Fourth quarter 2019

Investment Committee Update

Seneca Reid Ltd

omnis INVESTMENTS

Welcome

The Omnis Investment, Performance and Risk Committee oversees all aspects of the Omnis investment offering. The Committee discusses the Omnis funds and the performance of the external fund managers. This bulletin summarises the principal discussion points and is the latest in a series of regular updates from the Committee.

Market Commentary

October

- UK shares rallied and the pound strengthened against the US dollar as the House of Commons backed the withdrawal deal which the Prime Minister renegotiated with the EU. MPs rejected Mr Johnson's attempt to rush the legislation through Parliament but voted to hold a general election on 12th December
- US shares rose after the Federal Reserve- the US central bank- lowered interest rates by 0.25% for the third time in 2019 and signalled rates would remain unchanged for the foreseeable future.

November

- The pound strengthened against the US dollar after the Brexit party boosted the chances of the Conservatives winning a parliamentary majority in the general election by announcing it would not stand candidates in seats held by Tory MPs
- Despite agreeing to gradually reduce tariffs- taxes on goods imported from abroad- at the start of the month, an initial trade deal between the US and China remained elusive as optimism among negotiators was countered by the risk that the US had aggravated China by passing the Hong Kong Human Rights and Democracy Act.

December

- UK shares rallied and the pound strengthened against the US dollar and the euro as the Conservative party won a comprehensive victory in the general election, ending up with a parliamentary majority of 80 seats;
- Global markets rose after the US and China agreed the first phase of a trade deal which would see the US cancel tariffs due to take effect in December and cut tariffs imposed in September, while China committed to buying at least $40 billion of US agricultural products each year, strengthen protection of US intellectual property (patents, trademarks and copyrights) and stop forcing US companies to share technology with local rivals.

Performance of the Portfolios

- The C1 portfolios consistently rank in the first or second quartile across most time frames;
- The Omnis Income & Growth Fund continues to weigh on C2 and C3 portfolios (as Jupiter Asset Management transitions the legacy Woodford holdings), but C2 returns remain ahead of expectations since launch;
- As the pound strengthened against the US dollar, the Omnis Global Bond Fund has weighed on Cautious portfolios;
- Remember, the portfolios are designed to deliver returns over a five to ten-year period.

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Openwork Graphene Model Portfolios

The Openwork Graphene Portfolios each offer a selection from the Omnis sector funds range. These funds, discussed individually below, have been designed specifically to complement each other within the Openwork Graphene Portfolios, with allocations determined by the Openwork Investment Committee (see Figure 1).

