

**OMNIS MANAGED
PORTFOLIO SERVICE**

OMPS Managed Portfolio Service quarterly update for Adventurous investors



Toni Meadows
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

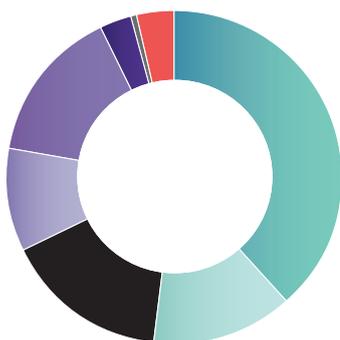
We do not expect the US and China to come to an agreement ahead of the US midterm elections in November. However, by keeping the latest round of tariffs lower than expected, US President Donald Trump has given himself room to manoeuvre should the Republicans lose ground. Closer to home, we still think the most likely outcome from the talks between the UK and the EU is a soft Brexit, initially at least, in which case UK equities and sterling could rebound. A harder Brexit may be negotiated in the future, following what would effectively be a prolonged transition period. Turning to emerging markets (EM), we believe valuations remain attractive, but the sector is vulnerable to ongoing trade tensions and the trajectory of interest rates in the US.

At the start of the quarter, we disposed of our remaining holding in the UK Bond Fund managed by Columbia Threadneedle and sold a small allocation in Woodford's Income and Growth Fund. We used the proceeds to reduce our underweight in US equities ahead of a promising corporate earnings season. We then switched a small holding out of Income and Growth and into the UK Equity Fund managed by Franklin Templeton to reflect our conviction in the new manager. In August, we reduced our overweight positions in European and EM equities and went slightly underweight Asia Pacific. We shifted the proceeds into UK equities to capture any potential gains resulting from progress in the Brexit negotiations. We followed up by going neutral EMs which allowed us to reduce our underweight in UK bonds and move slightly overweight global bonds. We also reduced our overweight position in cash to top up UK equities.

Overall, the portfolio is predominantly invested in equities, with small allocations to fixed income and cash.

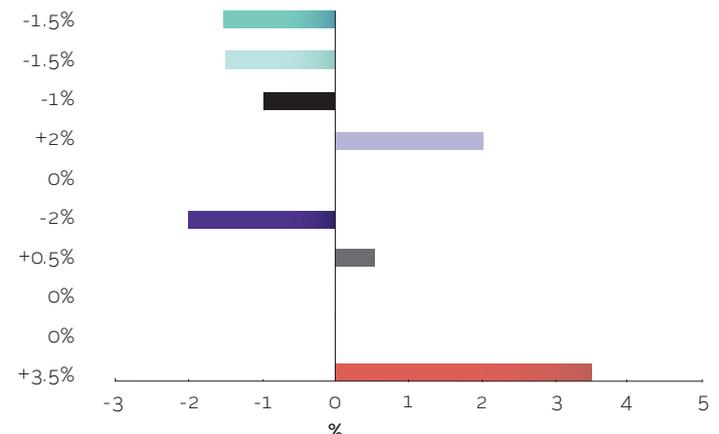
At the end of the quarter Omnis reorganised its funds range which the Omnis Managed Portfolio Service invests in, closing four of its existing funds and splitting the money held in each of them between one existing and six new Omnis funds. The purpose of this was to introduce more specialism into the funds range which brings the benefits of having funds with a greater focus on a specific area and increased diversification into the portfolios – with no change to their overall risk profile. As a result you will see that the list of funds that your portfolio invests in has increased (see the "Who is managing your money?" section). If you would like further details about these changes, please speak to your Openwork Financial Adviser.

Current Asset Allocation



- 38.5% UK Equity
- 13.5% US Equity
- 16% Asia Pacific Equity
- 10% European Equity
- 15% Emerging Markets Equity
- 3% UK Bonds
- 0.5% Global Bonds
- 0% Strategic Bonds
- 0% Alternative Strategies
- 3.5% Cash

Overweight/underweight position relative to Strategic Asset Allocation



Who is managing your money?

