

Long Hold Cautious Income



October 2026

Market Outlook

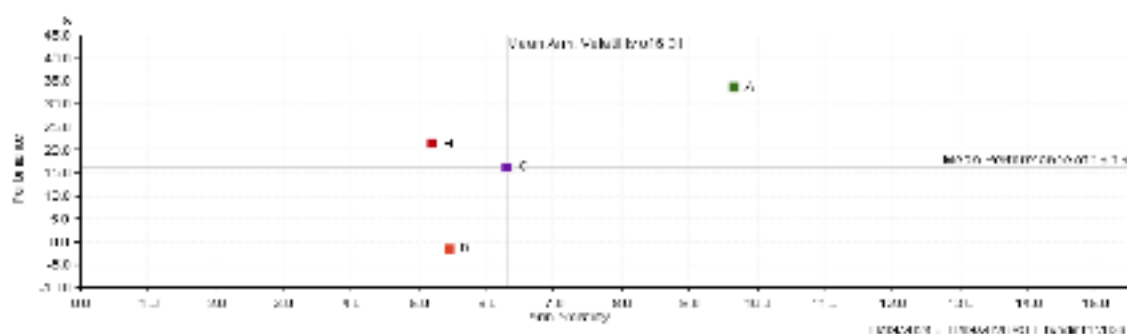
Global financial markets faced a more challenging backdrop over the third quarter of 2026 albeit still delivered positive returns, with geopolitics once again at the forefront of market movements. The resurgence of tensions between the US and Iran reversed the de-escalation seen in the previous quarter, with Brent crude again rising above \$100 a barrel as surging energy prices added to inflationary pressures across key developed economies. Government bond yields moved higher as a result, with markets reassessing the outlook for inflation and monetary policy. The rise in fuel and broader energy costs increased concerns that inflation could remain above central bank targets for longer than previously expected, reversing earlier expectations that interest rates could begin to fall which weighed on overall fixed income performance over the quarter. Corporate fundamentals, however, remained a source of support, as strong earnings growth from key AI names lifted sentiment over the quarter, although investors became more discerning towards the theme, as the bar for revenue and capital expenditure continues to be raised in order for the sector to justify their current valuations.

Central bank policy remained a key driver of sentiment over the quarter, as both the Federal Reserve and the European Central Bank raised interest rates in response to rising inflation. The Bank of England held interest rates at 3.75% at both its July and September meetings, although a 6-3 vote split in September, signalled growing concern within the committee that higher energy prices could feed through to more persistent domestic inflation. Against this backdrop the long hold income portfolios delivered marginal gains over the quarter, with exposure to UK and European equities contributing positive performance to the portfolio. However, fixed income holdings came under pressure as rising inflation led to a repricing on monetary policy expectations. Looking ahead, the outlook remains sensitive to the trajectory of the US-Iran conflict and its impact on energy prices alongside the pace and extent of further monetary tightening.

Portfolio Positioning

The income portfolios remained fully invested throughout the quarter, with no changes made to the underlying holdings. Following the selective deployment of cash during the previous period, we remain comfortable with the current positioning and believe the portfolios are well aligned with our long-term investment outlook. Their diversified exposure across equities, fixed income and money market assets continues to provide multiple sources of income while reducing reliance on any single asset class, sector or region.

Portfolio Volatility



This scatter chart reflects annualised volatility and returns in GBP over 2 years. Over the long term, we would expect the Cautious Income portfolio to exhibit volatility in line with the benchmark.

Key	Name	Performance	Annualised Volatility
A	OCM UK Equity Fund (100% UK)	12.00%	12.00%
B	OCM UK Equity Fund (100% UK)	12.00%	12.00%
C	OCM UK Equity Fund (100% UK)	12.00%	12.00%
D	OCM UK Equity Fund (100% UK)	12.00%	12.00%
E	OCM UK Equity Fund (100% UK)	12.00%	12.00%
F	OCM UK Equity Fund (100% UK)	12.00%	12.00%
G	OCM UK Equity Fund (100% UK)	12.00%	12.00%
H	OCM UK Equity Fund (100% UK)	12.00%	12.00%
I	OCM UK Equity Fund (100% UK)	12.00%	12.00%
J	OCM UK Equity Fund (100% UK)	12.00%	12.00%
K	OCM UK Equity Fund (100% UK)	12.00%	12.00%
L	OCM UK Equity Fund (100% UK)	12.00%	12.00%
M	OCM UK Equity Fund (100% UK)	12.00%	12.00%
N	OCM UK Equity Fund (100% UK)	12.00%	12.00%
O	OCM UK Equity Fund (100% UK)	12.00%	12.00%
P	OCM UK Equity Fund (100% UK)	12.00%	12.00%
Q	OCM UK Equity Fund (100% UK)	12.00%	12.00%
R	OCM UK Equity Fund (100% UK)	12.00%	12.00%
S	OCM UK Equity Fund (100% UK)	12.00%	12.00%
T	OCM UK Equity Fund (100% UK)	12.00%	12.00%
U	OCM UK Equity Fund (100% UK)	12.00%	12.00%
V	OCM UK Equity Fund (100% UK)	12.00%	12.00%
W	OCM UK Equity Fund (100% UK)	12.00%	12.00%
X	OCM UK Equity Fund (100% UK)	12.00%	12.00%
Y	OCM UK Equity Fund (100% UK)	12.00%	12.00%
Z	OCM UK Equity Fund (100% UK)	12.00%	12.00%

Important Information

All data in this document has been extracted from Amlytics as of 1st October 2026. 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 2 years, where max loss represents the worst running return.