FIGURE 1: STRATEGIC ASSET ALLOCATION OF THE MODEL PORTFOLIOS

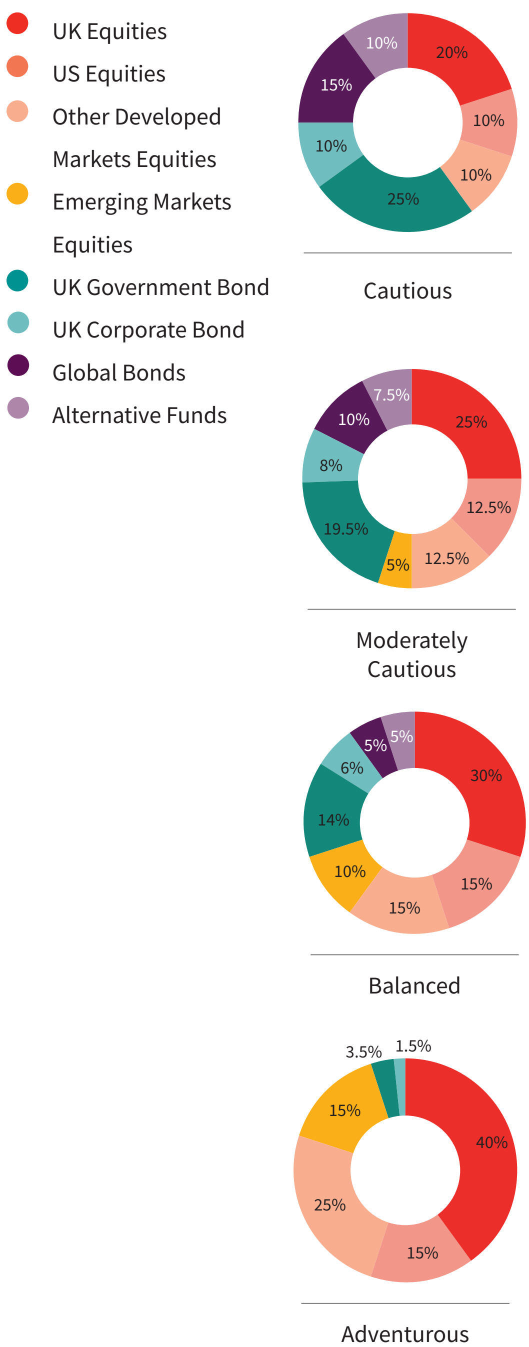


FIGURE 2: OPENWORK GRAPHENE C1 MODEL PORTFOLIOS, TOTAL RETURN SINCE INCEPTION

- Graphene C1 Adventurous Model Portfolio
- Graphene C1 Balanced Model Portfolio
- Graphene C1 Cautious Model Portfolio

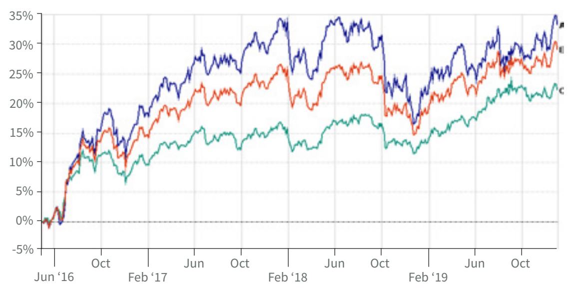
Source: Omnis Investments, Financial Express Analytics, 28th February 2014 to 31st December 2019. Portfolios rebalanced each 31st August and 28th February.

FIGURE 3: OPENWORK GRAPHENE C1 MODEL PORTFOLIOS, TOTAL RETURN OVER 1 YEAR

- Graphene C1 Adventurous Model Portfolio
- Graphene C1 Balanced Model Portfolio
- Graphene C1 Cautious Model Portfolio

Source: Omnis Investments, Financial Express Analytics, 31sr December 2018 to 31st December 2019. Portfolios rebalanced each 31st August and 28th February.

FIGURE 4: OPENWORK GRAPHENE C2 MODEL PORTFOLIOS, TOTAL RETURN SINCE INCEPTION



■ Graphene C2 Adventurous Model Portfolio
■ Graphene C2 Balanced Model Portfolio
■ Graphene C2 Cautious Model Portfolio

Source: Omnis Investments, Financial Express Analytics, 3rd May 2016 to 31st December 2019. Portfolios rebalanced each 31st August and 28th February.

FIGURE 6: OPENWORK GRAPHENE C3 MODEL PORTFOLIOS, TOTAL RETURN SINCE INCEPTION

■ Graphene C3 Adventurous Model Portfolio
■ Graphene C3 Balanced Model Portfolio
■ Graphene C3 Cautious Model Portfolio

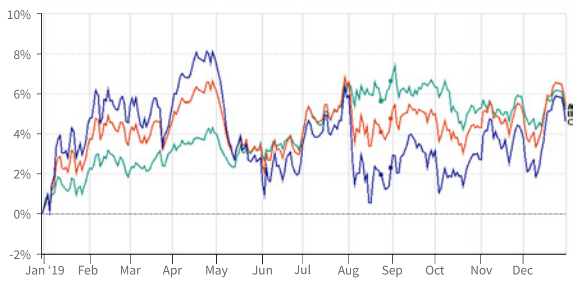
Source: Omnis Investments, Financial Express Analytics, 3rd May 2016 to 31st December 2019. Portfolios rebalanced each 31st August and 28th February.

