

# Omnis Managed Portfolio Service



## Portfolio changes broadened equity exposure while maintaining a cautious stance

### Market-moving events

**Rates stay higher for longer.** The US Federal Reserve, European Central Bank, and Bank of Japan each raised interest rates by 0.25%, while the Bank of England kept rates unchanged. Persistent inflation, higher energy prices, and resilient growth supported further tightening, although the Bank of England viewed the energy price shock as temporary.

**Borrowing costs rise.** Long-dated government bond yields rose in the UK and US amid concerns about inflation and government borrowing. US 30-year yields reached 5.6%, their highest since 2002, while UK 30-year gilt yields hit 6%, their highest since 1998. Higher yields added to volatility but improved future income prospects for fixed income investors.

**Energy concerns return.** The Middle East conflict remained a key driver of sentiment. Concerns about disruption to global energy supplies pushed oil and gas prices higher, adding to inflationary pressures, bond yields, and market volatility. The potential impact on global economic growth remains uncertain.

### Investment highlights

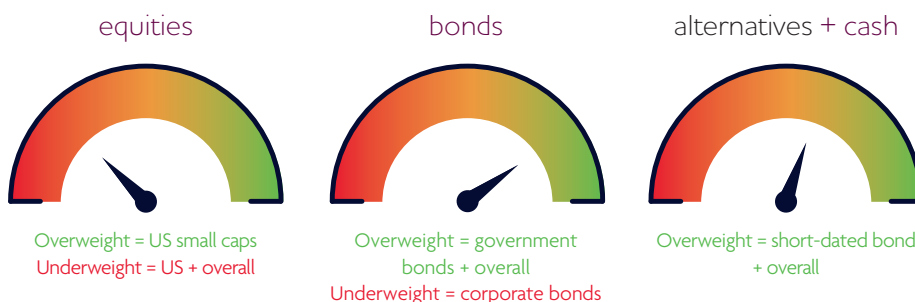
**Broadening equity exposure.** We rebalanced the OMPS portfolios, reducing the Omnis Asia Pacific ex Japan Fund after strong performance. The Omnis UK Gilt Fund was also reduced as fiscal sustainability and persistent inflation weighed on government bonds. Proceeds were reallocated to the Omnis Emerging Market Leaders Fund, increasing exposure to India and China, where valuations and the long-term outlook are more attractive. We also increased exposure to the Omnis US Equity Leaders Fund, reflecting resilient US economic growth.

**Positioning weighs on returns.** Tactical asset allocation detracted from performance due to underweight positions in US and Japanese equities. An overweight position in US smaller companies also weighed on returns as larger companies outperformed.

**Opportunities beyond AI.** The portfolios remain modestly underweight equities, although this was reduced during the month. The team remains cautious about AI valuations but sees opportunities in emerging markets and the US if the rally broadens beyond AI.

### Asset allocation

Red = underweight  
Amber = neutral weighting  
Green = overweight



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