

# Model Portfolio Risk Level 2

March 2021

Information in this factsheet is at the last valuation point on 6<sup>th</sup> April 2021 (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	<b>Chris Fernyhough</b> <b>John Mitchell</b> <b>James Millsom</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.

## Risk Report

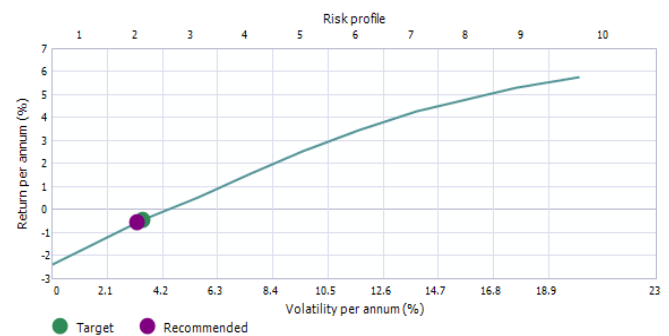


*The indicator is based on historical data and may not be a reliable indication of the future risk profile. The lowest category does not mean 'risk free'*

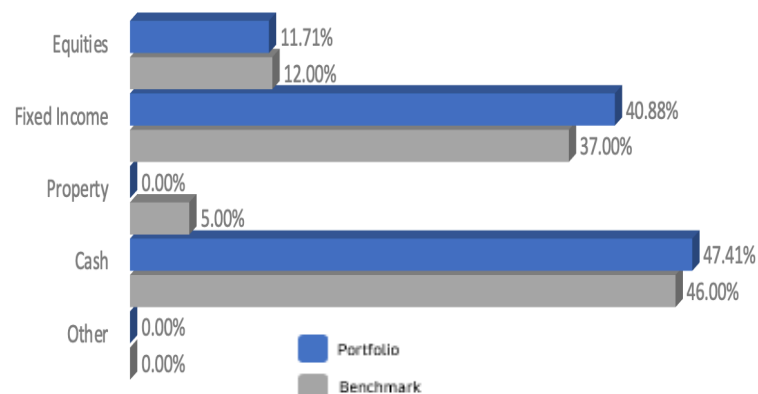
## Facet Performance\*\*



## Efficient Frontier



## Fund Breakdown by Asset Class



## Top 5 Holdings

Holding	% of Portfolio
ASI Sterling Money Market	16%
BlackRock Cash	15.5%
Royal London Short Term Money Market	15.5%
iShares Gilts All Stocks Index	11%
M&G Global Macro Bond	7%
	<b>65%</b>

## Portfolio Manager's Comments

The US stock market continued its surge to new all-time highs, up 4.25% for the month of March. It has been a remarkable recovery from the lows just over a year ago. With the exception of a couple of setbacks during the second pandemic wave last summer, and speculation ahead of the US Presidential elections in November, the market has exhibited an almost unbroken rise. The successful rollout of Covid-19 vaccinations has given investors renewed confidence that global growth is set to return, led in most part by the recovery of the US economy. UK stocks outpaced their European peers, and banking stocks in particular benefited from the rise in bond yields. The BoE's decision to keep rates on hold rather than cut last December appears now to be vindicated. The UK is currently looking forward to the reopening of its economy. Despite the variance in the pace of the vaccination programs between the UK and the rest of Europe, both markets followed the US higher as investors looked more to the longer-term prospects for their economies. The main trigger for the new surge in stocks was the passing of the full \$1.9 trillion stimulus package proposed by President Biden's administration. It is estimated that this could add up to 6% to the US 1<sup>st</sup> quarter GDP if the effect is similar to the impact of the \$3 trillion unleashed directly to US consumers last year. Indeed, prospects for the summer economy could be even more dramatic because the US economy was locked down last year. The US savings rate rose by 33% last year to a staggering \$6 trillion. Concern that such a large amount of money could spark an inflationary boom was already evident in February when the US 10-year yield rose to 1.45%. However, it rose further to 1.74%, a far bigger rise than its UK counterpart, the 10-year Gilt yield, which rose just 0.2% to 0.85%. Due to the implied rise in future US interest rates, the US dollar strengthened against the index of major world currencies. In general, March was dominated by moves in the US markets and the combination of rising stock markets, rising interest rates and a rising dollar gave comparisons with periods of "US exceptionalism" whereby US assets appear more attractive to international investors than elsewhere. For now, the moves reflect a firmly optimistic outlook for a return to more normal times for companies and consumers alike. However, as we move into the second quarter, investors globally will be watching for any signs that the economy may be running too hot. More importantly, The US Federal Reserve will also be watching if inflation creeps higher than their 2% target rate.

## Portfolio Performance

	Facet Portfolio Risk 2	IA Mixed Investment 0-35% Shares	UK Consumer Price Index + 1%
<b>1m</b>	-0.10	0.59	
<b>3m</b>	-2.28	-0.92	0.06
<b>6m</b>	-0.43	3.38	0.41
<b>1yr</b>	6.17	12.82	1.37
<b>3yr</b>	5.17	10.82	6.96
<b>5yr</b>	13.38	21.54	14.33
<b>18th July 2011 *</b>	67.12	43.43	28.73

\*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:*

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*Registered in England No 01931757*

\*\*Using Facet Aviva Risk 1 performance pre-1st March 2020, and Facet Model Portfolio Risk 2 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.

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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 2 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.