FIGURE 5: OPENWORK GRAPHENE C2 MODEL PORTFOLIOS, TOTAL RETURN OVER 1 YEAR

■ Graphene C2 Adventurous Model Portfolio
■ Graphene C2 Balanced Model Portfolio
■ Graphene C2 Cautious Model Portfolio

Source: Omnis Investments, Financial Express Analytics, 31st December 2018 to 31st December 2019. Portfolios rebalanced each 31st August and 28th February.

FIGURE 7: OPENWORK GRAPHENE C3 MODEL PORTFOLIOS, TOTAL RETURN OVER 1 YEAR



■ Graphene C3 Adventurous Model Portfolio
■ Graphene C3 Balanced Model Portfolio
■ Graphene C3 Cautious Model Portfolio

Source: Omnis Investments, Financial Express Analytics, 31st December 2018 to 31st December 2019. Portfolios rebalanced each 31st August and 28th February.

The Key Investor Information Documents (KIIDs) and factsheets for the Omnis Portfolio Funds, of which the portfolios are comprised, are available from the Omnis website at www.omnisinvestments.com.

Q4 2019 Fact Sheet Commentary

Omnis Multi-Asset Income Fund
Fund Managed by BNY Mellon Investment Management

The fund delivered a strong return over the quarter. Within shares iPhone manufacturer Apple continued its strong run and was the portfolio's top contributor to performance. Other notable contributors were China Harmony, and Ferguson. UK banks Lloyds Banking Group and Royal Bank of Scotland benefited from an end to the UK's political gridlock.

Alternatives also advanced, with infrastructure such as roads and renewable energy receiving significant support from investors. Notable detractors included Indian toll-road operator IRB after heavy rains caused a disruption in toll revenues. We believe this is manageable and added to the holding when the share price dropped. Airline leasing, which is becoming an unloved sector owing to the carbon intensity of flying, underperformed, so we added to Doric Nimrod Air 2.

Following a strong year for asset prices in 2019 it would not be surprising to see some consolidation in the short term. However, we remain positive given continued strong wage growth, especially for low earners, and low unemployment. With the UK election out of the way, there is greater clarity over the UK's political situation.

Looking ahead, we expect continued progress in trade negotiations between the US and China and greater focus on government spending to bode well for emerging markets and cyclicals (companies influenced by economic growth). The fund remains exposed to areas of structural growth, such as increasing electric-vehicle penetration and renewables. We continue to believe bonds offer poor value and we prefer real assets such as real estate and commodities.

Omnis Strategic Bond Fund
Fund Managed by Fidelity International

The allocation to corporate bonds boosted performance amid a positive outlook. The exposure to high yield (income) bonds was the most significant contributor to returns. Rising government bond yields detracted from performance. Against this backdrop, the bias towards US bonds which are more sensitive to interest rate changes was the most significant detractor from returns.

Global bonds have witnessed an unprecedented rally this year, with markets supported by low interest rates. Markets are currently pricing in tepid inflation (the rate at which prices rise) and satisfactory growth in the US and Europe. This could last for the first half of 2020, as markets continue to benefit from low interest rates. However, we are concerned about nearing the limits of what central banks can achieve. Likewise, we believe that economies are unlikely to make real headway without the introduction of widespread government spending. We remain positive on corporate bonds, especially in Europe, driven by attractive valuations and strong company finances. We believe that the outlook for bonds in 2020 is positive, driven by low interest rates and the potential de-escalation in US-China trade tensions.

Omnis UK All Companies Fund
Fund Managed by Franklin Templeton Investments

The Conservative party victory in the general election sparked a strong rally in UK shares in December, leading to a robust gain for UK share markets for the fourth quarter overall. Easing Brexit and political uncertainties boosted domestically oriented companies, with small and mid-sized shares pacing the overall advance. The fund's outperformance was largely driven by the resurgence in several domestic shares such as plastic drainage pipe manufacturer Polypipe Group and brickmaker Ibstock.

