

OMNIS MANAGED PORTFOLIO SERVICE

OMPS Managed Portfolio Service monthly update for Cautious investors



Toni Meadows
Chief Investment Officer

Who is this investment for?

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 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?

January saw the portfolio benefit from changes we made in late December. This included putting more money to work in the new Omnis Strategic Bond Fund, while trimming exposure to the Omnis UK Bond Fund.

Omnis Strategic Bond Fund was the best performer of the Omnis fixed income funds, particularly given its overall lower duration, which is a bond's price sensitivity to changes in yields. Investors around the world have been worried about the threat of inflation, and this has resulted in bond yields rising as investors have demanded higher rates of interest to compensate for potential price rises. All this has meant that lower-duration investments have proved less volatile.

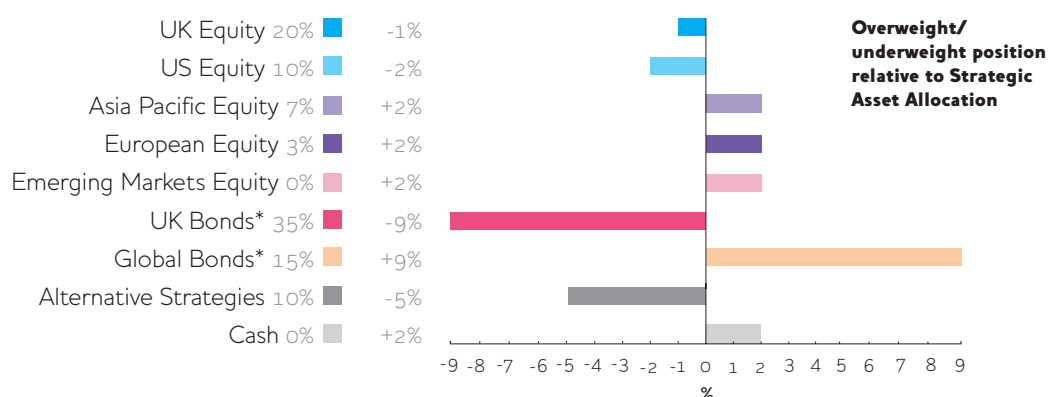
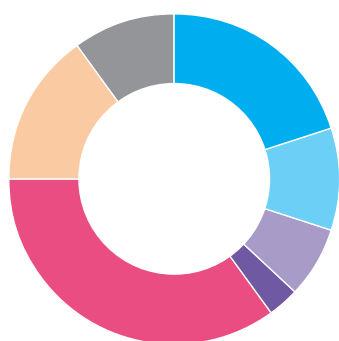
Managed by Fidelity International, the Omnis Strategic Bond Fund also carries a wider remit for investing across asset classes, and in January its exposure to emerging market bonds (around 7% of the fund) also boosted performance.

The best performing funds during the month were Omnis Asia Pacific Equity Fund and Omnis European Equity Fund. The former has benefited from strong stock selection in growth stocks, particularly in Japan and Hong Kong, from manager Baillie Gifford.

Investors in Europe have benefited from rises in 'peripheral' economies, such as Italy, Greece and Spain, which have rallied on the back of ongoing strong economic growth on the continent. Managed by established stock pickers Jupiter, the Omnis European Equity Fund is well placed to benefit from further growth in markets across the eurozone and beyond.




The portfolio also benefited from another move in late December – a trim in exposure to Omnis Income & Growth Fund in favour of Omnis UK Equity Income Fund. The former has suffered from a period of poor stock picking, but manager Neil Woodford has a proven track record of delivering over the long term in spite of periods like the present.

Strategic Asset Allocation



*Overweight/underweight positions reflect underlying holdings of funds.

Who is managing your money?

	Omnis Income and Growth Fund managed by Woodford Investment Management	9%
Schroders	Omnis UK Equity Fund managed by Schroder Investment Management	5%
	Omnis UK Equity Income Fund managed by Royal London Asset Management	5%
T.RowePrice INVEST WITH CONFIDENCE	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 Threadneedle Asset Management	18%
Schroders	Omnis Global Bond Fund managed by Schroder Investment Management	14%
	Omnis Strategic Bond Fund managed by Fidelity International	18%
	Omnis Alternative Strategies Fund managed by Octopus Investments	5%
	Cash	2%

The month in review

January proved to be a good month for equity markets on the back of the passing of tax reforms in the US, and strong economic data coming out of Europe and Asia. Closer to home, investors remain preoccupied with Brexit, though there was cheer as the UK and the EU finally agreed on the former's so-called 'divorce bill' in December, paving the way for a second round of negotiations this year.

There have also been prolonged talks ongoing in the attempt to form a new coalition government in Germany between Angela Merkel's Christian Democrats, sister party the Christian Social Union (CSU), and the Social Democrats (SPD), which were still not resolved by the end of the month. The eurozone continues to impress having grown at its fastest rate in a decade in 2017, according to Eurostat data. It reported that GDP expanded by 2.5% in the bloc last year, which represented the most rapid rate of growth since the 3.4% achieved in 2007.

The US has started the year at close to full employment, while average hourly earnings in the country have been on the rise at 2.9% for the month, which suggests that employers are having to increase pay to attract scarcer labour. A key indicator of inflation, the US could well see three or four interest rate rises this year, which would in turn have a big impact on the global economy. That the major regions of the world continue their coordinated upwards trajectory in economic terms is reason to stay positive on risk assets for the time being.

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 charge (which was 0.25% excluding VAT up until 31 January 2018). The combined OCF is subject to change in line with the underlying composition of the portfolio.

0.71%

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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