

Model Portfolio Ultra Cautious



July 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	5.02%
Bank of England Base Rate	5.25%
Gilts (UK 10 Year)	4.28%
Ultra Cautious Portfolio	5.21%

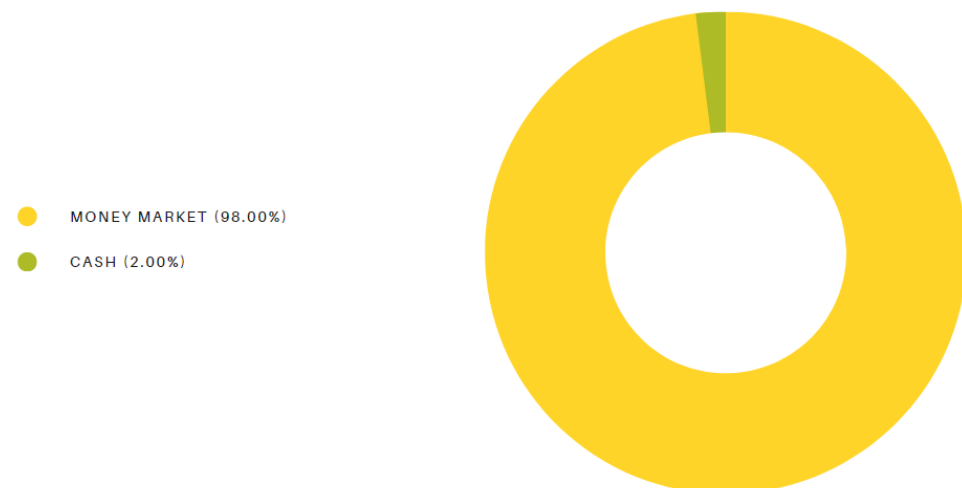
Source: FE Analytics, 1st July

Performance

Asset	1 Month	3 Months	6 Months	12 Months	YTD	3 Years	5 Years	7 Years	Since Launch 01/09/2023
Ultra Cautious	0.43%	1.30%	2.60%	-	2.60%	-	-	-	4.44%
Benchmark	0.41%	1.29%	2.60%	5.44%	2.18%	8.81%	9.61%	10.63%	4.45%
UK Gilts	1.60%	-0.71%	-2.52%	4.67%	-2.59%	-21.69%	-18.12%	-12.80%	4.66%

Source: FE Analytics, 1st July

Asset Allocation



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
5.21% per annum

Ongoing Strategy Charge
0.16% per annum

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



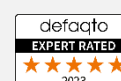
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Ultra Cautious Portfolio is designed to deliver an ultra-low risk mandate, with the delivery of outcome and capital preservation at its core which aims to achieve a return in line with the Bank of England Base rate.

Market Outlook

French President Macron cast European markets into turmoil as he made the decision to announce a snap-election following his party's poor performance in the European Parliamentary elections, which fuelled significant volatility across both European equity and bond markets. US equities on the other hand continued their recent spell of outperformance, with the euphoria surrounding generative AI still feeding into key names such as Nvidia which was the main contributor to US equity indices over the first half of the year.

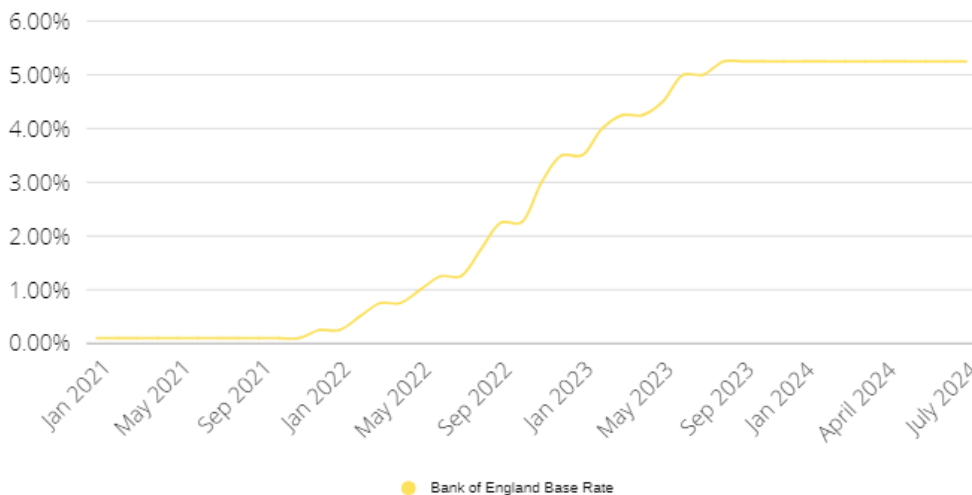
News that UK headline inflation returned to 2% in June's data release has spoken to our view that, with inflationary pressures continuing to moderate, the Bank of England is well positioned to deliver an interest rate cut in August. The ECB were the first of the three key central banks to cut interest rates, lowering rates for the first time since 2016 by 0.25% to 4.25%.

As we move into the second half of 2024, whilst we are expecting a greater sense of political stability here in the UK, we believe that the upcoming US election is likely to feed into further financial market volatility. With Donald Trump and Joe Biden currently level in the polls, uncertainty regarding the outlook for economic policies may dampen the US Federal Reserve's ability to cut interest rates. Despite our optimism regarding the economic outlook moving forward, we remain cautious as to how the US Presidential Election may feed into wider investor sentiment.

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 July 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.