OMNIS MANAGED
PORTFOLIO SERVICE

OMPS Managed Portfolio Service monthly update for Balanced investors

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Who is this investment for?

The Service is designed for a balanced investor, with:

— Knowledge about financial matters, and shows some interest in keeping up to date with them.

— Some experience of investment, including in funds containing assets such as shares and government bonds.

— An understanding in general terms that, they will understand that investment products should be held for a minimum period of five years.

— An understanding 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 holdings in 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.

The month in review

The world's major central banks took centre stage in September as investors looked for indications on changes in monetary policy, which is the setting of interest rates as a key way to influence economic activity and control inflation.

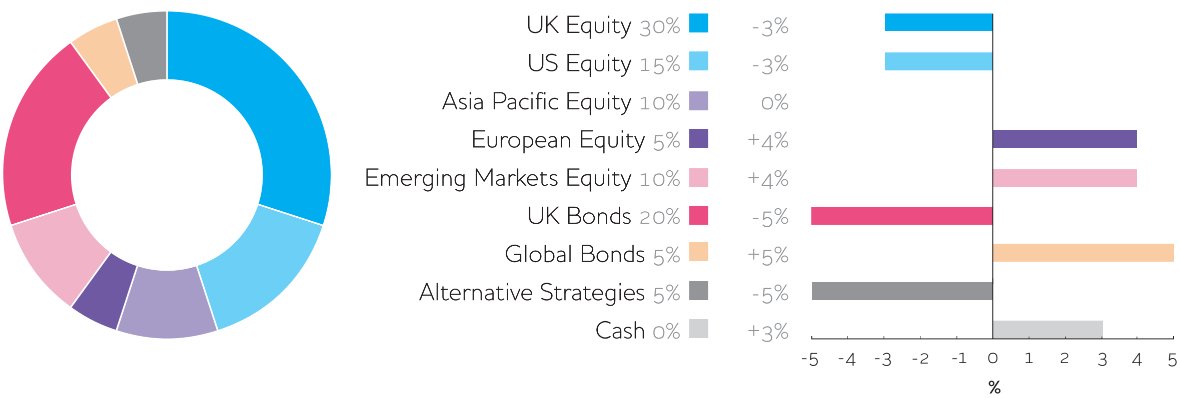
Presiding over the largest economy in the world, the US Federal Reserve's indication that it could raise interest rates before the end of the year is of great significance, as is its intention to start 'normalising' the central bank's balance sheet.

Since the financial crisis that began in 2008, the US has led the way in terms of quantitative easing, which entails buying its own government's Treasury bonds in order to lower interest rates. That the US plans to begin unwinding the $4.5trn balance sheet that it built up through quantitative easing is a huge shift, which should be taken as a positive signal on the health of the economy.

A little behind the Federal Reserve is the European Central Bank, which also indicated it will begin reducing, or tapering, its own €60bn monthly stimulus spending. The Bank of England's current policy dictates not starting to reverse quantitative easing until interest rates are materially higher than present, though an initial rise could be on the cards before too long.

What impact will all this have on investors? Ultimately, the end of quantitative easing must be a positive sign. However, volatility in markets is a possibility in the short term, and central banks must be sure to tread very carefully not to raise rates too soon. This is why diversifying your investments across a wide range of countries and markets makes sense, and it is the approach we always follow.

Strategic Asset Allocation



Overweight/ underweight position relative to Strategic Asset Allocation

How we are managing your money?

A rebalance of the Managed Portfolio Service in late August helped performance in September. Topping up allocations to asset classes which had previously underperformed – most noticeably UK equities, via Omnis UK Equity Fund and Omnis Income & Growth Fund – was rewarded with a rebound in performance from both fund managers. A rally in the strength of the pound was a notable headwind, during the first-half of the month, as currency movements restricted the growth of overseas equities, which were down marginally in sterling terms.

However, we remain underweight the domestic market given the ongoing uncertainty around Brexit as well as weakness in the UK economy, with household spending still restricted and recent signs of a drop in house prices.

In the long-term we remain confident that equity markets will continue to rise, particularly in Europe where the eurozone economic recovery is gathering pace and broadening beyond the core economies of northern Europe.

As central banks have talked more about raising interest rates this has led to a rise in yields and a corresponding fall in the price of bonds. It has also resulted in strength for sterling relative to most currencies and a bounce in the value of the dollar. Although the combination of these factors has had an impact on markets we feel that rate increases should they materialise will be muted because of the high levels of debt across the developed world. We were therefore happy to leave our current positioning unchanged in portfolios in September but continue to review portfolios for opportunities to contribute additional value and/or controls risks.

Who is managing your money?

woodford	Omnis Income and Growth Fund managed by Woodford Investment Managment	16%
Schroders	Omnis UK Equity Fund managed by Schroder Investment Management	11%
T.RowePrice INVEST WITH CONFIDENCE	Omnis US Equity Fund managed by T Rowe Price	12%
BAILLIE GIFFORD	Omnis Asia Pacific Equity Fund managed by Baillie Gifford & Co	10%
JUPITER	Omnis European Equity Fund managed by Jupiter Asset Management	9%
JUPITER	Omnis Emerging Markets Equity Fund managed by Jupiter Asset Management	14%
COLUMBIA THREADNEEDLE INVESTMENTS	Omnis UK Bond Fund managed by Columbia Threadneedle Investments	15%
Schroders	Omnis Global Bond Fund managed by Schroder Investment Management	10%
	Cash	3%

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.

0.75%

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.