

# Long Hold Cautious Income

July 2025

## Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to take a small degree of risk by investing a small portion of their overall portfolio into equities. The primary objective of this portfolio is to generate natural income in line with the Bank of England base rate and some capital growth but not expected to see assets grow in real terms (i.e above inflation) over the medium term. This portfolio can take up to 35% 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, including Money markets, debt market, multi asset portfolio and regional equity investments. The recommended time-horizon is a minimum of 5 years.

## Management

The benchmark we use for comparison purposes for volatility is **IA Mixed Investments 20-60%**, noting that this benchmark currently holds **45.07% in Equity** (Analytics, 1st July 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.

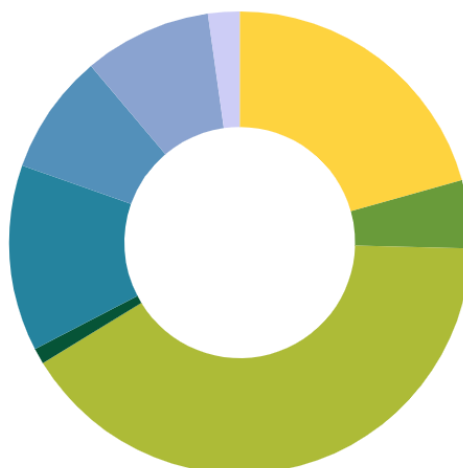
## Performance

Asset	1 Month	3 Months	6 Months	12 Months	YTD	Since Launch 01/01/2024
OCM Cautious Income	1.56%	4.33%	6.05%	10.25%	6.05%	17.73%
Benchmark	1.46%	3.09%	3.30%	5.71%	3.31%	9.60%
UK Gilts	1.41%	1.73%	2.40%	1.14%	2.40%	-2.14%
UK Equities	1.01%	5.56%	9.03%	10.65%	8.90%	18.57%

Source: FE Analytics, 1st July

## Asset Allocation

- MONEY MARKET (20.65%)
- GLOBAL FIXED INTEREST (40.87%)
- UK FIXED INTEREST (4.75%)
- OTHER NON-EQUITY (1.11%)
- UK EQUITY (13.04%)
- US EQUITY (8.44%)
- EUROPEAN EQUITY (8.93%)
- OTHER INTERNATIONAL EQUITY (2.22%)



Equity 32.63% - Non-Equity 67.37%

## Long Hold Investing

The assets in this portfolio have been selected based on a long hold approach, with a recommended minimum investment horizon of 5 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 Investments 20-60%

**Inception Date**  
01 January 2024

**Historic Yield**  
5.18% per annum

**Ongoing Strategy Charge**  
0.52% per annum

**Volatility**  
5.08% (1Y)

**Max Loss**  
-3.34% (1Y)

**Rebalancing Frequency**  
Quarterly



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## Market Outlook

The second quarter of 2025 saw significant volatility across global financial markets as investors were forced to grapple with US tariff policy uncertainty and a significant rise in geopolitical tensions in the Middle East. In both cases, investor's fears ultimately proved unfounded, and with economic data remaining more resilient than many had anticipated, risk assets rallied strongly as equity and fixed income assets delivered positive returns.

A combination of renewed investor confidence as well as a strong earnings season for US mega-caps allowed US equities to deliver robust returns, with US equity indices finishing the second quarter at record highs in USD terms. The Long Hold Income portfolios, despite an underweight towards higher growth assets, have been able to capture the upside across financial markets as they outperformed their respective benchmarks.

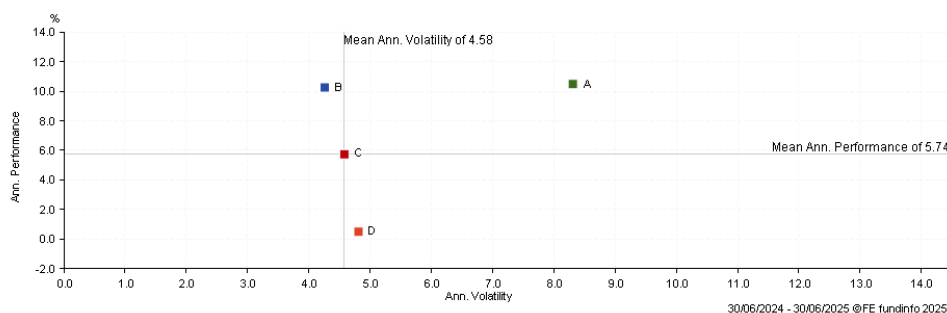
The war between Iran and Israel caused significant geopolitical volatility, but its impact on markets was relatively muted other than a temporary rise in oil prices. A US-brokered ceasefire fed into a rapid rebound in investor sentiment, with growth assets outperforming their value peers, and a cooling of trade tensions between the US and China feeding into a strong period for Asian and Emerging Market equities. Whilst UK and European equity markets underperformed their US counterparts over the quarter, a weakening of the dollar boosted regional flows as investors continued to diversify their exposures as they approach the US tariff deadline.

## 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 Cautious Income portfolio to exhibit volatility in line with the benchmark.

## Important Information

All data in this document has been extracted from Analytics as of 1st July 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 6 months, where max loss represents the worst running return.