

# OMPS Managed Portfolio Service quarterly update for Adventurous investors



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Chief Investment Officer

## Who is this investment for?

The Service is designed for an adventurous investor, who should be:

- An experienced investor who has used a range of different investment products in the past.
- In general terms, they will understand that investment products should be held for a minimum period of five years.
- They will be prepared to accept fluctuation in the value of their investments in order to be able to obtain a higher rate of return in the long run.
- They are similarly not likely to be concerned if the value of their investments were to fall in the short term.

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 first three months of the year proved to be very volatile for global equities. In the US, tech stocks took unpredictable turns with president Trump attacking Amazon over what he sees as its misuse of the US Postal Service. Investors also remained hyper-sensitive to signs of inflationary pressure, changes to monetary policy through interest rate rises and, latterly, a potential trade war between the US and China. The inherent flexibility of the Omnis Managed Portfolio Service means we have been able to act quickly during times of market stress.

In early February, we sold down our overweight position in equities, in part through reducing our position in Omnis US Equity Fund, prior to the worst of the market sell-off.

Following our asset allocation meeting at the end of March, we solidified our positioning by further reducing our holdings in Omnis Income & Growth Fund based on our belief that some UK-listed companies may struggle relative to other asset classes as we move closer to Brexit.

During the period, sterling was strong against a weak dollar. However, we expect this strength to abate and so find more promising opportunities in international assets. Emerging markets in particular remain a relatively attractive asset class in terms of both valuation – at a cheaper price versus other sectors – and the outlook for growth, and so we increased our holding in Omnis Emerging Markets Equity Fund from 19% to 20%.

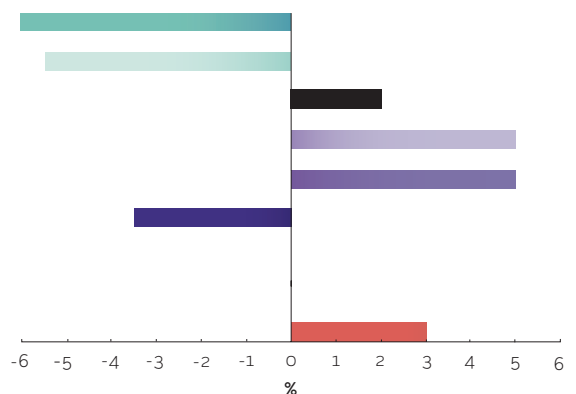
While we have conviction in the long-term prospects for equities, our relatively high allocation to cash at 3% means we are ready to reinvest quickly should further volatility create opportunities to invest when markets hit lower levels.

## Strategic Asset Allocation



40% UK Equity	-6%
15% US Equity	-5.5%
17% Asia Pacific Equity	+2%
8% European Equity	+5%
15% Emerging Markets Equity	+5%
5% UK Bonds	-3.5%
0% Global Bonds	0%
0% Alternative Strategies	0%
0% Cash	+3%

Overweight/underweight position relative to Strategic Asset Allocation



## Who is managing your money?

	<b>Omnis Income and Growth Fund</b> managed by Woodford Investment Management	17%
<b>Schroders</b>	<b>Omnis UK Equity Fund</b> managed by Schroder Investment Management	10%
	<b>Omnis UK Equity Income Fund</b> managed by Royal London Asset Management	7%
<b>T.RowePrice</b> <small>INVEST WITH CONFIDENCE</small>	<b>Omnis US Equity Fund</b> managed by T. Rowe Price	9.5%
	<b>Omnis Asia Pacific Equity Fund</b> managed by Baillie Gifford & Co	19%
	<b>Omnis European Equity Fund</b> managed by Jupiter Asset Management	13%
	<b>Omnis Emerging Markets Equity Fund</b> managed by Jupiter Asset Management	20%
	<b>Omnis UK Bond Fund</b> managed by Columbia Threadneedle Asset Management	1.5%
	<b>Cash</b>	3%

## The quarter in review

On a macro level, the first three months of 2018 were dominated by developments in the US, in particular its diplomatic relations with Asian economies. While tensions with North Korea remain heightened, the shock announcement that president Donald Trump is to meet with Kim Jong Un later this year has commentators hoping for more open and peaceful dialogue going forward.

It is Trump's relations with Beijing that unsettled markets, following on from his government's decision initial in March to introduce tariffs of 25% on steel imports and 10% on imported aluminium. This was the trigger for what some are calling a trade war as China's retaliation with levies on US products setting off further tit-for-tat measures of protectionism. The US said it was acting against unfair Chinese trade practices, while Beijing accused Washington of violating World Trade Organization rules.

Also in March, the new chair of the US Federal Reserve, Jay Powell, announced a US interest rate rise of 0.25% to a range of 1.50% to 1.75%, and signalled that a further two rises would take place before the end of 2018. As an indication of the health of the world's largest economy, what happens in the US is a big determinant of the mood of global investors, and so any unexpected interest rate moves could have a significant impact on markets. In the UK, interest rates have been held at 0.5%, though many expect the Bank of England to make a move in May, if the economy continues to show underlying good health.

## 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 any portfolio service charges. The combined OCF is subject to change in line with the underlying composition of the portfolio.

0.82%

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.

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