

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

Recent headline economic data have largely disappointed, but signs point to a mid-cycle slowdown rather than the forerunner to a global recession. As long-term investors we note that, while valuations for equities are not as attractive as they once were, shares are still the best choice for the risk component of the portfolio. However, volatility is likely to remain elevated and a selective and measured approach to risk management is essential.

With this in mind, a series of trades was made at the end of May, including the trimming of our exposure to Asia Pacific equities from an overweight position of 9% to a neutral 7%. The Omnis Asia Pacific Equity Fund, managed by Baillie Gifford, has performed strongly, providing us the opportunity to take profits and put the money to work elsewhere. The trade saw us reinvest the profits into US equities, where our underweight was reduced from -3.5% to -1.5% as valuations have fallen closer to their long-term average.

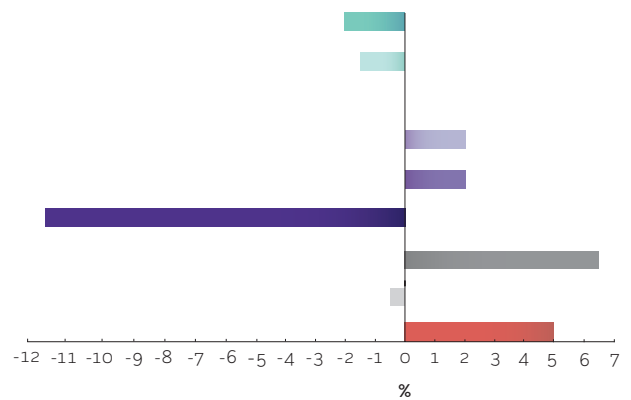
Turning to fixed income, we also reduced our holding to the Omnis Strategic Bond Fund from 15% to 13%. Recent corporate activity has favoured equity holders over bond holders and, with global growth slowing, we have sought to reduce exposure to credit risk. Proceeds from the trade were invested in the Omnis Alternative Strategies Fund, providing an extra degree of diversification.

Strategic Asset Allocation














20% UK Equity	-2%
10% US Equity	-1.5%
7% Asia Pacific Equity	+0%
3% European Equity	+2%
0% Emerging Markets Equity	+2%
35% UK Bonds*	-11.5%
15% Global Bonds*	+6.5%
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 (from 11 June 2018)	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	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	13%
	Omnis Alternative Strategies Fund managed by Octopus Investments	9.5%
	Cash	5%

The month in review

They say a week is a long time in politics, well how about a day? Two eurozone mainstays, Italy and Spain, both welcomed in new prime ministers on 1 June. The preceding weeks, our month in review, was characterised by political uncertainty in Europe which, in Italy at least, had long been signposted following March's general election. A hung parliament triggered intense negotiations that came to a head with a coalition finally formed by two populist parties, the Five Star Movement and the anti-immigration League, and the appointment of Giuseppe Conte as prime minister.

In Spain, it was Pedro Sánchez who took office after the swift ousting of conservative Mariano Rajoy, who suffered a vote of no-confidence following a corruption scandal. It will be no easy run for Sánchez with his Socialist PSOE party in possession of only 84 lower house seats, meaning it will be difficult to get his legislation enacted.

Still, these seismic events in Europe remained a side-show to Donald Trump's relations with two Asian neighbours. The will-they-won't-they saga of June's scheduled meeting between Trump and Kim Jong-un took up plenty of column inches, as did his administration's ongoing tit-for-tat trade dispute with China. Talks are ongoing between the world's two largest economies, with both fully aware that a prolonged 'trade war' benefits neither.

From a monetary policy perspective, while a slowdown in UK inflation has halted the Bank of England's impetus to raise interest rates, in the US the Federal Reserve is seemingly on track to hike again in June as the continued shrinking of the country's balance sheet steers it closer to 'normalisation'.

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.

0.71%

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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