

OMNIS MANAGED PORTFOLIO SERVICE

OMPS Managed Portfolio Service quarterly 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

We are now more than half way through a year which has been defined by its volatility. Global trade tensions, political shifts across Europe – with new governments formed in Italy, Spain and Germany – and central bank policy have all been factors behind sharp moves in equities and bonds. This is why a measured approach to risk management makes for a sensible choice.

The ramping up of trade war threats, between the US and China and Europe, has arguably been the most significant event of the quarter from a markets perspective. We have acted to reduce the impact of risk in the portfolio. In June, we added to the Omnis Global Bond Fund, which has healthy exposure to the dollar. While we remain underweight the greenback, we recognise its status as a safe-haven currency in uncertain times. The move was funded by selling some of our exposure to the Omnis European Equity Fund; we are wary of signs of slowing growth in the region.

This followed a trade made in May, where we increased our diversification across the portfolio by reducing our position in the Omnis Strategic Bond Fund, putting that money to work in the Omnis Alternative Strategies Fund.

Also managing against volatility, we moved from an overweight to a neutral position in Asian equities – taking profits from the strong performing Omnis Asia Pacific Equity Fund. We also reduced our underweight to US equities as valuations became more favourable due to the positive corporate earnings season.

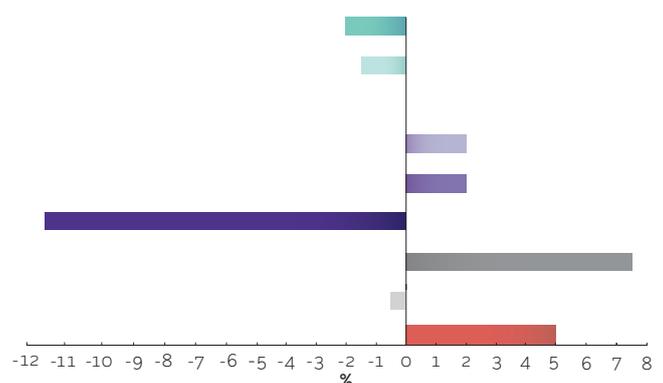
Despite the volatility, we continue to believe that risk assets, particularly equities, continue to offer good opportunities for growth, but we must remain alert to potential threats on the horizon.

Strategic Asset Allocation



20% UK Equity	-2%
10% US Equity	-1.5%
7% Asia Pacific Equity	+0%
3% European Equity	+1%
0% Emerging Markets Equity	+2%
35% UK Bonds	-11.5%
15% Global Bonds	+7.5%
10% Alternative Strategies	-0.5%
0% Cash	+5%

Overweight/underweight position relative to 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	7%
	Omnis UK Equity Fund managed by Franklin Templeton Investments	5%
	Omnis UK Equity Income Fund managed by Royal London Asset Management	6%
	Omnis US Equity Fund managed by T. Rowe Price	8.5%
	Omnis Asia Pacific Equity Fund managed by Baillie Gifford & Co	7%
	Omnis European Equity Fund managed by Jupiter Asset Management	4%
	Omnis Emerging Markets Equity Fund managed by Jupiter Asset Management	2%
	Omnis UK Bond Fund managed by Columbia Threadneedle Asset Management	18%
	Omnis Global Bond Fund managed by Schroder Investment Management	15%
	Omnis Strategic Bond Fund managed by Fidelity International	13%
	Omnis Alternative Strategies Fund managed by Octopus Investments	9.5%
	Cash	5%

The quarter in review

The path to Brexit, and a tough run for prime minister Theresa May, understandably stole the headlines in the UK during the quarter. In June, the EU Withdrawal Bill was finally written into law after a series of defeats for the government in the House of Lords. The legislation enables EU law to be transferred into UK law in an attempt to ensure a smooth Brexit. Following warnings from European Council president Donald Tusk that the UK was on a “last call” to “lay the cards on the table” if a Brexit deal is to be achieved before October’s deadline, Downing Street is now preparing a new plan for handling customs after the we leave the EU.

From a global perspective, it was Donald Trump and his tantrums and tariffs that stole the show. His extraordinary attack on the “very dishonest and weak” Canadian prime minister Justin Trudeau in June came as the president pulled back on a G-7 communique endorsement for “free, fair, and mutually beneficial trade”. The G-7 meeting came as the European Commission pushed ahead with tariffs on a list of US goods, including whisky, jeans and Harley-Davidson motorcycles, in retaliation to Washington’s tariffs on European steel and aluminium exports.

There was also no breakthrough in US-China trade talks, with Washington introducing \$34bn worth of tariffs on Chinese goods starting July 6, and China pledging to respond with retaliatory tariffs of the same amount. Still, while Trump’s trade wars continue to mark him as unpopular among fellow global leaders, he has at least made progress in relations with North Korea. While many doubted it would never happen, his historic meeting in Singapore with Kim Jong-un was a giant step towards peace with Pyongyang seemingly committed to de-nuclearisation.

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.

0.70%

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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