

# Model Portfolio Risk Level 8

August 2020

Information in this factsheet is at the last valuation point in 28<sup>th</sup> August 2020 (except where indicated).

## Portfolio Overview

**Objective:** To provide a long-term total return above that of the UK Consumer Price Index (CPI) +4%

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

**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 | <b>Chris Fernyhough</b><br><b>John Mitchell</b><br><b>Alex Young</b> |
| Entry Fees          | <b>None</b>  |
| Exit Charge         | <b>None</b>  |
| Fund Management Fee | <b>0.40% + VAT</b>   |
| Performance Fee     | <b>None</b>  |

## 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.

**Alex Young** - Alex has been in Financial Services with FACET for 20 years. He is a qualified IFA as well as holding IMC, a certificate in Discretionary Investment Management, a certificate in Securities Advice and Dealing and a diploma in Technical Analysis.

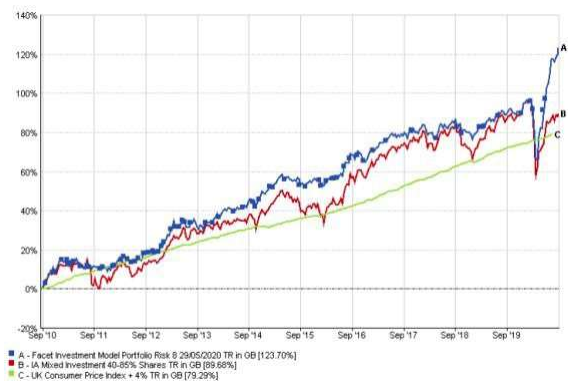
## Risk Report



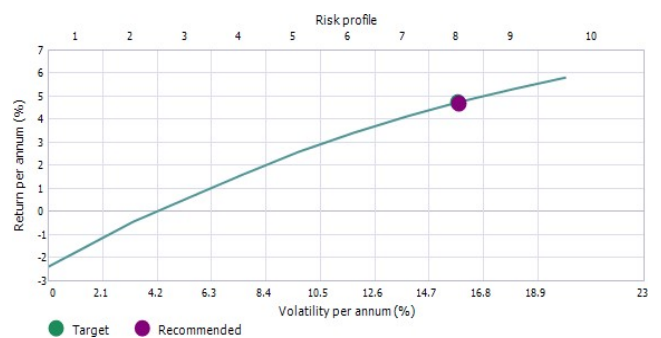
Lower risk  Higher risk

*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'*

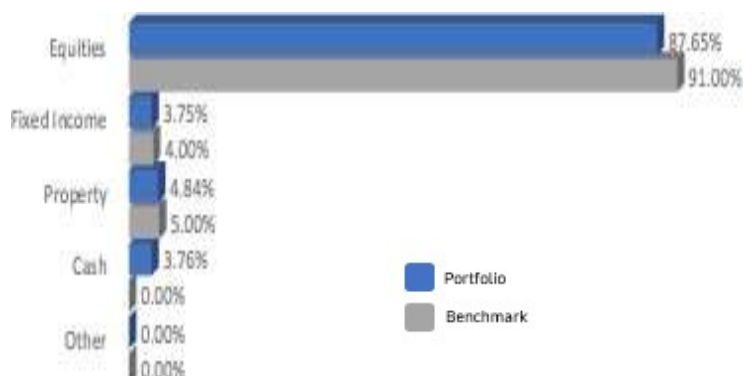
## Facet Performance\*\*



## Efficient Frontier



## Fund Breakdown by Asset Class



## Top 5 Holdings

| Holding                      | % of Portfolio |
|------------------------------|----------------|
| Fidelity Emerging Asia W     | 16%            |
| Black Rock Emerging Market D | 16%            |
| Baillie Gifford Pacific B    | 13%            |
| Fundsmith Equity I           | 10%            |
| Baillie Gifford American B   | 10%            |
|                              | <b>65%</b>     |

## Portfolio Manager's Comments

August has been a month of two halves. Signs of record-breaking economic recovery quickly lost momentum and resulted in a stagnant UK stock market. The Eat Out to Help Out scheme brought in by Chancellor Rishi Sunak revitalised the hospitality industry, getting consumers to spend again after the coronavirus lockdown, and total consumer spending during the first two weeks of August exceeded the same period one year earlier. This scheme, teamed up with the planned reopening of schools, boosted consumer confidence considerably and resulted in the first annual growth in spending since the lockdown was introduced back in March.

Unfortunately, the last two weeks of August returned to what the UK are now rather used to, with the positive growth losing momentum and quickly rebounding back to figures of 5,900 on the UK market. The US, however, shows more positive signs with the US stock market growing 7% over the month, gaining on all but five trading days. The positivity in the US is not just for August, as US stocks have actually climbed for five consecutive months, posting an impressive 35% surge over that period, which is actually its largest five-month percentage gain since 1938.

The good news for FACET clients regarding the US market does not stop there though, as one of our underlying investments, Baillie Gifford American B, has actually been named the top performing fund in the IA North American sector by Trustnet.

It is for the reasons above that diversification is a key stage in the FACET allocation decisions, and we are proud to say that our sector selections in these markets have been successful.

There have been no changes to the allocations of the models this month, but the Investment Management Committee (IMC) are keeping a close eye on all of the underlying investments in our portfolios during these uncertain times.

## Portfolio Performance

|      | Facet Portfolio Risk 8 | IA Mixed Investment 40-65% Shares | UK Consumer Price Index + 4% |
|------|------------------------|-----------------------------------|------------------------------|
| 1m   | 2.63                   | 1.18                              |                              |
| 3m   | 12.95                  | 4.08                              | 1.21                         |
| 6m   | 18.50                  | 3.01                              | 2.11                         |
| 1yr  | 18.19                  | 2.14                              | 4.33                         |
| 3yr  | 24.92                  | 8.88                              | 17.84                        |
| 5yr  | 46.08                  | 35.75                             | 31.92                        |
| 10yr | 123.70                 | 89.68                             | 79.29                        |

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Further information is available from:

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\*\*Using Facet Aviva Risk 4 performance pre-1st March 2020, and Facet ModelPortfolio Risk 8 post 1st 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 ModelPortfolio Risk Level 8 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 ModelPortfolio Risk Level 8 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.