As we enter 2020, we believe many of the same economic factors that have been at play since the financial crisis, such as weak productivity, low inflation (the rate at which prices rise) and moderating growth are likely to continue. However, we continue to seek out names that we believe can take advantage of strong underlying growth trends, such as bus and coach National Express. Since moving away from rail, National Express has been able to focus on acquiring businesses in attractive markets while growing its business in the United Kingdom where they now have a 60% market share. Over the longer term, we think National Express are positioned well to capitalise on the trends we are seeing in mass transit.

Omnis UK Smaller Companies Fund
Fund Managed by Franklin Templeton Investments

A decisive general election result in December fuelled a strong rally into the end of the year, with smaller UK companies particularly benefitting from the lifting of political uncertainty, albeit possibly only in the short term. The fund's outperformance during the quarter was largely driven by this easing in Brexit-related uncertainties and the positive impact it had on domestically oriented shares. Many of the top contributors were companies that derive much of their earnings from the United Kingdom. Document management and storage firm Restore PLC, housebuilding firm Countryside Properties PLC and furniture retailer DFS Furniture PLC were amongst the positive standouts. Other shares that had a positive quarter were those exposed to infrastructure and construction spending, such as drainage pipe manufacturer Polypipe PLC and brickmaker Ibstock PLC.

As we look ahead, small company valuations still look attractive to us in relation to their long-term average and the FTSE 250 Index. Increased appetite for UK shares from global investors should provide support for current valuations, in our view.

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Omnis Sterling Corporate Bond Fund
Fund managed by Columbia Threadneedle Investments

Sterling corporate bonds weakened modestly over the quarter due to the impact of rising yields (income) on gilts (UK government bonds). Gilts and other 'safe haven' investments were pressured by signs of stabilisation in the global economy, falling interest rates around the world and progress towards a US-China trade deal. In addition, greater certainty around Brexit – as the Prime Minister renegotiated the EU withdrawal agreement and won a decisive general election victory – sparked a rally in the pound but weighed on gilt prices. The fund outperformed the market, aided by successful selection of individual investments.

The current environment of low but positive economic growth and gentle inflation (the rate at which prices rise) is a favourable backdrop for corporate bonds. The European Central Bank's corporate-bond purchase programme provides further support. Though company earnings have been decent – albeit slowing – the benefits are largely accruing to shareholders. In light of all this, the fund remains cautiously positioned. Our biggest overweights are in companies in defensive sectors such as regulated utilities, infrastructure, and consumer staples.

Omnis UK Gilt Fund
Fund managed by Columbia Threadneedle Investments

Yields (income) on gilts (UK government bonds) rose over the quarter. Core government bonds, typically seen as safe haven investments, retreated amid stronger-than-expected corporate earnings, some improved economic figures, and the striking of a phase-one US-China trade deal. Gilts were also hampered as fears of a no deal Brexit receded on hopes of an outright Conservative victory in December's election, which duly occurred. The UK's economy expanded in Q3 2019, rebounding from the previous quarter's contraction. The Bank of England held interest rates, although the board was no longer unanimous.

We reduced the risk in the portfolio, in terms of the holdings' sensitivity to interest rates, ahead of the UK Parliament's Brexit deal vote in October and again on the eve of December's general election. When yields (income) increased on the morning after the election, we increased the risk again.

Omnis Managed Adventurous Fund
Fund managed by Columbia Threadneedle Investments

Global shares advanced further in the fourth quarter, owing to some brighter US economic figures, better-than-expected corporate profits, receding Brexit fears, perceived progress towards a US-China trade deal, and low interest rates. Government bond yields (income) rose. The fund's relative outperformance was largely driven by favourable selection of investments, which was positive in almost all of the underlying share portfolios, with the strongest contributions from the UK and Europe. Asset allocation also added value, largely due to the underweight in UK bonds and the off-benchmark holdings (investments not listed on the benchmark) in global shares.

