
**OMNIS MANAGED
PORTFOLIO SERVICE**



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Chief Investment Officer

Omnis Managed Portfolio Service update for Balanced investors

Objective

The Service is designed for a balanced investor. This is someone who is knowledgeable about financial matters, and shows some interest in keeping up to date with them. They will have some experience of investment, including investing in products containing assets like shares and government bonds. In general terms, they will understand that investment products should be held for a minimum period of five years. They understand 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 the allocations to asset classes and individual funds. These allocations are determined by the Omnis Investment Team, which benefits from full transparency of the funds' underlying investments, and is controlled through a strict governance framework.

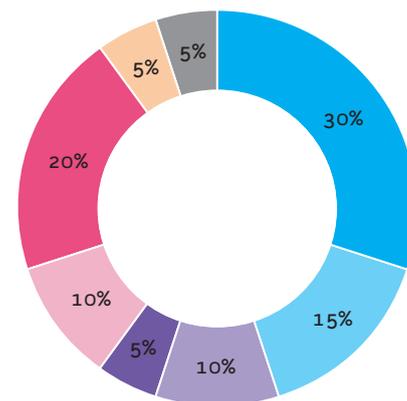
Market update

Investors suffered something of a rollercoaster ride in 2016. While the first half of the year was dominated by fears of deflation, the second half was characterised by a rapid reappraisal and a strong consensus that global economic growth was set to accelerate. This consensus pushed global equities to record highs and forced bonds lower, reflecting expectations that stronger growth would be met with higher interest rates. However, optimism over the economic growth outlook has been somewhat tempered in recent months. International equity markets have largely traded sideways while bond markets have recovered some of their losses.

The outlook for the global economy is therefore relatively benign. While a rapid acceleration of global growth appears unlikely, growth should nonetheless remain solid. Interest rates may rise – in the US at least – but not to the extent that the growth outlook is derailed. The key risks to this outlook are political: France, the UK, Germany and Italy all face leadership elections this year, tensions continue to mount in the Korean peninsula while the ability of Donald Trump to implement tax, trade and fiscal policy remains uncertain. Such risks suggest markets are likely to experience periods of heightened volatility in the coming months.

Strategic Asset Allocation

- UK Equity 30%
- US Equity 15%
- Asia Pacific Equity 10%
- European Equity 5%
- Emerging Markets Equity 10%
- UK Bonds 20%
- Global Bonds 5%
- Alternative Strategies 5%
- Cash 0%



What is our latest position?

- UK Equity -3%
- US Equity -3%
- Asia Pacific Equity 0%
- European Equity +4%
- Emerging Markets Equity +4%
- UK Bonds -5%
- Global Bonds +5%
- Alternative Strategies -5%
- Cash +3%



The global economy has, for the most part, been in a recovery phase for the past seven years. Various economic indicators point to a continuation of this recovery. As a result, the portfolio is marginally overweight equities, which stand to benefit from the solid – if unspectacular – economic growth outlook. We favour equities in Europe, where the recovery is only just beginning to gather pace, and the emerging markets, where valuations are appealing. Conversely, the portfolio is underweight UK equities as economic growth appears to be fading and US equities which appear expensive. Allocations to bonds are neutral, though skewed slightly to international bonds which can benefit from volatility in currency markets. We are also retaining a small amount of cash to enable us to react quickly and efficiently should political risk events materialise.

Who is managing your money?

Omnis Income and Growth Fund managed by Woodford Investment Management	16%
Omnis UK Equity Fund managed by Schroder Investment Management	11%
Omnis US Equity Fund managed by The Boston Company, part of the BNY Mellon Group	12%
Omnis Asia Pacific Equity Fund managed by Baillie Gifford & Co	10%
Omnis European Equity Fund managed by Jupiter Asset Management	9%
Omnis Emerging Markets Equity Fund managed by Jupiter Asset Management	14%
Omnis UK Bond Fund managed by Columbia Threadneedle Investments	15%
Omnis Global Bond Fund managed by Schroder Investment Management	10%
Omnis Alternative Strategies managed by Octopus	3%
Cash	

Funds update

As well as reflecting our economic and market views, portfolio weightings must consider the styles, biases and strategies of the Omnis funds in which we invest. In general, economic and market factors are likely to have greater influence on portfolio performance than fund-specific factors, and this is mostly the case at present. Nonetheless, some fund-specific opportunities have presented themselves. In the UK equity allocation, we favour the Omnis Income & Growth fund over the Omnis UK Equity fund as we believe it is less exposed to potential disappointments in the global growth outlook. Elsewhere, our confidence in the valuation case for emerging market equities is reinforced by the strong stock selection discipline implemented by the fund manager.

The value of an investment and any income from it can fall as well as rise and you may not get back the original amount you invested. Past performance is not a guide to future performance and should not be relied upon.

Please note that the information contained in this Portfolio Update reflects the target asset allocation position of the Service at the date of publication. Both the timing of the buying and selling of the underlying funds to reach the target asset allocation position and the daily active management of the Service means that the asset allocation shown in this Portfolio Update, which is published monthly, may not match the actual position of your Portfolio.

The Omnis Managed Portfolio Service (the "Service") is provided by Openwork Wealth Services Limited (OWSL), a member of the Openwork group of companies.

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