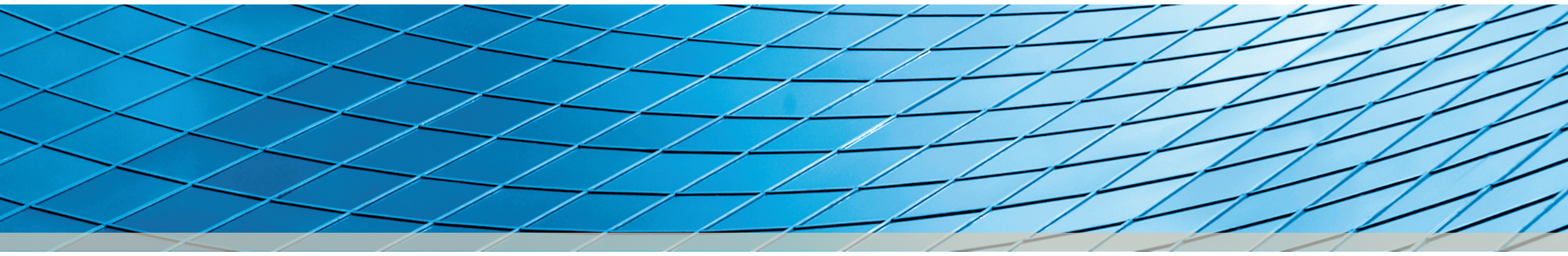


Market Bulletin

This month's market update comes from Octopus Investments, Manager of the Omnis Multi-Manager and Omnis Distribution Funds.

Many of the same themes and dynamics that dominated 2015 look set to be repeated in 2016. This includes a focus on the US Federal Reserve's (Fed) activities, particularly the timing of the next rate rise and what rate path it wants to set.

We move into 2016 with signs of weakening global growth, high equity prices and concerns over the effects of wage rise expectations on company profit margins. We are also seeing continuing efforts by central banks outside of the US to stimulate economic growth, especially in Europe and Japan. We believe China will continue to manage its slowdown. We also believe commodity prices will continue to struggle and this will affect emerging markets, which are likely to suffer as a result of a strengthening dollar. Consumers and certain companies in the developed world will benefit if the oil price continues to sit at historic lows. By contrast, a low oil price will create obvious difficulties for the economies of oil exporting countries, oil companies and the stock market indices, such as the FTSE 100, which they dominate. It will also create a deflationary headache for central banks tasked with hitting certain inflation targets.

Investors look for positive signs

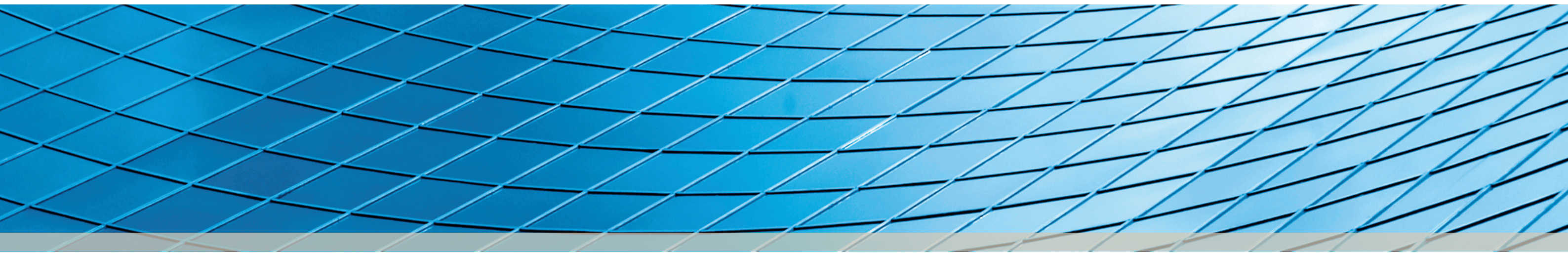
We believe 2016 will begin with equities and other investments struggling while the market builds confidence. Plenty of attention will be paid to economic news as investors seek evidence of growth. In this rather brittle environment, investors could prove skittish if they don't find what they're looking for in the economic numbers.

However, we also believe that evidence of economic growth will come through eventually. It's possible that investor enthusiasm and optimism may bring some early positive activity. Nonetheless, the price of oil and the strong dollar have the potential to hurt emerging markets, and we will be alert to the fallout if this happens.

Fed remains in rate rise spotlight

In the US, the Fed's actions will be crucial. At the moment, the Fed's views and those of the market do not seem to be fully aligned. The market is giving the Fed the benefit of the doubt, but will punish any policy error on raising interest rates. The Fed has done pretty well to date, but will need to concentrate on delivering a positive message throughout the year.

We expect the rate rise path to be gradual, but believe there is enough evidence for another increase or two before the year is up. We will see which way the UK is pulled towards the end of 2016. We expect rates in Europe to remain at around zero for some time.



Politics could derail progress

Europe is on an expansionary economic path, with European Central Bank president Mario Draghi at the helm. This should help markets. But politics has the potential to derail plans. The problems in Greece have not gone away and may well raise their heads early on.

Meanwhile, we watch with interest as the political landscape changes in Spain and in peripheral countries, such as Finland. Election year in the US will bring its own distractions in the last quarter of 2016. There is a perception that the US stock market tends to offer above-average returns in an election year. We will see whether that premise holds in 2016.

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