In terms of activity, we increased our regional share holdings, except in Europe ex UK, where we continued to take profits. The biggest top-up was made to UK shares. We feel that greater clarity around domestic politics should encourage a reappraisal of UK-listed firms, whose valuations are low relative to their global peers. Within bonds, we reduced our allocation to local-currency emerging market (EM) bonds. We are more positive about the prospects for EM debt issued in currencies of economically stable countries such as the US dollar, which looks well placed to benefit from slower but positive growth in these economies.

Omnis Managed Balanced Fund
Fund managed by Columbia Threadneedle Investments

Global shares advanced further in the fourth quarter, owing to some brighter US economic figures, better-than-expected corporate results, receding Brexit fears, perceived progress towards a US-China trade deal, and low interest rates. Government bond yields (income) rose. The fund's relative outperformance was largely driven by favourable selection of investments, which was positive in almost all of the underlying portfolios, with the strongest contributions from UK and US shares. Asset allocation also added value, largely due to the underweight in UK bonds and the off-benchmark holdings (assets not listed on the benchmark) in global shares. However, the holding in emerging market (EM) bonds detracted.

We increased most of our regional share holdings, particularly in the UK and the US. In the UK, greater clarity around domestic politics should encourage a reappraisal of London-listed firms, whose valuations are low relative to their global peers. We realised some gains on our holdings in Europe ex-UK and Asia ex-Japan shares. Within bonds, the biggest top-ups were made to UK and overseas government bonds. We also modestly increased our holdings in high yield (income) bonds, UK corporate bonds and dollar-denominated EM bonds.

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Omnis Managed Cautious Fund
Fund Managed by Columbia Threadneedle Investments

Global shares advanced further in the fourth quarter, owing to some brighter US economic figures, better-than-expected corporate results, receding Brexit fears, perceived progress towards a US-China trade deal, and low interest rates. Government bond yields (income) rose. The fund's relative outperformance was largely driven by favourable selection of investments, which was positive in almost all of the underlying portfolios, with the strongest contributions from UK and US shares. Asset allocation also added value, largely due to the off-benchmark holdings (assets not listed on the benchmark) in global shares, though the underweight in US shares detracted slightly.

In terms of activity, we increased holdings in UK and US shares. In the UK, greater clarity around domestic politics should encourage a reappraisal of London-listed firms, whose valuations are low relative to their global peers. We realised some gains on our holdings in Japanese shares. Bond holdings increased by expanding the exposure to UK and overseas government bonds. We also topped up holdings in global and UK corporate bonds, as well as European short-term high yield (income) bonds. More modest increases were made to dollar-denominated and local-currency emerging market bonds.

Omnis Asia Pacific (ex Japan) Fund
Fund managed by Veritas Asset Management

The fund's outperformance is attributable largely to our share selection. Healthcare shares performed very well for the fund. Semiconductor companies such as Taiwan Semiconductors and Samsung Electronics did well too as the industry came out of a downturn, driven by burgeoning demand for semiconductors for 5G and cloud computing. Consumer shares underperformed during the quarter.

It is difficult to predict what 2020 has in store for us. The risk of further trade tension still remains despite the phase one trade deal between China and the US. However, in select industries, such as consumer, healthcare, and e-commerce, there are still many opportunities in Asia, particularly in China and India. We will stick to our quality, growth and valuation criteria and continue to invest with focus and conviction.

Omnis Income & Growth Fund
Fund managed by Jupiter Asset Management

The rally in the UK stock market after the general election was primarily led by shares exposed to the UK such as domestic banks, housebuilders and retailers. This benefited the fund overall which has some significant holdings in Barclays, Royal Bank of Scotland, Kingfisher and Forterra. The fund reduced its holding in some UK names following this rally (Provident Financial, BCA Marketplace) and added to some of the overseas names (Pandora, H&R Block, Barrick Gold).

