

Objective

The OCM AIM portfolio invests in a diversified portfolio of smaller companies based in the UK which are listed on the Alternative Investment Market (AIM). The portfolio consists of companies which meet the criteria for Business Property Relief (BPR), meaning that the shares should qualify for IHT relief after just two years, provided they are still held upon death. Within the portfolio, the holdings are monitored on a day-to-day basis by the Asset Management team. **The portfolio has been constructed with a 2% cash weighting to account for ongoing costs. With an average yield of c. 1.5% per annum, dividends will be used to top up cash for fees, ensuring that no sales will be required to raise funds for fees. The portfolio consists of 25-35 stocks, with no one stock exceeding 5% within the model allocation, to manage stock-specific risks.**

Mandate

The AIM portfolio is considered to be a long-term investment intended to be used within an estate planning strategy to mitigate IHT liability. As such, investments will not be tactically rotated or managed in line with the OBI thesis, but instead will follow a long-hold approach. Alongside regular monitoring of existing constituents within the portfolio, we monitor other opportunities which qualify for our criteria via an opportunities list, allowing us to have records and analysis of new stock options should a constituent be removed or be subject to M&A activity. This is also updated on a quarterly basis to allow the committee to make timely decisions given the portfolio objectives.

Performance

Asset	1 Month	3 Months	6 Months	12 Months	YTD	Since Launch 06/10/2021
OBI AIM IHT Portfolio	-3.90%	-3.85%	-4.26%	-5.61%	0.00%	-34.56%
Benchmark	-0.64%	-1.87%	-2.03%	6.70%	0.00%	-18.17%
UK Gilts	-2.34%	-3.24%	-1.22%	-3.83%	0.00%	-20.81%
UK Equities	-1.12%	-0.79%	1.49%	8.92%	0.00%	24.25%

Source: FE Analytics, 1st January

Performance Chart



■ A - IA UK Smaller Companies TR in GB [-18.17%]
 ■ B - OCM AIM Portfolio 04/12/2024 TR in GB [-34.56%]

06/10/2021 - 31/12/2024 Data from FE fundinfo2025

About the AIM IHT Portfolio

OCM's AIM IHT solution aims to allow experienced investors an opportunity to protect their assets from inheritance tax and leave more wealth to their loved ones. The strategy looks to deliver growth over the holding period, however, is intended primarily to mitigate an IHT liability, and as a high-risk investment option, returns are not guaranteed.

Key Facts

Benchmark

IA UK Smaller Companies

Number of holdings

30

Inception Date

06 October 2021

OCF

0.10%

Historic Yield

2.92%

Minimum Investment

£50,000

Rebalancing Frequency

Quarterly



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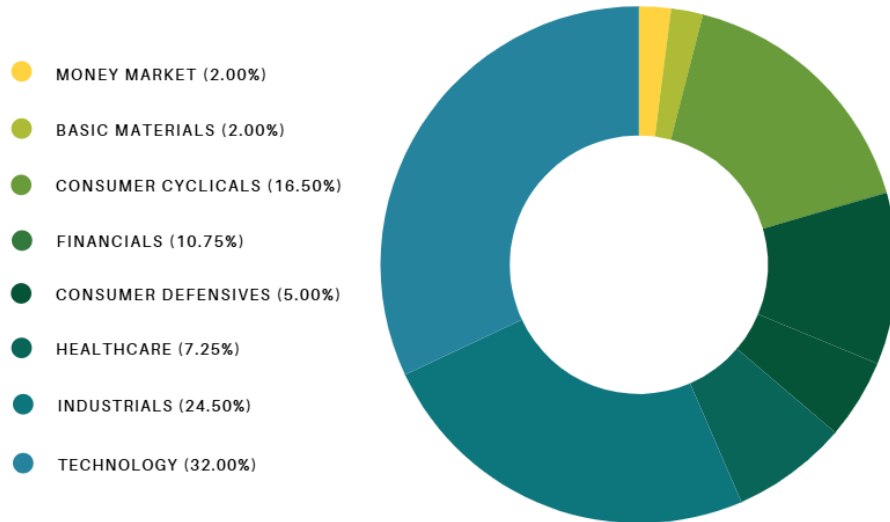
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Our AIM portfolio is a high-risk, diversified portfolio which looks to deliver growth over the long-term period. Its primary aim is to mitigate IHT liability and produce returns.

Sector Allocation



Top 10 Holdings

- LEARNING TECHNOLOGIES (5.48%)
- NICHOLS PLC (5.29%)
- CERILLION PLC (4.87%)
- RENEW HOLDINGS (4.86%)
- AMS GROUP (4.78%)
- GB GROUP PLC (4.74%)
- GAMMA COMMUNICATIONS (4.66%)
- JAMES HALSTEAD (4.49%)
- POLAR CAPITAL HOLDINGS PLC (3.98%)
- DOTDIGITAL GROUP PLC (3.89%)

Individual Company Commentary

Over the quarter, we introduced exposures to both Jet2 PLC and GlobalData PLC as we redeployed cash generated from the takeover of Keyword Studios. Jet2 provides an exposure to the leisure and travel industry, which despite rising airfares, has been able to consistently deliver strong corporate profitability as it successfully passes on rising costs to the consumer. Demand for international travel has remained robust despite a cautious consumer, with travel spending often coming at the cost of alternative discretionary spending in the UK. GlobalData PLC, which specialises in providing data and analytics to key market constituents, with the company delivering robust organic growth as the CEO looks to enhance shareholder value through a variety of means including mergers and acquisitions. Whilst rising borrowing costs are a concern for the wider AIM market, GlobalData retains a net cash balance sheet, and has strong potential for merger and acquisition activity over the coming year.

Market Outlook

UK investors faced turbulent market conditions over Q4 2024, with the Autumn Budget and the US Presidential Election largely driving sentiment over the quarter as investors awaited a sense of clarity regarding the outlook for interest rates in key developed economies. A greater level of spending and borrowing implemented by the Chancellor resulted in a rise in UK Gilt yields, with investors uncertain as to how the government will be able to cut costs and drive growth at a time where global fixed income markets are coming under increasing as inflation concerns linger.

A decline in sentiment towards UK assets has been particularly noticeable within UK smaller companies which are highly sensitive to shifts in interest rate expectations and surges in borrowing costs, with the AIM market declining over the final quarter of 2024 as investors await further clarity on how the government will continue to meet the fiscal rules whilst also driving economic growth.

Moving forward, we believe that a backdrop of declining interest rates can feed into a period of more robust economic growth despite a level of uncertainty surrounding the outlook for fiscal policy. With economic growth remaining subdued in recent months, the prospect of a weakening labour market, slowing wage growth, and moderating price pressures is expected to provide the Bank of England with the opportunity to cut interest rates at a faster pace than that currently priced into markets, providing a clear catalyst for portfolio performance over the medium term.

Important Information

All data in this document is correct as at 1st January 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 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.