

# Model Portfolio Growth (Formerly LHX Aggressive)



## Objective

This portfolio is NOT a risk-free portfolio, rather, it is suitable for a client who is prepared to invest a large portion of their overall portfolio into equities, accepting a high level of risk for a potentially higher 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 significantly higher than the long-term return on cash after fees and costs. This portfolio can take up to 85% 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. Due to the higher risk nature of this portfolio, the recommended time-horizon is a minimum of 7 years.

## Management

The benchmark we use for comparison purposes for volatility is **AFI Aggressive**, noting that this benchmark currently holds **82.07% in Equity** (Analytics, 1st October 2023) and is therefore less aggressive than this portfolio. It would therefore be expected that the portfolio would outperform the benchmark and that the volatility of the portfolio 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
LHX Aggressive	-0.54%	-0.11%	0.45%	5.01%	1.67%	4.96%	21.98%	21.16%
Benchmark	-0.44%	0.07%	0.43%	5.12%	1.55%	9.18%	14.12%	13.28%
UK Gilts	-0.93%	-0.68%	-6.20%	-2.82%	-4.45%	-29.14%	-17.23%	-18.45%
UK Equities	1.56%	1.91%	1.20%	13.67%	4.09%	37.89%	17.45%	17.62%

Source: FE Analytics, 1st October

## Asset Allocation

- MONEY MARKET (3.96%)
- GLOBAL FIXED INTEREST (6.12%)
- UK FIXED INTEREST (3.64%)
- OTHER NON-EQUITY (3.00%)
- COMMODITIES (4.14%)
- UK EQUITY (21.31%)
- NORTH AMERICAN EQUITY (23.48%)
- EUROPEAN EQUITY (17.21%)
- ASIAN EQUITY (8.20%)
- OTHER INTERNATIONAL EQUITY (8.94%)



Equity 83.28% - Non-Equity 16.72%

## 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 will likely have a lower portfolio turnover.

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 consistent underperformance or positioning shifts.

## Key Facts

### Benchmark

AFI Aggressive

### Inception Date

31 August 2018

### Historic Yield

2.61% per annum

### Ongoing Strategy Charge

0.52% per annum

### Volatility

13.14%

### Max Loss

-16.47%

### Rebalancing Frequency

Quarterly



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## Market Outlook

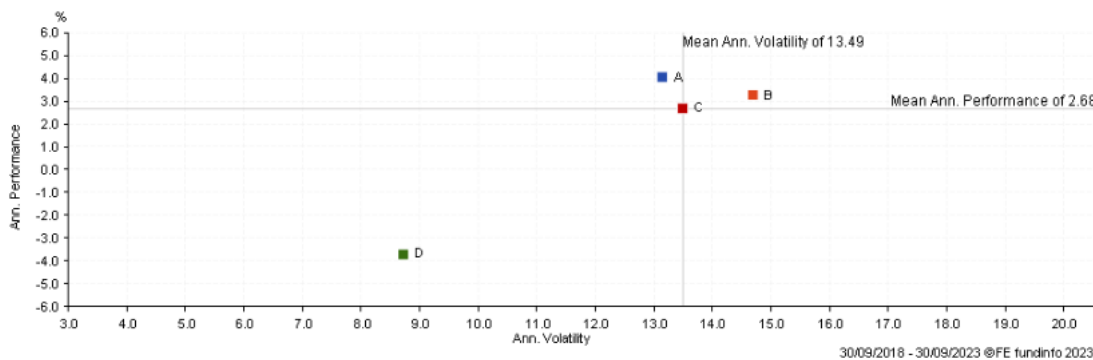
Throughout September, investor sentiment fluctuated between optimism that central banks had largely reached their expected peak interest rates and a more cautious view that rising oil prices may weigh on inflationary pressures, meaning rates may need to stay higher for longer. Several interest rate decisions throughout the month, led to further volatility as investors looked for clues on future policy, however whilst the ECB signalled a future pause, and the Fed and Bank of England leaving rates unchanged, an outlook of higher for longer rates weighed on risk appetite.

As we move into the final quarter of the year, we remain somewhat cautious towards equities ahead of upcoming corporate earnings. With equity markets cooling over the month, we believe that there remains a high level of optimism priced into valuations and therefore expect some further weakness moving into the end of the year, with corporate earnings expected to show a weakening of profitability. Although we expect upside potential in equities to be limited in the near-term, it is our view that there remains well positioned, attractively priced areas of the market, particular in more defensive sectors where resilient balance sheets provide both a strong dividend yield and resilience to rising interest rates. Over the longer-term, we believe any equity weakness presents us the opportunity to increase our exposure at more attractive prices, which we believe can drive positive portfolio returns throughout 2024 as macro headwinds continue to ease.

## Portfolio Positioning

Following the changes to positioning made earlier in the year, the Growth portfolio holds a diversified exposure towards equities, bonds, property assets, and in the lower risk portfolios, money market assets. With a focus on quality and yield, we expect this allocation to remain resilient during periods of near-term volatility whilst taking advantage of higher yields available following the normalisation of interest rates over the last 18 months. We have retained a slight growth bias, given that we still expect these assets to outperform over the full market cycle, however it is our view that this more diverse allocation will help the portfolio remain resilient against what we expect to be a more volatile market environment moving forward.

## 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	LHX Aggressive (to become Growth) TR in GB	4.05	13.14
B	UK Psv UK Equities TR in GB	3.27	14.69
C	AFI Aggressive TR in GB	2.88	13.49
D	UK Psv UK Gilts TR in GB	-3.71	8.72

## Important Information

All data in this document has been extracted from Analytics as at 1st October 2023. 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.