

OMNIS MANAGED PORTFOLIO SERVICE

OMPS Managed Portfolio Service monthly update for Balanced investors



Toni Meadows
Chief Investment Officer

Who is this investment for?

The Service is designed for a balanced investor, with:

- Knowledge about financial matters, and shows some interest in keeping up to date with them.
- Some experience of investment, including in funds containing assets such as shares and government bonds.
- An understanding in general terms that investment products should be held for a minimum period of five years.
- An understanding that the value of their investments could rise or fall.

The Service aims to improve total returns 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

We do not expect US President Donald Trump to reach a trade agreement with China before the midterm elections in November, and we believe equities may retrace and drift sideways in the interim. Meanwhile, a weaker dollar following President Trump's criticism of the Federal Reserve and dovish comments by Fed Chair Jay Powell at the Jackson Hole summit should provide some relief. Closer to home, it is our view that agreeing a Brexit withdrawal deal is in the best interests of both the UK and Europe. If the rhetoric softens, sterling based assets could rebound.

Against this backdrop, we switched small holdings out of Emerging Markets Equity Fund, managed by Jupiter, and the Asia Pacific Equity Fund, managed by Baillie Gifford, and we moved them into the UK Equity Fund which Franklin Templeton recently took over running for us. We repositioned the portfolio in this way because we believe we have identified pockets of value in the UK market.

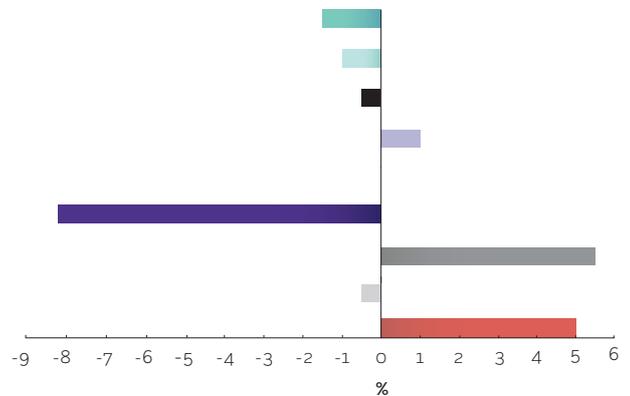
Overall, the portfolio remains within its strategic asset allocation in equities and underweight fixed income. We are overweight in the UK Equity Income Fund, managed by Royal London and to a lesser degree, emerging markets and Europe. We did not make any changes to the fixed income allocation of the portfolio, so we retain an underweight position in the UK Bond Fund, managed by Columbia Threadneedle, and overweight positions in the Strategic Bond Fund, managed by Fidelity, and the Global Bond Fund, managed by Schroders.

Strategic Asset Allocation



28.5% UK Equity	-1.5%
14% US Equity	-1%
9.5% Asia Pacific Equity	-0.5%
6% European Equity	+1%
10% Emerging Markets Equity	0%
11.9% UK Bonds	-8.1%
10.6% Global Bonds	+5.6%
4.5% Alternative Strategies	-0.5%
5% Cash	+5%

Overweight/underweight position relative to Strategic Asset Allocation



Who is managing your money?

	Omnis Income and Growth Fund managed by Woodford Investment Management	12%
	Omnis UK Equity Fund managed by Franklin Templeton Investments (from 11 June 2018)	9.5%
	Omnis UK Equity Income Fund managed by Royal London Asset Management	7%
	Omnis US Equity Fund managed by T. Rowe Price	14%
	Omnis Asia Pacific Equity Fund managed by Baillie Gifford & Co	9.5%
	Omnis European Equity Fund managed by Jupiter Asset Management	6%
	Omnis Emerging Markets Equity Fund managed by Jupiter Asset Management	10%
	Omnis UK Bond Fund managed by Columbia Threadneedle Asset Management	11%
	Omnis Global Bond Fund managed by Schroder Investment Management	6.5%
	Omnis Strategic Bond Fund managed by Fidelity International	5%
	Omnis Alternative Strategies Fund managed by Octopus Investments	4.5%
	Cash	5%

The month in review

The month started with some of the world's major central banks announcing their latest decisions about interest rates. As widely expected, the Bank of England raised rates to 0.75%, the highest level since 2009. The Federal Reserve and Bank of Japan (BoJ) left rates unchanged. However, the Fed hinted at further hikes this year, while the BoJ introduced forward guidance for the first time and declared rates would remain low for an extended period.

Trade tensions between the US and China rumbled on throughout the month, and they exchanged another round of tariffs. The US invited a Chinese vice-ministerial trade delegation to Washington DC, but little progress was made. Attention now turns to US President Donald Trump and his pledge to impose tariffs on \$200 billion worth of Chinese goods at the start of September.

President Trump persisted with his confrontational approach to foreign policy. He pressured Turkey to release an American pastor under house arrest by doubling tariffs on steel imports, causing the lira to weaken. He also imposed sanctions on Iran following the withdrawal of the US from the 2015 nuclear deal and Russia in response to the poisoning of Sergei Skripal and his daughter Yulia.

Parliament have been in summer recess, but Brexit still dominated the UK political agenda. The two sides seemed to be edging closer on some key issues, including the Northern Ireland border and the City of London's access to the single market after the UK leaves the EU. Meanwhile, the EU's chief negotiator Michel Barnier pledged to intensify negotiations with Brexit Minister Dominic Raab over the coming months as they try to agree on withdrawal terms.

The S&P 500 hit a record high at the end of the month, propelled by corporate earnings and President Trump's tax cuts. The post-crisis recovery also became the longest running bull market (where markets rise in value) in history.

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.

0.75%

Commentary and data reflects position on 31/08/2018.

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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