OBI Model Portfolio Balanced Growth

OCM Asset Management

Independent Financial Planners | Discretionary Asset Managers | Tax Advisers

July 2024

Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to take a medium to large degree of risk by investing a larger portion of their overall portfolio into equities, whilst maintaining a balance between risk and reward. The portfolio is managed dynamically by altering the asset allocation using assets that carry market risk and using all assets that are available from the investment universe. The primary objective of this portfolio is to achieve a long-term total return and income above the Bank of England's base rate and generate growth in real terms (above inflation) over the medium term which is materially higher than the long-term return on cash, after fees and costs. This portfolio can take up to 75% of the risk of investing in the global equity market, as measured by the worst expected loss and annualised volatility of returns. This portfolio has a capital preservation mandate of 100% in order to protect investors and mitigate volatility during severe market events, however, the portfolio may also hold 25% in core, long term assets which may be less liquid in nature, such as investment trusts, meaning portfolio volatility is likely to be higher than the more cautious models. The recommended time-horizon for this portfolio is a minimum of 5 years.

Management

The benchmark we use for comparison purposes for volatility is **AFI Balanced** noting that this benchmark currently holds **68.46% in Equity** (Analytics, 1st July 2024) and is therefore more aggressive than this portfolio. The benchmark also has no capital preservation mandate. It would therefore be expected that this benchmark would outperform the model and that the volatility of the benchmark would be higher. The model performance therefore cannot be directly compared to the benchmark.

Performance

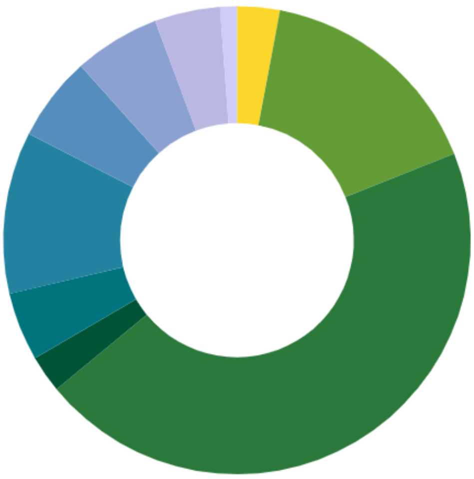
Asset	1 Month	3 Months	6 Months	12 Months	YTD	3 Years	5 Years	7 Years	Since Launch 08/03/2016
OBI Balanced Growth	1.41%	-0.20%	2.16%	4.99%	2.16%	2.14%	27.98%	26.63%	51.83%
Benchmark	0.87%	1.76%	5.10%	11.51%	5.10%	2.70%	20.88%	31.83%	56.37%
UK Gilts	1.60%	-0.71%	-2.52%	4.67%	-2.59%	-21.69%	-18.12%	-12.80%	-8.37%
UK Equities	-0.89%	4.08%	7.38%	13.23%	7.34%	22.87%	29.40%	39.87%	72.02%

Source: FE Analytics, 1st July

Performance shown since inception on 08/03/16

Asset Allocation

- MONEY MARKET (2.95%)
- GLOBAL FIXED INTEREST (16.02%)
- UK GILTS (45.06%)
- OTHER NON-EQUITY (2.57%)
- PROPERTY (4.73%)
- UK EQUITY (11.19%)
- US EQUITY (5.85%)
- EUROPEAN EQUITY (5.95%)
- OTHER INTERNATIONAL EQUITY (4.53%)
- ASIAN EQUITY (1.16%)



Equity 28.68% - Non-Equity 71.32%

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
AFI Balanced

Inception Date
08 March 2016

Historic Yield
3.93% per annum

Ongoing Strategy Charge
0.36% per annum

Volatility
9.14%

Max Loss
-12.80%

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

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Market Outlook

June marked a positive month for the OBI portfolios as the tactical asset allocation proved beneficial throughout a volatile period for European markets. 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, however, the portfolios' underweight towards to European equities resulted in limited downside over the month. US equities were the main contributor to global equity market performance over the month, 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 fed through to a positive period for the portfolios, with the long-dated Gilt exposure a key driver of performance. With inflationary pressures moderating, it is our belief that the Bank of England is well positioned to deliver an interest rate cut in August, which we believe will provide a more supportive environment for the fixed income holdings within the OBI portfolio suite.

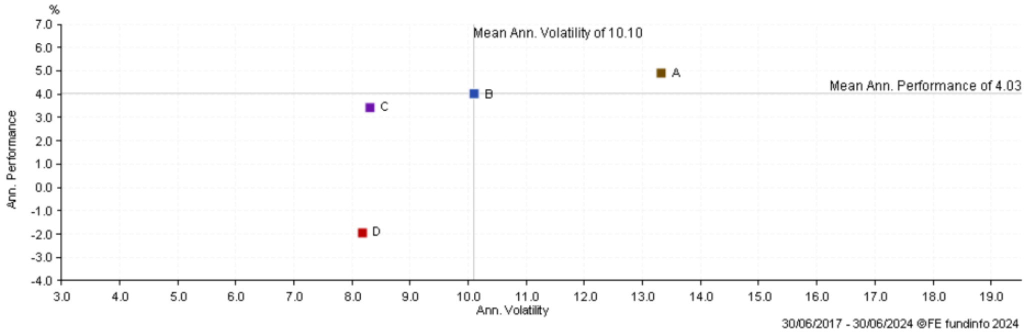
As we move into the second half of 2024, whilst we are expecting a greater sense of political stability here in the UK, we believe that the upcoming US election is likely to feed into further financial market volatility. With Donald Trump and Joe Biden currently level in the polls, uncertainty regarding 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

With the belief that the Bank of England is likely to cut interest rates as soon as August, we remain optimistic on the outlook for the tactical overweight towards fixed income holdings to deliver strong returns as bond yields decline in the coming months, particularly in our high conviction holding in long-dated gilts that are sensitive to interest rate expectations.

Whilst we remain cautious regarding current US equity valuations, as we move into the second half of the year, we will continue to monitor all opportunities available to us on a value at risk basis. Whilst at present this analysis points to long-dated gilts continuing to provide the most attractive risk to reward profile compared to other asset classes and sectors, we expect to see a shift in this over the coming months as rate cuts are implemented, which should allow us to take profit on these positions and redeploy this into areas of the market that have become more attractive.

Portfolio Volatility



Key	Name	Annualised Performance	Annualised Volatility
A	UK Psv UK Equities TR in GB	4.91	13.32
B	AFI Balanced TR in GB	4.03	10.10
C	OBI Balanced Growth TR in GB	3.43	8.31
D	UK Psv UK Gilts TR in GB	-1.94	8.18

This scatter chart reflects annualised volatility and return in GBP over the past 7 years. Over the long term, we would expect the OBI portfolio to exhibit a lower level of volatility than the benchmark.

Important Information

OCM Asset Management is a trading name of OCM Wealth Management Limited, which is authorised and regulated by the Financial Conduct Authority Number 418826, OCM Wealth Management Limited registered in England No: 5029800 | Registered Office; St Clair House, 5 Old Bedford Road, Northampton, NN4 7AA

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