

# Model Portfolio Risk Level 3

February 2020

Information in this factsheet is at the last valuation point on 28<sup>th</sup> February 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 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

**Chris Fernyhough**  
**John Mitchell**  
**James Millsom**  
**None**  
**None**  
**0.40% + VAT**  
**None**

Entry Fees

Exit Charge

Fund Management Fee

Performance Fee

## 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



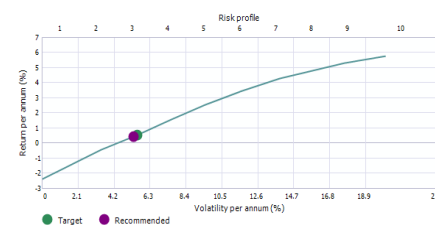
Lower risk —————> Higher risk

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'

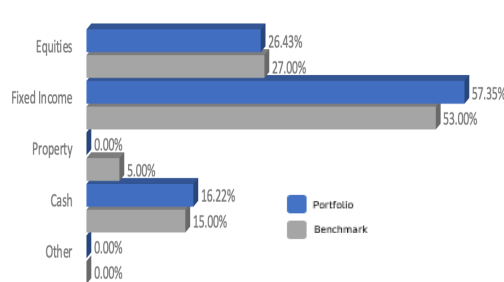
## Facet Performance\*\*



## 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%             |
|                                     | 49%            |

## Portfolio Manager's Comments

The momentum of the US and UK stock markets continued into February. The successful roll-out of Covid vaccines underpinned the positive sentiment which was further boosted by good economic data. US retail sales rose 5.3%, the most in seven months, and was evidence that US consumers were out spending their stimulus cheques as Covid restrictions relaxed. However, with Americans already in receipt of some \$900 billion, and with another \$1.9 trillion pencilled in under the new President Biden administration, concerns emerged that further stimulus could spark a dramatic pickup in inflation. This was reflected in the bond markets as the US 10-year Treasury yield rose to 1.42%, having only been 0.92% at the start of the year. The UK's 10-year Gilt yield followed the rise, moving from 0.25%, up to 0.75%. In both cases, the moves returned bond prices to roughly where they were before the Covid pandemic. The rise in yields on both sides of the Atlantic started to impact stock markets towards month end. This was perhaps more understandable in the USA where stocks have staged such a remarkable recovery since April of last year. Indeed, it was seen by many as no more than an excuse for some profit taking. In the UK, there was a notable rise in the share prices of dozens of companies that have been most affected by the Covid-19 lockdown. Shares in Cineworld nearly doubled and there were big gains in the leisure, travel and entertainment sectors. The volatility in this more speculative end of the market was easily quashed on speculation that a new strain of Covid-19 could send the entire country back to square one. It was against this backdrop that the UK stock market retreated from mid-February highs to finish the month up around 1.8%. Nevertheless, notwithstanding the rise in bond yields, there was a palpable sense of optimism in February and gold, which many saw as a safe haven throughout the pandemic, lost more ground, falling 6.4%. UK investors ended February eagerly awaiting the Chancellor, Rishi Sunak's, budget on March 2<sup>nd</sup>, which is expected to extend support for jobs, business loans and the self-employed. At FACET, our investment team has maintained a positive exposure to equities generally as this is where we believe there is greater opportunity given the diminishing risks to the prospect of a return to economic lockdown. We will watch closely for signs of a pick-up in inflation but are also conscious that the US Federal Reserve are sending markets the very relaxed message that they will tolerate a spike well above their 2% inflation target if they deem it to be a temporary development that is beneficial for economic recovery in the longer term.

## Portfolio Performance

|                  | Facet Portfolio Risk 3 | IA Mixed Investment 0-35% Shares | UK Consumer Price Index + 1% |
|------------------|------------------------|----------------------------------|------------------------------|
| 1m               | -3.68                  | -1.74                            | -0.10                        |
| 3m               | -1.78                  | 0.04                             | 0.16                         |
| 6m               | 1.46                   | 2.51                             | 0.40                         |
| 1yr              | 5.75                   | 2.31                             | 1.74                         |
| 3yr              | 9.59                   | 9.30                             | 7.56                         |
| 5yr              | 20.47                  | 22.95                            | 15.14                        |
| 18th July 2011 * | 75.49                  | 42.45                            | 28.52                        |

\*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 01913757

\*\*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 underlying 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.