

# Model Portfolio Risk Level 3

# December 2020

Information in this factsheet is at the last valuation point in 4<sup>th</sup> January 2020 (except where indicated).

## Portfolio Overview

**Objective:** To provide a long-term total return above that of the UK Consumer Price Index (CPI) +1%

**Investments:** The portfolio will be actively managed and invest in multiple asset classes with a portfolio of collective investment schemes, commodity.

**Strategy:** The investment manager has the discretion to weight the portfolio towards any investment type, or geographical region, at any time provided it is compatible with the investment objective, risk parameters and policy of the portfolio as a whole.

## Key Facts

Investment Managers

**Chris Fernyhough**  
**John Mitchell**  
**James Millsom**

Entry Fees

**None**

Exit Charge

**None**

Fund Management Fee

**0.40% + VAT**

Performance Fee

**None**

## Portfolio Manager - Facet

Established in 1979, FACET Investment Management Limited is a provider of investment management services to both individuals and corporate clients. Our multi-asset class portfolios give exposure to a wide variety of opportunities and help to manage risk within portfolios. Historically Facet's model portfolios have consistently outperformed numerous established benchmarks and comparable indices.

## Key Investment Managers

**Chris Fernyhough** - Chris has over 15 years' experience managing multi-asset portfolios. Prior to becoming Managing Director of FACET, Chris worked at WH Ireland establishing their Bristol office. He also worked at Newland in the wealth management division. He holds a distinction in the PCIAM exam and is a Chartered Wealth Manager as well as holding Chartered FCSI status with the CISI

**John Richard Mitchell** - John has a career spanning over 40 years in both equities and bonds. He managed risk at Credit Suisse before moving to Royal London where he implemented risk for their first geared fund. John was also involved in the founding of Newland Financial where he was the compliance director.

## Risk Report



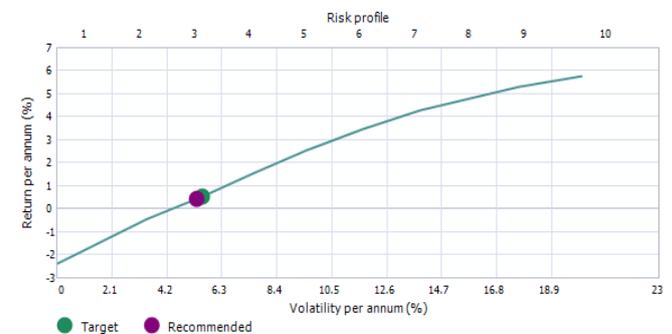
Lower risk  Higher risk

*The indicator is based on historical data and may not be a reliable indication of the future risk profile. The lowest category does not mean 'risk free'*

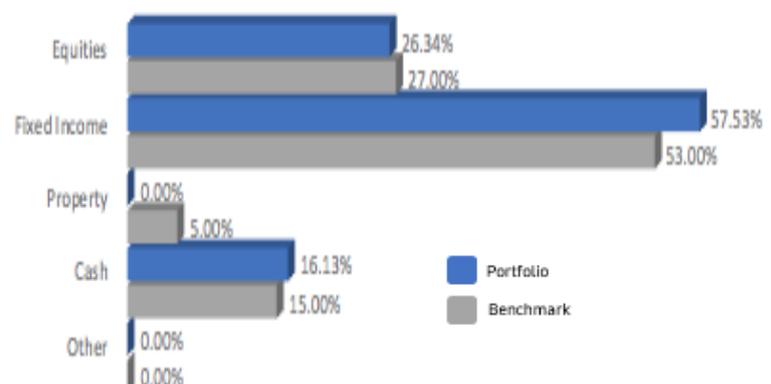
## Facet Performance\*\*



## Efficient Frontier



## Fund Breakdown by Asset Class



## Top 5 Holdings

Holding	% of Portfolio
iShares UK Gilts All Stocks Index	11%
M&G Global Macro Bond	10%
Baillie Gifford Inv Grade Long Bond	10%
Henderson Pref & Bond	9%
AXA Sterling Corporate Bond	9%
	<b>49%</b>

