

Long Hold Balanced Income



April 2025

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 as 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 **IA Mixed Investment 40-85%**, noting that this benchmark currently holds **68.39% in Equity** (Analytics, 1st April 2025) 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.

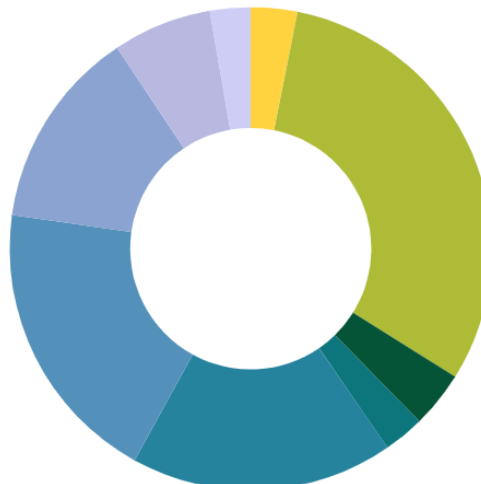
Performance

Asset	1 Month	3 Months	6 Months	12 Months	YTD	Since Launch 01/01/2024
Balanced Income	-2.70%	1.19%	2.97%	7.42%	1.19%	21.74%
Benchmark	-3.21%	-1.20%	0.02%	3.36%	-1.22%	14.09%
UK Gilts	-0.87%	0.65%	-2.60%	-1.41%	0.65%	3.34%
UK Equities	-2.42%	3.28%	2.46%	9.04%	3.28%	20.78%

Source: FE Analytics, 1st April

Asset Allocation

- MONEY MARKET (3.12%)
- GLOBAL FIXED INTEREST (30.78%)
- UK FIXED INTEREST (3.77%)
- OTHER NON-EQUITY (2.73%)
- UK EQUITY (17.60%)
- US EQUITY (19.23%)
- EUROPEAN EQUITY (13.41%)
- ASIAN EQUITY (6.63%)
- OTHER INTERNATIONAL EQUITY (2.73%)



Equity 59.60% - Non-Equity 40.40%

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
IA Mixed Investment 40-85%

Inception Date
01 January 2025

Historic Yield
4.51% per annum

Ongoing Strategy Charge
0.60% per annum

Volatility
7.59% (1Y)

Max Loss
-4.90% (1Y)

Rebalancing Frequency
Quarterly



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Market Outlook

Investors faced sharp swings in sentiment over the first quarter of 2025 as US President Donald Trump’s trade policy forced economists to reassess their expectations for global economic growth over the coming year. After driving equity market performance in recent years, the US tech sector has faced headwinds in recent months, driven initially by concerns regarding Chinese tech start-ups which have been able to deliver comparable results at a fraction of the cost, with President Trump’s ‘Liberation Day’ also weighing on risk appetite as recessionary concerns increased.

European equities were a key beneficiary of the rotation away from US growth names over the quarter as investors looked to take advantage of attractive valuations in pockets of the market. February brought the German elections and optimism that the new administration led by Friedrich Merz would pursue a pro-growth agenda. However, gains were capped with markets pulling back in March amid worries over the US imposing tariffs on imports.

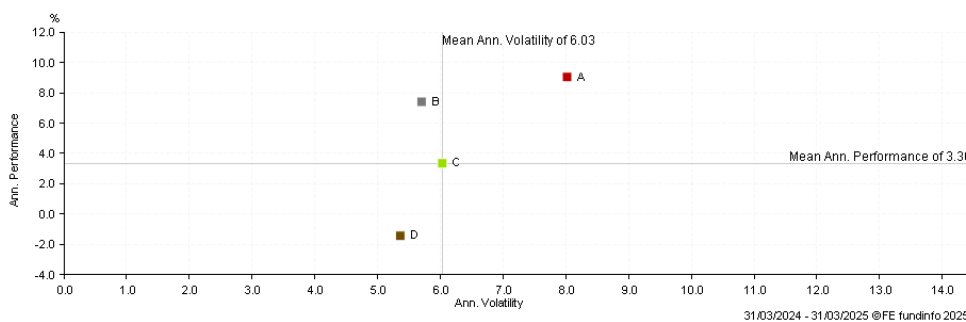
UK assets delivered positive returns over the quarter, benefitting from a broad rotation away from richly valued US growth equities in favour of more defensive and attractively valued UK equities. Whilst Gilt yields benefitted from safe haven flows during equity market sell-offs, they have also faced headwinds as a result of a sell-off in US Treasuries which fed into the wider government bond market. The focus on income paying equities has benefitted the Long Hold Income portfolios as investors continue to seek pockets of value and added diversification during a period of heightened uncertainty.

Portfolio Positioning

The OCM income portfolios are positioned to take advantage of attractive, yield generating assets across a range of asset classes. Through a diverse exposure to income producing assets such as bonds, dividend paying equities and short-term deposits, these portfolios are designed to be long hold in nature whilst paying an attractive rate of natural income. The portfolio holds exposure to several actively managed strategic bond funds that look to generate a higher-than-average yield through rotating their exposure and investing in global debt markets from Government debt and corporate credit to high yield and emerging market bonds. Following the rapid rise in interest rates over the last 2 years, the OCM income portfolios also have exposure to money market assets that generate an attractive yield at a very low level of downside risk.

On the equity side, a focus on high quality, dividend payers ensures that the portfolios maximise their income potential. Through strong diversification across sectors and geographies, it is our view that these portfolios are well positioned to weather any market volatility that may occur during the holding period, whilst a focus on quality in the underlying companies is expected to support dividend growth and consistency.

Portfolio Volatility



This scatter chart reflects annualised volatility and return in GBP over the past 1-Year. Over the long term, we would expect the Balanced Income portfolio to exhibit volatility in line with the benchmark.

Key	Name	Annualised Performance	Annualised Volatility
A	UK Pav UK Equities TR in GB	9.04	8.02
B	OCM Balanced Income TR in GB	7.42	5.70
C	IA Mixed Investment 40-85% Shares TR in GB	3.36	6.03
D	UK Pav UK Gilts TR in GB	-1.41	5.36

Important Information

All data in this document has been extracted from Analytics as at 1st April 2025. 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.