	Omnis UK All Companies Fund (NEW) managed by Franklin Templeton Investments	13.95%
	Omnis UK Smaller Companies Fund (NEW) managed by Franklin Templeton Investments	1.55%
	Omnis Income & Growth Fund managed by Woodford Investment Management	16.00%
	Omnis UK Equity Income Fund managed by Royal London Asset Management	7.00%
	Omnis US Equity Fund managed by T. Rowe Price	13.50%
	Omnis European Equity Fund managed by Jupiter Asset Management	10.00%
	Omnis Japanese Equity Fund (NEW) managed by Schroder Investment Management	11.20%
	Omnis Asia Pacific (ex-Japan) Equity Fund (NEW) managed by Veritas Asset Management	4.80%
	Omnis Emerging Markets Equity Fund managed by Jupiter Asset Management	15.00%
	Omnis UK Gilt Fund (NEW) managed by Columbia Threadneedle Asset Management	2.10%
	Omnis Sterling Corporate Bond Fund (NEW) managed by Columbia Threadneedle Asset Management	0.90%
	Omnis Global Bond Fund managed by Schroder Investment Management	0.50%
	Cash	3.50%

The quarter in review

Trade tensions continued to haunt global markets in the third quarter of the year. Despite intermittent talks, the US and China exchanged tariffs of 25% on \$16 billion worth of each other's goods in August. The US raised the stakes in September, imposing tariffs of 10% on a further \$200 billion of Chinese goods. China responded by levying between 5% and 10% on \$60 billion of American goods. However, September's tariffs were lower than expected, which the markets welcomed. At the time of writing, there was no resolution in sight.

Nevertheless, the post-crisis recovery in US equities became the longest-running bull market on record in August, powered by an economy growing by over 4% thanks to US President Donald Trump's tax cuts.

The quarter started badly for British Prime Minister Theresa May as Foreign Secretary Boris Johnson and Brexit Secretary David Davis, who both campaigned for the UK to leave the EU, resigned in protest at what has since become known as the Chequers Plan. Parliament narrowly passed the Customs Bill in mid-July, but it represented a rare victory for Mrs May who took control of Brexit negotiations personally. Sterling rallied as rhetoric seemed to soften in September, although the prospects of an agreement ahead of the November deadline were unclear following the inauspicious conclusion to the EU leaders' summit in Salzburg.

Emerging markets (EMs), which were already struggling with the strength of the US dollar and trade tensions, came under further pressure as President Trump doubled tariffs on Turkish steel in an effort to persuade the country's government to release an American pastor under house arrest in Ankara. Elsewhere in EMs, Argentina raised interest rates to 60% to support the peso and appealed to the International Monetary Fund to speed up the distribution of a \$50 billion loan to reassure the markets. While these events dented sentiment, they were relatively isolated, and an overdue rally in EMs started towards the end of the quarter.

Meanwhile, the Federal Reserve continued with its monetary policy tightening cycle, despite criticism from President Trump. The Bank of England also raised rates at its meeting in August due to higher inflation expectations. As expected, the European Central Bank (ECB) and Bank of Japan left rates unchanged, although the ECB confirmed it will halt its bond buying programme by the end of the year.

The value of your investments can fall as well as rise, and you may get back less than you invest.

This update reflects Omnis' view at the time of writing and is subject to change.

The document is for informational purposes only and is not investment advice. We recommend you discuss any investment decisions with your Openwork financial adviser. Omnis is unable to provide investment advice. Every effort is made to ensure the accuracy of the information, but no assurance or warranties are given.

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.

0.77%

Commentary and data reflects position on 30/09/2018.

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.

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.

The Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC are authorised Investment Companies with Variable Capital. The authorised corporate director of the Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC is Omnis Investments Limited, registered in England and Wales under registration number 06582314. Omnis Investments Limited does not offer investment advice nor make recommendations regarding investments. Potential investors are particularly advised to read the specific risks and charges applicable to the Funds which are contained in the Prospectus and Key Investor Information Documents (KIIDs).

Openwork Wealth Services Limited and Omnis Investments Limited are both authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN and the Registered Office for both companies is: Washington House, Lydiard Fields, Swindon, Wiltshire, SN5 8UB.