

OMNIS MANAGED PORTFOLIO SERVICE



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Chief Investment Officer

OMPS Managed Portfolio Service quarterly update for Adventurous investors

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?

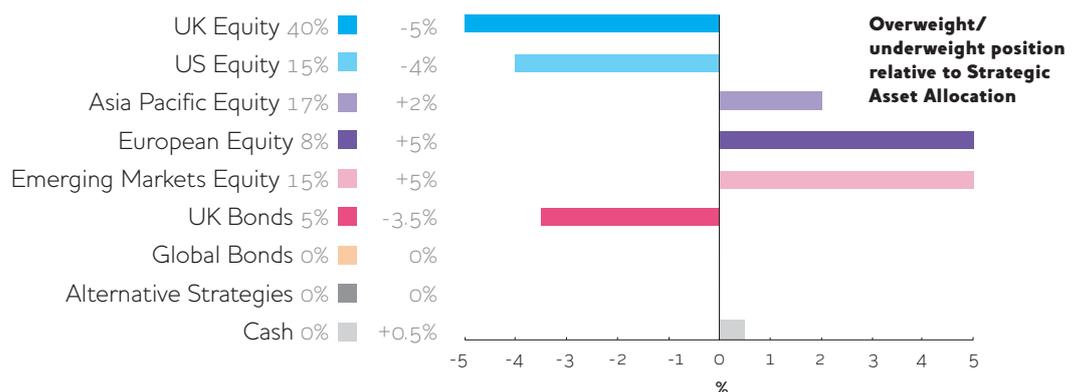
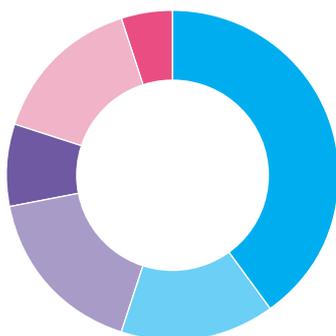
In December Omnis launched a new fund which was immediately added to the portfolio. The Omnis UK Equity Income Fund is managed by Royal London, which adopts a value-based approach to investing in what it sees as under-priced stocks that can deliver both growth and yield potential. By the end of the period, we had 6% of the portfolio in this fund. This was achieved by taking 4% out of Omnis UK Equity Fund and 2% (taken in two separate moves in December) from Omnis Income & Growth Fund. The new fund adds style diversification with its focus on companies capable of delivering an appealing, sustainable and growing dividends.

With major equity markets ending 2018 on a high, our decision to back Europe and emerging markets has been justified. In late October we took an overweight position in developed Asian markets, via the Omnis Asia Pacific Equity Fund, which proved us right by being the best-performing Omnis portfolio fund during the quarter.

Closer to home our investments in the Omnis UK Equity and Omnis Income and Growth funds had a strong quarter, particularly during December as the respective managers, Schrodgers and Woodford Investment Management, were able to take advantage of a strong run in the domestic market. Schrodgers' David Docherty has been very active in cutting down the number of holdings in the portfolio to focus on his very best high-conviction ideas. By the end of the period, Neil Woodford has positioned around half of the Income and Growth Fund in the smaller companies that he thinks are being ignored by international investors and so appear to be priced more attractively.

Our decision earlier in the year to change the manager of the Omnis US Equity Fund to T. Rowe Price has also been a positive as the new manager made steady progress during the period. We do, however, remain cautious on the UK and US over the medium term with some parts of these markets looking expensive.

Strategic Asset Allocation



Who is managing your money?

 woodford	Omnis Income and Growth Fund managed by Woodford Investment Management	19%
 Schroders	Omnis UK Equity Fund managed by Schroder Investment Management	10%
 ROYAL LONDON	Omnis UK Equity Income Fund managed by Royal London Asset Management	6%
 T. Rowe Price® INVEST WITH CONFIDENCE	Omnis US Equity Fund managed by T. Rowe Price	11%
 BAILLIE GIFFORD	Omnis Asia Pacific Equity Fund managed by Baillie Gifford & Co	19%
 JUPITER	Omnis European Equity Fund managed by Jupiter Asset Management	13%
 JUPITER	Omnis Emerging Markets Equity Fund managed by Jupiter Asset Management	20%
 COLUMBIA THREADNEEDLE INVESTMENTS	Omnis UK Bond Fund managed by Threadneedle Asset Management	1.5%
	Cash	0.5%

The quarter in review

As the world's largest economy and market, it is no great surprise that events in the US dominated proceedings in the last three months of 2017. The prolonged saga around sweeping tax reforms – the most drastic changes to the tax code since 1986 – ended in cheer for president Donald Trump as they were signed into law in late December. It is hoped that the \$1.5tn in tax cuts will energise the US economy, and so boost the prospects for its largest companies and its stock markets. Corporate income tax will fall from 35% to 21%.

The US central bank, the Federal Reserve, has also been leading the way in terms of interest rate rises. Three hikes occurred in 2017, the third happening in December as the target range moved to 1.25% to 1.5%. This is a sign of economic health, with unemployment at a low of 4.1% at the turn of the year. Closer to home, the Bank of England finally raised interest rates for the first time in 10 years, though the move from 0.25% to 0.5% was a reversal of the cut put in place immediately following last year's EU referendum.

Talking of Brexit, in December EU leaders agreed to move talks on to the second phase of negotiations ahead of the UK's exit from the union in March 2019. Theresa May had earlier suffered defeat in the House of Commons as MPs voted 309 to 305 in favour of an amendment to her Brexit bill giving them a decisive vote on the final deal. The real impact of Brexit on the UK economy should become clearer as we move through 2018.

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 the portfolio service charge of 0.25% (0.30% including VAT). The combined OCF is subject to change in line with the underlying composition of the portfolio.

0.86%

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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