

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

At the end of March, we made some changes to the portfolio which we believe will have a positive impact in the months to come. We increased our allocation to the developing world, via the Omnis Emerging Market Equity Fund, reflecting our long-held view that the best companies in these territories are delivering strong earnings growth at attractive valuations. The change doubled emerging market exposure to 2%, and was funded by a trimming of our exposure to the Omnis Income and Growth Fund. While the manager of this fund, Neil Woodford of Woodford Investment Management, has endured a tough year in terms of performance, we continue to back him and his process. He has invested with a high conviction in companies whose fortunes are linked to the domestic economy, such as housebuilders and retailers, in the belief that people are too negative about the UK's prospects. We visited Neil at his office in Oxford at the beginning of April to address his performance, and our conclusion was that we think he could be close to a turning point if the UK economy continues to deliver growth. There is no guarantee that performance will improve, but we continue to monitor the fund very closely.

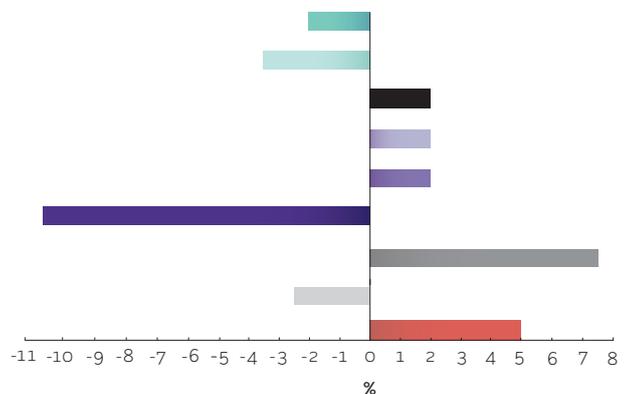
In fixed income, we cut our exposure to the Omnis Strategic Bond Fund by 3% with the proceeds split across the Omnis Alternative Strategies Fund (2.5%) and cash (0.5%). The manager of the latter fund, the team at Octopus Investments, expertly blends a basket of alternatives, such as property, infrastructure and so-called absolute return strategies, with the aim of delivering a low volatility and low correlation to equities and bonds. At a time when market turbulence is heightened, the fund can be regarded as a low volatility option and supplements our cash weighting of 5%.

## Strategic Asset Allocation



20% UK Equity	-2%
10% US Equity	-3.5%
7% Asia Pacific Equity	+2%
3% European Equity	+2%
0% Emerging Markets Equity	+2%
35% UK Bonds*	-10.5%
15% Global Bonds*	+7.5%
10% Alternative Strategies	-2.5%
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 Schroder Investment Management	5%
	Omnis UK Equity Income Fund managed by Royal London Asset Management	6%
	Omnis US Equity Fund managed by T. Rowe Price	6.5%
	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 Columbia Threadneedle Asset Management	18%
	Omnis Global Bond Fund managed by Schroder Investment Management	14%
	Omnis Strategic Bond Fund managed by Fidelity International	15%
	Omnis Alternative Strategies Fund managed by Octopus Investments	7.5%
	Cash	5%

## The month in review

April represented something of a culmination, and eventual easing, of diplomatic tensions that have been brewing for months on a global level. At the start of the month, investors were preoccupied with talk of a 'trade war' between the US and China with tit-for-tat tariffs on imports introduced by both nations. Has common sense prevailed? President Xi Jinping has since promised lower tariffs on key products, such as cars, with Donald Trump welcoming "great progress" from his "friend" in China. The posturing is far from finished, but by the end of the month Trump revealed that US treasury secretary Steven Mnuchin and colleague Robert Lighthizer were to head to China for further trade discussions.

An event that very few people can say they saw coming was the quite historic meeting between North and South Korean leaders Kim Jong-un and Moon Jae-in, who have pledged to end decades of hostility and move towards denuclearisation. Given the alarm caused by North Korea's war mongering over the past year, this thawing of tensions can only be a positive.

From a markets perspective, the narrative remains centred firmly on central bank activity. While the Bank of England and the Federal Reserve mull further interest rate rises this summer, the Bank of Japan and the European Central Bank are still focused on stimulating their economies through bond-buying programmes. One of the biggest risks to investment markets today is a policy mistake, for example if US rates were raised too quickly this might choke economic growth.

## 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.

0.69%

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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