

Omnis Managed Portfolio Service



The investment environment continues to be dominated by the outlook for economic growth, inflation and interest rates. We've been fine-tuning our portfolios to reflect the most recent changes.

Market moves that mattered

Mixed messages from the US. Recent positive economic news includes a strong labour market, a rebounding services sector and some improvement in the housing market. As a result, it seems likely that the Federal Reserve will continue to increase interest rates and hold them there for longer. In response, US government bond and share prices have fallen over the past month.

Japan has a new central bank governor. Kazuo Ueda will take over as head of the Bank of Japan in April. He faces a difficult balancing act over whether to change the bank's policies, which have been at odds with the rest of the developed world where interest rates have risen. Any change in approach could have implications for global government bond markets.

A challenging outlook for the UK. Average mortgage rates have fallen from last year's peak but remain a financial burden for households on variable deals or where their fixed term is about to end. High energy prices are another drag on consumer spending. On a positive note, inflation may be falling faster than expected, which may allow the Bank of England to stop raising rates.

Investment highlights

European equities are looking up. We continue to believe the global economy will tip into recession later in 2023 but the near-term outlook in Europe has improved. European companies have already seen a fall in earnings but there is scope for recovery. We have added to European equities, including moving our Omnis European Equity Opportunities Fund to overweight.

China's prospects have improved. The reopening of China offers the potential for a rebound in activity, domestically and in nations with strong trade ties, including Europe and Asia. We recently added to Asian and emerging market equities, taking both to overweight positions.

We are neutral on equities. With the US and UK economies facing an uncertain outlook, we have moved our equity holdings in both countries to underweight. Overall, our exposure to equities is neutral. Following a fall in yields (and rise in prices), we have taken gilts back to neutral and increased allocations to short-dated bonds because we think there are more opportunities in fixed income securities with a shorter maturity.

Asset allocation

Red = underweight
Amber = neutral weighting
Green = overweight

If you'd like more detail on our asset allocation views then please visit our [online dashboard](#).



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Approved by Omnis Investments on 3 March 2023