

# Model Portfolio Ultra Cautious



May 2024

## Objective

This portfolio aims to deliver a return that is in line with the Bank of England's base rate whilst providing a greater level of liquidity than fixed term deposits. The portfolio will achieve this objective by investing solely in cash and money market securities, using a dynamic and diversified approach to fund selection to manage risk over the long term. **The portfolio is managed in line with an ultra-cautious risk profile, with the ability to move to 100% cash if required in line with market conditions. This portfolio will not take any risk other than investing in money market assets.**

## Management

The benchmark we use for comparison purposes for total return is the **IA Standard Money Market** sector, which is representative of the combined performance of the money market sector.

## Yield Comparison

Asset	Yield
Average IA Standard Money Market	4.97%
Bank of England Base Rate	5.25%
Gilts (UK 10 Year)	4.37%
Ultra Cautious Portfolio	5.25%

Source: FE Analytics, 1st May

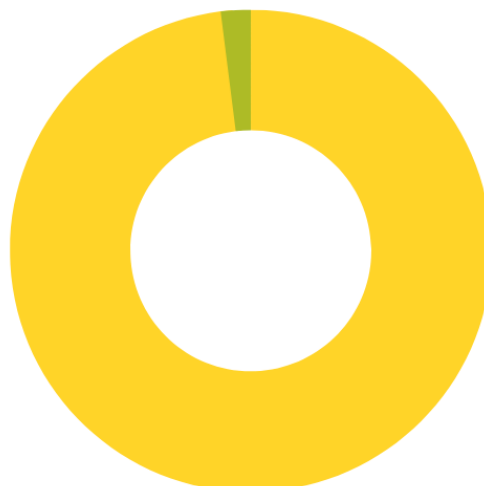
## Performance

Asset	1 Month	3 Months	6 Months	12 Months	YTD	3 Years	5 Years	7 Years	Since Launch 01/09/2023
Ultra Cautious	0.46%	1.27%	2.68%	-	1.74%	-	-	-	3.70%
Benchmark	0.45%	1.28%	2.68%	5.28%	1.75%	7.91%	8.84%	9.72%	3.72%
UK Gilts	-2.67%	-1.97%	6.14%	3.51%	-4.43%	-22.44%	-17.53%	-15.92%	4.24%

Source: FE Analytics, 1st May

## Asset Allocation

- MONEY MARKET (98.00%)
- CASH (2.00%)



## 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**  
IA Standard Money Market

**Inception Date**  
01 September 2023

**Current Yield**  
5.25% per annum

**Ongoing Strategy Charge**  
0.16% per annum

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



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Ultra Cautious Portfolio is designed to deliver an ultra-low risk mandate, with the delivery of outcome and capital preservation at its core which aims to achieve a return in line with the Bank of England Base rate.

## Market Outlook

Investor sentiment soured over the month of April as economic data out of the US saw investors push back expectations for interest rate cuts on a global scale, lifting global government bond yields higher whilst US equities suffered their worst month of the year. Despite the US Federal Reserve leaving interest rates on hold as expected, focus turned to the hotter-than-expected inflation data which fed into a turbulent month for financial markets.

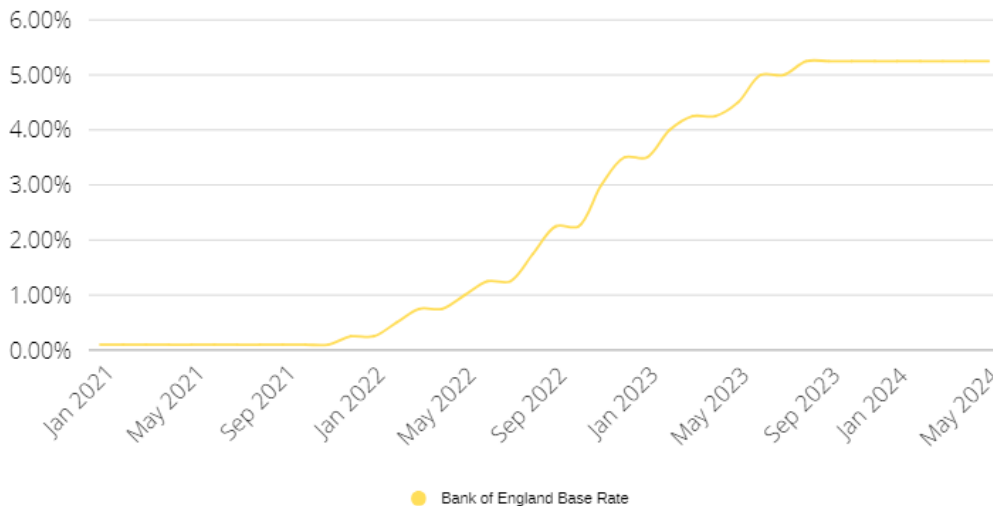
Within equity markets, US earnings season has seen a divergence between consumer facing names which have pointed to a weakening in consumer spending as households become more cautious, whilst key large-cap tech names have continued to benefit from the ongoing euphoria surrounding generative AI. Volatility has remained a consistent theme across recent earnings reports as both earnings beats and misses have resulted in sharp swings in share price, often feeding into wider sentiment given the current index concentration towards large tech names.

Fixed income markets have also faced significant volatility over the month, as US economic growth and inflation data resulted in a paring back of expectations regarding potential rate cuts from the US Federal Reserve. Whilst global bond yields moved higher over the month in tandem with US markets, we continue to believe that the short-term outlook for fixed income assets remains positive, particularly in the UK as inflation data becomes more supportive

## Portfolio Positioning

This portfolio holds a diversified blend of money market funds, that invest in short term money market instruments such as Certificates of Deposit, Government Bills and Time Deposits. Whilst this portfolio is positioned to hold 100% in money market instruments to generate a yield, we continually monitor the available money market funds for the best yield and lowest cost, to ensure this portfolio generates the highest yield possible. Through investing in open-ended money market funds, we believe the portfolio can continue to generate an attractive yield at a low cost, whilst allowing a greater sense of flexibility in comparison to fixed deposits.

## Bank of England Base Rate



This chart highlights the Bank of England's base rate since 01/01/2021. The yield available on Money market assets typically reflect the Central Bank's underlying interest rate.

## Important Information

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