

OMNIS MANAGED PORTFOLIO SERVICE

# OMPS Managed Portfolio Service quarterly update for Cautious investors

## Who is this investment for?



**Toni Meadows**  
Chief Investment Officer

The Service is designed for a cautious investor, who should have:

- Limited experience of investment products, and is probably more familiar with bank and building society accounts.
- An understanding that in general terms investment products should be held for a minimum period of five years.
- A preference for outcomes that have a degree of certainty, although they will understand that their investments could rise or fall.

The Service aims to deliver a total return and actively manage short-term risks through increasing or decreasing holdings in asset classes and individual funds. These allocations are determined by the Openwork Wealth Services Limited investment team, which benefits from full transparency of the funds' underlying investments, and is controlled through a strict governance framework.

## How we are managing your money?

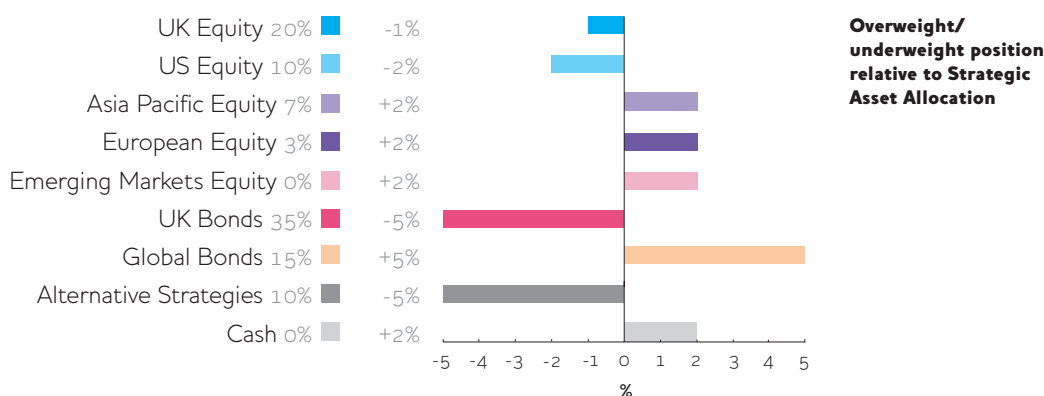
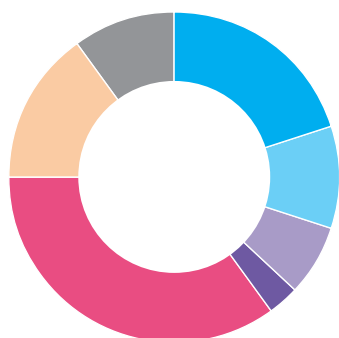
The investment team made some decisive moves during the quarter, responding to global macro events and changes in valuations of different markets. The most significant change was made in late October with a move to an overweight position in developed Asian markets, via the Omnis Asia Pacific Equity Fund. The additional 2% added to this fund was taken from the portfolio's cash reserves, and brings the total allocation up to 9%. The thinking behind the trade was to take advantage of attractive Japanese equity valuations, good corporate earnings and the overall belief that Asian equities remain attractive.

At the end of August, a decision was made to rebalance the portfolios, primarily to lock in some gains from emerging market equities, which had outperformed markedly. A slight dip in performance of the Omnis Emerging Markets Equity Fund in September meant this was the right decision, although we remain positive on its long-term prospects as emerging markets remain a compelling growth story.



At the same time, a topping up of our allocation to UK equities – via Omnis UK Equity Fund and Omnis Income & Growth – also proved to be a timely decision. Both fund managers endured a difficult summer, but their performances rebounded in September and October.

A continuation of the current bull market in equities looks the most likely scenario for the remainder of the year as the markets focus on a synchronised pick-up in global growth, and blue-chip companies delivering encouraging earnings growth. However, we retain a close eye on valuations and, given the flexibility that we are granted, we are prepared to make further changes at short notice should the conditions change. Active asset allocation is the vital at this point in the market cycle, and we are working daily to deliver attractive returns while limiting the impact of downside risks.

## Strategic Asset Allocation



## Who is managing your money?

	Omnis Income and Growth Fund managed by Woodford Investment Management	11%
	Omnis UK Equity Fund managed by Schroder Investment Management	8%
	Omnis US Equity Fund managed by T Rowe Price	8%
	Omnis Asia Pacific Equity Fund managed by Baillie Gifford & Co	9%
	Omnis European Equity Fund managed by Jupiter Asset Management	5%
	Omnis Emerging Markets Equity Fund managed by Jupiter Asset Management	2%
	Omnis UK Bond Fund managed by Columbia Threadneedle Investments	30%
	Omnis Global Bond Fund managed by Schroder Investment Management	20%
	Omnis Alternative Strategies Fund managed by Octopus Investments	5%
	Cash	2%

## The quarter in review

As has been the case for much of 2017, political manoeuvring and central bank policy moves largely dominated thinking during the period under review. Sadly, an earthquake in Mexico and hurricanes Harvey and Irma, which hit the Caribbean and the US in August and September, also left their mark, both on a humanitarian level and from an economic perspective as GDP growth was restricted in those regions.

There were big elections in Germany and Japan for investors to consider, though the re-election of Angela Merkel (with a dwindling share of the vote) and Shinzo Abe (with a strong majority) were welcomed by markets. The 19th National Congress of the Communist Party of China also raised ample fanfare, though much discussion around the world's second-largest economy is focused on its debt burden.

Just shy of ten years on from the great credit crisis, the world's major central banks are now beginning to take tentative steps to reverse the protective measures brought in to halt financial ruin. In September, the US Federal Reserve outlined plans to start 'normalising' its balance sheet next month, starting to unwind its size slowly over the coming years. Europe remains somewhat behind in its unwinding cycle though in October the European Central Bank announced it is to halve the amount of bond assets it buys every month from €60bn to €30bn from January next year. The period ended with the Bank of England the UK's first rate rise since July 2007, though this shift in policy is not necessarily a sign that further rate hikes are imminent.

## Ongoing Charges Figure

The OCF provides a measure of the combined cost of investing in each of the individual Omnis funds that make up the portfolio but excludes the portfolio service charge of 0.25% (0.30% including VAT). The combined OCF is subject to change in line with the underlying composition of the portfolio.

0.69%

The value of investments and any income from them can go down as well as up and you may not get back the original amount invested. Past performance is not a guide to future performance and should not be relied upon. Always seek professional advice before acting.

*The Omnis Managed Portfolio Service is provided by Openwork Wealth Services Limited (OWSL), a member of the Openwork group of companies. Openwork Wealth Services Limited is registered in England and Wales under registration number 10266077.*

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