER INTERNATIONAL EQUITY (7.35%)
- ASIAN EQUITY (2.33%)



Equity 62.59% - Non-Equity 37.41%

## Long Hold Investing

The assets in this portfolio have been selected based on a long hold approach, with a recommended minimum investment horizon of 7 years. Unlike OCM's OBI proposition, this portfolio has no capital preservation mandate, and will likely have a lower portfolio turnover.

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 Aggressive

### Inception Date

31 August 2018

### Historic Yield

3.06% per annum

### Ongoing Strategy Charge

0.49% per annum

### Volatility

11.03%

### Max Loss

-14.09%

### Rebalancing Frequency

Quarterly



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## Market Outlook

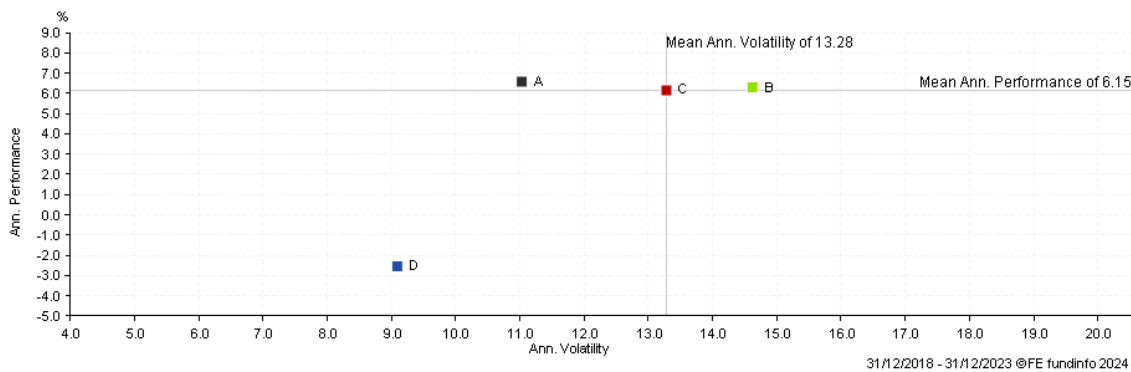
Global equity markets continued to rally in December on the back of ongoing optimism surrounding future rate cuts, with inflation data in key developed economies supporting the prospect of central banks delivering a ‘soft-landing’ in which inflation continues to moderate without significant economic weakness. China remained a key outlier to the broad rally in equity markets, as ongoing property sector woes and whipsawing policies saw sentiment to the region remain subdued. Despite the recent strength in equity markets over the past two months, we remain cautious on the outlook as valuations appear stretched, with a number of potential headwinds expected to weigh on valuations. With earnings season set to begin in the middle of January, we will be watching corporate profitability closely for any signs of pressure that could potentially cool the recent strength we've seen in equity markets.

We expect the first quarter of 2024 to remain volatile, with geopolitical tensions, slowing economic activity and declining corporate profitability weighing on markets in the short term, however as these short-term headwinds clear throughout the year, the outlook is beginning to brighten, with interest rate cuts expected in the second half of the year. We are therefore more optimistic for asset returns in the second half of the year and beyond, as the key headwinds that have weighed on sentiment over the last 2 years such as high inflation and restrictive policy continue to ease.

## Portfolio Positioning

The diversified nature of the portfolios has allowed them to take advantage of the uplift in both fixed income and equity markets, delivering positive risk-adjusted returns over the month and over 2023 as a whole. With yields declining sharply throughout December, the portfolio's exposure to smaller companies and more growth focussed assets made the largest positive contributions to performance, whereas our Asian exposure acted as a slight headwind given the weakness seen from China. Over the long-term, we remain confident that the portfolio's diverse asset allocation can deliver positive returns despite the potential for financial market volatility to persist over the year. However, as outlined, we expect to see key macroeconomic headwinds to continue to clear throughout 2024, and therefore believe that a more supportive investment environment, particularly for growth assets, should continue to drive positive returns.

## Portfolio Volatility



This scatter chart reflects annualised volatility and return in GBP over the past 5 years. Over the long term, we would expect the Growth portfolio to exhibit a lower level of volatility than the benchmark.

Key	Name	Annualised Performance	Annualised Volatility
A	Growth TR in GB	6.58	11.03
B	UK Psv UK Equities TR in GB	6.30	14.62
C	AFI Aggressive TR in GB	6.15	13.28
D	UK Psv UK Gilts TR in GB	-2.54	9.09

## Important Information

All data in this document has been extracted from Analytics as at 1st January 2024. 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 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.