## Portfolio Manager's Comments

In the final month of the year, investor sentiment was mainly driven by a list of diarised events which could have gone either way. There was a palpable sense of short-term caution mixed with long-term opportunity. Global stock markets had already rallied following Joe Biden's victory in the US Presidential election, but markets had stalled as challenges to his legitimacy emerged. In addition, markets were keenly awaiting a series of key data releases on the state of the economy and the actions governments and central banks intended to take. Black Friday sales data showed encouraging signs of consumers' willingness to spend, both online and in-store and, as expected, showed a big pick-up in online sales. Also, data showed that there was no significant spike in Covid-19 infections during the US Thanksgiving holidays when families across the USA were on the move. The UK authorised the new Pfizer/BioNTech vaccine and so did the Federal Drug Administration. Underpinning the rise was a growing sense of optimism that a generous US stimulus package was inevitable. Of greater importance, however, was the continued backing of the big central banks. The Federal Reserve confirmed their commitment of \$80 billion per month of increased liquidity measures, or quantitative easing (QE) and the European Central Bank increased their QE from E500 billion to E1.8 trillion. The Bank of England also increased their QE by a further £150 billion. These measures drove lower yields throughout the year and the US 10-year Treasury yield, which started the year at 1.9%, had fallen to just 0.9%. For the UK, some of the best news was saved for last as the UK and EU agreed a last-minute Brexit deal. Light on detail, markets took the news favourably, and the UK stocks ended the year close to the highs since the start of the Covid-19 crisis, at 6,460. The FACET client portfolios ended the year strongly, performing significantly above both our benchmarks and our peers. In part, this was driven by the investment in the Baillie Gifford American Fund which we bought for client portfolios in early March. The fund itself was by far the top performer in its sector owing, in part, to the significant performance of their investment in Tesla.

## Portfolio Performance

	Facet Portfolio Risk 3	IA Mixed Investment 0-35% Shares	UK Consumer Price Index + 1%
<b>1m</b>	<b>1.74</b>	<b>1.25</b>	
<b>3m</b>	<b>4.33</b>	<b>4.04</b>	<b>-0.02</b>
<b>6m</b>	<b>6.10</b>	<b>5.21</b>	<b>0.69</b>
<b>1yr</b>	<b>9.14</b>	<b>3.90</b>	<b>1.29</b>
<b>3yr</b>	<b>12.21</b>	<b>9.16</b>	<b>6.87</b>
<b>5yr</b>	<b>24.77</b>	<b>24.15</b>	<b>14.02</b>
<b>18th July 2011 *</b>	<b>82.46</b>	<b>44.44</b>	<b>28.19</b>

\*Start date of portfolio

*Issued by FACET Investment Management Limited, which is authorised and regulated by the Financial Conduct Authority. FRN: 131372.*

*Further information is available from:*

*FACET Investment Management Ltd 2 Charlwood Court County Oak Way Crawley RH11 7XA*

*Registered in England No 01931757*

\*\*Using Facet Aviva Risk 1 performance pre-1st March 2020, and Facet Model Portfolio Risk 3 post 1<sup>st</sup> March. This is due to Facet only running risk models 1-4 as opposed to the new 1-10 risk models available now.

**IMPORTANT INFORMATION** This document has been produced by FACET Investment Management Limited for information only and represents the views of the investment manager at the time of writing. It should not be construed as Investment Advice. No investment decisions should be made without first seeking advice. The Model Portfolio Risk Level 3 is managed by Facet Investment Management Limited, which is authorised and regulated by the Financial Conduct Authority. Before making an investment, you should ensure that you have read and understood the relevant Key Investor Information documents, for all the underlining funds within the portfolio

Slight deviations in the underlying assets for this portfolio may be required subject to availability of investments on the investment platform you are with. Not all platforms have our preferred investment choices available. In this instance, appropriate substitutions will be made.

**WARNINGS** The Model Portfolio Risk Level 3 is subject to normal stock market fluctuations and other risks inherent in such investments. The value of your investment and the income derived from it can go down as well as up, and you may not get back all the money that you invested. Investments in overseas equities may be affected by changes in exchange rates, which could cause the value of your client's investment to increase or diminish. You should regard their investment as medium to long term. Past performance is not a guide to future performance. Every effort is taken to ensure the accuracy of this data, but no warranties are given. Some of the funds within the portfolio could in exceptional circumstances be subject to a temporary suspension.