The fund is managed with a value style – shares that are lowly valued but where we believe the problems are temporary. The gap between value and growth shares is at a generational high. We are focusing on these lowly valued names.

We have continued to make progress in realising value from the smaller and unquoted holdings. Many of the smaller companies continued to be adversely effected by the knowledge that there is a forced seller in the market. Our strategy has been to sell such companies whenever possible.

We saw positive news from some of the larger holdings in the portfolio. Autolus will begin further clinical trials this year although the share price currently remains very depressed. Evofem will launch a non- hormonal contraceptive product this year and we would expect this to be well received by the market.

Omnis US Equity Leaders Fund
Fund managed by T. Rowe Price

Share selection and sector allocation detracted from returns. The health care sector was the largest detractor from results due to share selection. Stryker and Medtronic underperformed. Within the industrials and business services sector, share selection weighed on returns. Shares of Boeing and Northrop Grumman declined. Share selection in the materials sector was also negative. DuPont underperformed. Conversely, the energy sector was the largest contributor to relative performance due to share selection. Halliburton and Concho Resources outperformed. An underweight allocation to real estate, the worst-performing sector in the index, also aided gains.

While U.S. economic figures remain largely positive as consumers continue to benefit from record low unemployment and rising wages, we remain relatively cautious as we are mindful of unresolved global trade issues and the upcoming U.S. presidential election, both of which could cause headlines that impact market movements. However, an accommodative Federal Reserve (US central bank), along with lower interest rates around the globe, should be supportive to markets as we begin 2020. Should market conditions fluctuate, we believe it could create compelling buying opportunities for high-quality companies.

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Omnis US Smaller Companies Fund
Fund managed by T. Rowe Price

Shares in information technology detracted most. Within the sector, holdings in electronic equipment, instruments, and components lagged. An overweight position in utilities, along with share choices, also hindered performance. Shares in consumer discretionary, notably within specialty retail, also weighed on returns. Conversely, financials led results due to share choices and an underweight position. Within the sector, banks performed best. Share selection in consumer staples, particularly within food products, also boosted returns.

The strategy seeks to capitalize on opportunities across the broad range of the small and mid-sized U.S. share market. The portfolio has a collection of core holdings in high-quality companies we expect to increase in value over time. We also look for select investments in value opportunities- companies experiencing challenge or controversy of one sort or another, that we believe can be resolved in a reasonable timeframe. The portfolio holds many income-oriented, dividend growth companies, as well as a collection of high-growth investments in which we believe other investors do not yet fully appreciate the companies' long-term growth potential.

Omnis Global Emerging Markets Equity Opportunities Fund
Fund managed by Jupiter Asset Management

A notable positive for the fund during the fourth quarter of 2019 was Mediatek, a Taiwanese computer chip maker, which is proving itself to be a leader in the next generation 5G technology and is also benefiting from greater than expected demand for smart phones. Other positives included Norilsk Nickel, a Russian nickel and palladium mining company, and SK Hynix, a Korean supplier of computer memory.

The largest negative was Chinese pharmaceutical company 3SBio. The market felt that the approval of a competitor's rheumatoid arthritis drug at a discounted price would disadvantage the company, although our view is that the potential market is large enough to accommodate multiple players. Elsewhere, another poor performer for the fund was an Indian marketer of petroleum fuel, HPCL, which suffered from the twin effects of an underperforming Indian stock market and the rising price of crude oil.

Despite the uncertainty created by the US-China trade tensions and civil unrest in Hong Kong and elsewhere, we remain encouraged by the performance of the companies in the fund, and the opportunities we are able to find in companies undergoing positive change that the market has been slow to recognise.

