

Model Portfolio Balanced



September 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 **67.92% in Equity** (Analytics, 1st September 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	0.32%	2.60%	6.35%	13.38%	7.55%	-2.17%	31.12%	35.71%
Benchmark	0.07%	2.35%	6.18%	12.48%	6.65%	1.05%	21.42%	23.79%
UK Gilts	0.65%	3.66%	3.24%	6.51%	-0.54%	-21.61%	-20.78%	-12.34%
UK Equities	0.32%	2.55%	12.45%	16.75%	11.11%	23.16%	35.81%	35.21%

Source: FE Analytics, 1st September

Asset Allocation

- MONEY MARKET (4.74%)
- UK GILTS (5.08%)
- GLOBAL FIXED INTEREST (16.13%)
- PROPERTY (3.31%)
- OTHER NON-EQUITY (4.85%)
- COMMODITY (4.27%)
- UK EQUITY (14.87%)
- US EQUITY (20.57%)
- EUROPEAN EQUITY (13.14%)
- OTHER INTERNATIONAL EQUITY (8.23%)
- ASIAN EQUITY (4.81%)



Equity 65.89% - Non-Equity 34.11%

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
2.63% per annum

Ongoing Strategy Charge
0.48% per annum

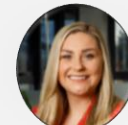
Volatility
10.86%

Max Loss
-14.09%

Rebalancing Frequency
Quarterly



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Market Outlook

Financial market volatility remained a key theme throughout August, with equity markets in particular suffering from a whipsawing in sentiment as rising recessionary fears sparked a sell-off in the early stages of the month. Economic data releases out of the US signalled an unexpected loosening in the labour market, which fed into rising fears of a recession and sparked a flight to safety in markets. As such, the Long-Hold portfolios followed equity markets lower in the early days of August, before a rebound in sentiment in the latter half of the month spurred a recovery as the portfolios ended the month relatively unchanged.

Ongoing uncertainty in China fed into a difficult period for Asian equities as economic growth expectations continue to underwhelm. The prospect of a more benign growth outlook weighed on commodities over the month, with oil prices in particular declining sharply on the back of weak demand prospects.

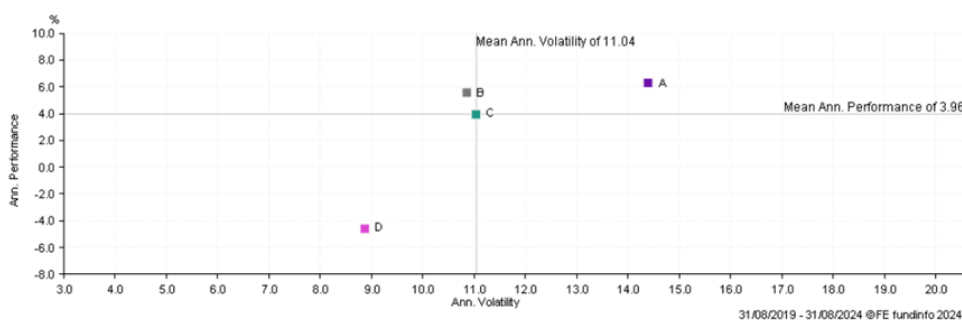
Whilst it remains our view that further volatility is likely over the short-term, it is our belief that with central banks now looking to cut interest rates, a more supportive investment backdrop can help drive portfolio performance over the medium-term. On a regional basis, a decline in price pressures as well as a loosening of monetary policy is expected to boost the economic recovery in the UK and Europe following a period of subdued growth, providing a more supportive backdrop for risk assets moving forward.

Portfolio Positioning

With key central banks set to continue cutting interest rates in the coming months as inflationary pressures moderate, we remain optimistic the medium-term prospects for risk assets, with the Long-Hold portfolios carrying an exposure to those assets which appear well positioned benefit from a brightening economic backdrop. Following a period of subdued sentiment towards the UK and Europe in particular as economic growth stagnated, the Long-Hold portfolios carry an exposure to those assets which we believe will benefit from a loosening of financial conditions, a greater sense of political stability and a more attractive growth profile.

Despite the potential for short-term volatility in the US as we near the November elections, the Long-Hold portfolios continue to carry an exposure to those US assets which we believe will benefit from economic outperformance moving forward, whilst also looking to taking advantage of attractive valuations across Asian equities following a challenging period for China which has weighed on sentiment towards the region.

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	UK Pav UK Equities TR in GB	6.30	14.39
B	Balanced TR in GB	5.57	10.86
C	AFI Balanced TR in GB	3.96	11.04
D	UK Pav UK Gilts TR in GB	-4.57	8.87

Important Information

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