

Model Portfolio Balanced



April 2024

Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to invest a larger portion of their overall portfolio into equities, whilst maintaining a balance between risk and 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 materially higher than the long-term return on cash after fees and costs. This portfolio can take up to 65% 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, holding up to 15% in core, long-term assets which may be less liquid in nature, such investment trusts. The recommended time-horizon for this portfolio 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 **67.22% in Equity** (Analytics, 1st April 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 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	Since Launch 31/08/2018
OCM Balanced	3.16%	4.32%	10.33%	11.96%	4.32%	3.97%	33.70%	31.63%
Benchmark	2.83%	3.29%	9.49%	9.41%	3.29%	6.06%	23.57%	19.88%
UK Gilts	1.91%	-1.82%	6.14%	-0.44%	-1.82%	-20.00%	-16.52%	-13.45%
UK Equities	4.42%	3.17%	6.75%	8.03%	3.17%	24.23%	28.29%	25.56%

Source: FE Analytics, 1st April

Asset Allocation

- MONEY MARKET (3.97%)
- UK GILTS (4.92%)
- GLOBAL FIXED INTEREST (19.20%)
- OTHER NON-EQUITY (3.39%)
- COMMODITIES (4.56%)
- PROPERTY (3.70%)
- UK EQUITY (15.22%)
- NORTH AMERICAN EQUITY (22.78%)
- EUROPEAN EQUITY (13.82%)
- ASIAN EQUITY (5.05%)
- OTHER INTERNATIONAL EQUITY (3.39%)



Equity 64.82% - Non-Equity 35.18%

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 portfolio changes are made on a strategic rather than tactical basis, taking a long-term view on key themes and opportunities within the asset allocation.

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 underperformance or positioning shifts.

Key Facts

Benchmark

AFI Balanced

Inception Date

31 August 2018

Historic Yield

2.39% per annum

Ongoing Strategy Charge

0.48% per annum

Volatility

10.99%

Max Loss

-14.09%

Rebalancing Frequency

Quarterly



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Market Outlook

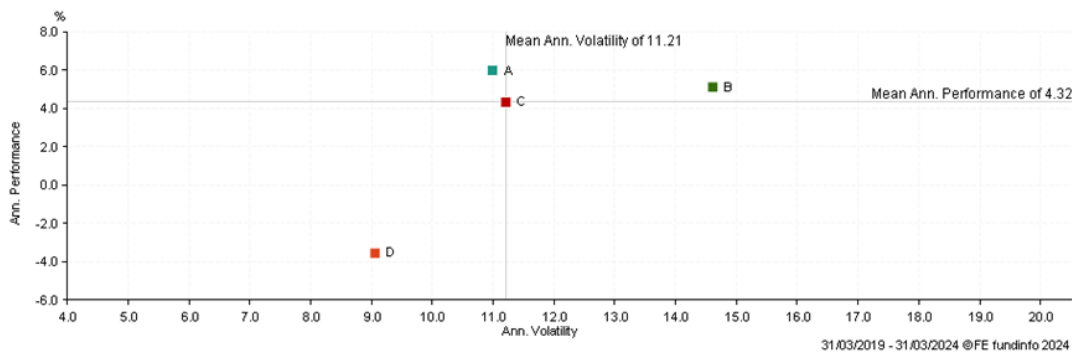
March played host to a number of key central bank meetings as investors await further clarity surrounding the path for interest rates moving forward. Whilst the US Federal Reserve, Bank of England and European Central Bank all left interest rates unchanged as expected, a mixed month of inflation data resulted in a turbulent month for financial markets. Within equity markets, whilst ongoing resilience within the US economy has supported sentiment over the year-to-date, a mixed set of inflation data saw US equity markets finish the month on a negative note as investors contemplated the impact of the data on the prospect for rate cuts. With US earnings season around the corner, we expect the short-term volatility within equity markets to persist as key US large-cap tech names remain a focal point in the coming weeks. With valuations near record highs, investors will be looking for how elevated interest rates have impacted consumers and whether the earnings reports justify valuations at their current levels.

Fixed income markets were particularly volatile over the month as investors were forced to reconsider the outlook for central bank monetary policy over the remainder of 2024 as economic data out of the US continued to point to robust economic growth despite the ongoing feedthrough of previous rate hikes. Despite a volatile month, we continue to believe that the short-term outlook for fixed income markets remains positive as the prospect for rate cuts looks set to support returns as investors look to lock in attractive yields.

Portfolio Positioning

The diversified nature of the portfolio has allowed it to outperform its respective benchmark following a broadly positive month for global equity indices. Despite our expectations for short-term volatility to persist as we enter US earnings season, the portfolios have continued to display the ability to capture the positive performance as risk appetite improves, reinforcing our view that the diversified nature of the portfolios remains appropriate when considering a long-term investment horizon. With inflation showing signs of moderating, with central banks widely expected to pivot towards interest rate cuts in the coming months, we believe that a more supportive environment for risk assets lays on the horizon which we would expect to drive portfolio performance moving forward.

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	Balanced TR in GB	5.98	10.99
B	UK Pav UK Equities TR in GB	5.11	14.61
C	AFI Balanced TR in GB	4.32	11.21
D	UK Pav UK Gilts TR in GB	-3.55	9.06

Important Information

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