Omnis European Equity Leaders Fund
Fund managed by Jupiter Asset Management

Although European shares delivered solid gains over the quarter, for UK investors the advance was limited by the strength of the British pound. Market progress was driven by a stabilisation in European economic figures, prospects of a US-China trade deal and a clear election win in the UK for the Conservative party which broke the deadlock over Brexit. In sector terms, the most notable change was the classic defensive trade (shares with reliable dividends and stable earnings) that had performed so well for much of 2019 partially unwound, with consumer staples losing ground as the market rotated into cyclicals (companies influenced by economic growth). Positive contributions came from a wide range of companies operating in such diverse areas as digital payments, specialty chemicals, medical devices, battery cathode makers, building materials and banking. Negative contributions came from aerospace and telecoms companies. We continue to take advantage of market fluctuations to trim and/or add to our positions, making piecemeal rather than wholesale changes.

Omnis European Equity Opportunities Fund
Fund managed by RWC Partners

Continental European share markets made limited progress in pound terms in the final quarter of 2019. This was despite progress on a US-China trade deal and a new Conservative majority government elected in the UK. The fund outperformed significantly through both positive sector allocation and share picking. An overweight allocation to consumer discretionary and underweight in consumer staples provided the greatest areas of outperformance. At the share level, HelloFresh was the strongest contributor. The company reported earnings ahead of market expectations. We expect the company to continue to deliver strong growth in 2020 and have maintained our position.

Although valuations in some sectors remain elevated, particularly for high growth companies, we are concentrating efforts to find those companies with good growth prospects that are trading at a reasonable valuation, or companies that have the potential to have a recovery in earnings driven by any multitude of factors. With uncertainty around Brexit reduced, low interest rates and improving consumer demand, the outlook for continental European shares looks positive.

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Omnis Short Dated Bond Fund
Fund Managed by AXA Investment Management

The Fund benefited from the announcement of a 'phase one' trade deal between the US and China, hopes for a smoother Brexit following the landslide victory for the Conservative party, and favourable central bank policies. During the period, we added some exposure to French index-linked bonds, as they looked attractive. We retained our bias towards investment grade (high quality) bonds, while remaining cautious on high yield (income) and emerging markets due to expensive valuations.

While the recent positive news flow should lead to some improvement in economic figures, we still expect growth to remain lacklustre in 2020 as the upcoming US election, the next phase of US-China trade negotiations and the future UK-EU trade relationship should lead to further uncertainties later this year, weighing on business investment and consumer confidence. Therefore, we maintain a defensive bias, with a higher allocation to investment grade, to allow us to add to high yield and emerging markets at better levels, due to expensive valuations in global bond markets and given the lack of options left to central banks to accelerate growth.

Omnis Absolute Return Bond Fund
Fund managed by Hermes Investment Management

The main drivers of performance were banking, energy and insurance, while leisure and services detracted. Positive individual contributors included Barclays (banking), Rothesay and Phoenix (both insurance). Individual detractors included Glencore and Anglo American (both basic industry) and American Axle (automotive). Bonds rated BB (an indication of the quality of the borrower) and above contributed the most to overall performance. At a regional level Western Europe, the UK and North America drove performance.

There seems to be limited scope for a large part of the market to increase in value, but new issues offered some interesting opportunities in the fourth quarter. We added a new defensive holding in the chemical sector, and we extended some holdings within the cyclical sectors (companies influenced by economic growth).

Omnis Diversified Returns Fund
Fund managed by Fulcrum Asset Management

The last month of the decade was eventful with crucial issues at stake: key central bankers' speeches, the U.K. election and trade tensions between the U.S. and China. To the delight of share markets, December unfolded with positive outcomes. The Federal Reserve (US central bank) seemed to favour keeping interest rates on hold even as growth picks up, inflation rises and unemployment falls. The head of the European Central Bank also reiterated similar arguments and called for greater government spending. The commanding Conservative majority in the general election cleared some of the fog surrounding the U.K. economy and the phase one trade agreement between the U.S. and China all helped shares.

Fund performance was positive for the month with the portfolio benefitting from bonds which fared well as expectations for inflation (the rate at which prices rise) rose. Our commodities strategy was boosted by the strong run of precious metals.

Omnis Multi-Manager Adventurous Fund
Fund managed by Octopus Investments

Share markets continued to move up, buoyed by optimism about the outcome of trade tensions between the US and China, Brexit and the prospect of a UK general election. As the value of the pound rose strongly over the period, so did returns from domestically oriented UK companies. Investments in emerging and Asian markets were also relatively strong performers.

The portfolio's holdings in domestic UK companies was a significant positive factor, with Merian UK Smaller Companies Focus and Ardevora UK equity adding to returns. As the risk of a no deal Brexit lessened, we continued to increase the number of domestic UK-oriented holdings by adding to iShares FTSE 250 exchange traded fund and Artemis UK Select.

We do not feel that share valuations are overly stretched, providing corporate earnings growth doesn't disappoint. The outlook for shares is improving, but we feel that this has not yet become excessive. We remain broadly positive about share markets and are keeping our government bond holdings light for the time being. We continue to be cautious and to maintain flexibility in the portfolio in anticipation that risks for investors could shift at any time.

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Omnis Multi-Manager Balanced Fund
Fund managed by Octopus Investments

Share markets continued to move up, buoyed by optimism about the outcome of trade tensions between the US and China, Brexit and the prospect of a UK general election. As the value of the pound rose strongly over the period, so did returns from domestically oriented UK companies. Investments in emerging and Asian markets were also relatively strong performers.

The portfolio's holdings in domestic UK companies was a significant positive, with Merian UK Smaller Companies Focus and Ardevora UK Equity contributing to returns. We reduced holdings that invest in US shares, largely by selling some of the defensively minded US Dividend Aristocrat exchange trade fund, as well reducing holdings in Artemis US Extended Alpha and Schroder European Alpha Plus.

We do not feel that share valuations are overly stretched, providing corporate earnings growth doesn't disappoint. The outlook for shares is improving, but we feel that this has not yet become excessive. We remain broadly positive about share markets and are keeping our government bond holdings light for the time being. We continue to be cautious and to maintain flexibility in the portfolio in anticipation that risks for investors could shift at any time.

Omnis Multi-Manager Cautious Fund
Fund managed by Octopus Investments

The big political news influencing investors centred on Brexit and the trade tensions between the US and China. Holdings that invest in UK bonds were among the portfolio's best performers, led by Man GLG Strategic Bond and TwentyFour Corporate Bond. In contrast, the portfolio saw underperformances by holdings that invest in alternative asset classes.

Central banks continue to take a balanced view to supporting economic growth, consumer spending remains robust and corporate earnings are mostly positive. Governments are generally neutral about raising taxes and unemployment levels are low. Although economic growth is relatively muted, we ended the three-month period, and the decade, with the longest rising market on record.

So, although it seems we are stuck with the effects of the trade tensions between the US and China and Brexit, as well as Middle East instability and uncertainty about China's economy, the general environment for shares and bonds still seems favourable as the new decade begins.

Omnis Multi-Manager Distribution Fund
Fund managed by Octopus Investments

The portfolio benefited from its focus on domestic UK shares when the pound rallied strongly. JOHCM UK Equity Income, Franklin UK Equity Income and Schroder Income Maximiser all outperformed the FTSE All-Share Index. The pound's strength was not good news for all holdings though, with iShares USD High Yield Corporate Bond exchange traded fund struggling. We increased the portfolio's holdings in US shares by adding to Schroder US Equity Income Maximiser. Our holding in BlackRock Continental European Income was built back up after good recent performance.

We have moved from a mildly cautious to a more neutral investment approach as the ongoing trade tensions between the US and China appears to be abating and the Conservative Party's general election win seems to have reduced the likelihood of a no deal Brexit. Green shoots are evident in economic figures, which indicates a recovery in manufacturing. That said, we remain mindful of the risks posed by shares as company valuations move towards becoming expensive, although this is not yet a significant concern. We are in the longest upward economic cycle on record, but as geopolitical uncertainty persists we continue to be ready to react to any market shifts.

For more information about Omnis, including fund factsheets please contact us on 01793 567 800 or through the website at www.omnisinvestments.com

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