

# Model Portfolio Risk Level 3

June 2021

Information in this factsheet is at the last valuation point on 1<sup>st</sup> July 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><br><b>John Mitchell</b><br><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



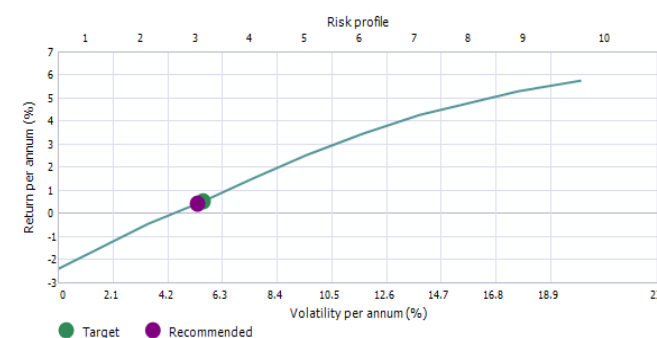
Lower risk  Higher risk

*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'*

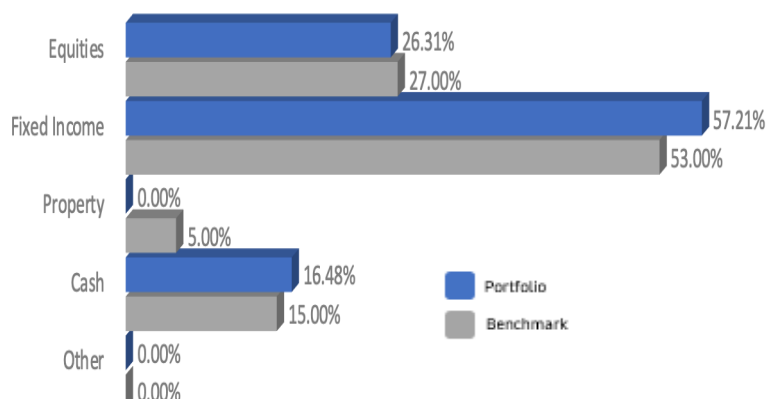
## Facet Performance\*\*



## 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%            |
| JH Fixed Interest Monthly Income    | 9%             |
| AXA Sterling Corporate Bond         | 9%             |
|                                     | <b>49%</b>     |

## Portfolio Manager's Comments

June was another good month for the US, UK and European stock markets as lockdown restrictions continued to be lifted. The US led all markets higher, and, by month end, the US stock market had risen 8.5% for the second quarter of the year and European stocks were not far behind. Strong economic data underpinned the stock market rise. The closely watched Purchasing Managers Index hit a multi-year high but was widely predicted as companies responded to the rebound in the economy. It is evident that there is considerable pent up consumer demand which, in turn, is fuelling a rise in inflation both in the US and here in the UK. This emerged as the main concern for investors at the beginning of the year. However, over the last few months, both the US Federal Reserve and the Bank of England have indicated that they see the current rise in inflation to be temporary. If this proves to be the case, then they will apparently allow their respective economies to run a little hot, above their target inflation rates, without needing to restrain it with interest rate hikes. This outlook is one of the most important factors driving stock markets higher. The bond market appears to agree since the US 10-year bond yield fell 30 basis points to end the second quarter at 1.45%. The bond market also enthusiastically took up the new European Union issue of EUR 20 billion in 10-year bonds. Issued with a positive yield, the issue was several times oversubscribed and, whilst the amount was not remarkable in terms of its size, the event was hailed as a "Hamilton moment" as the beginning of a whole new state issuing debt as the USA did in 1790 at a Federal level. As the third quarter starts and we enter the summer months, we expect economic data to remain unusually strong due to the Covid related bounce back. Some profit taking would not be surprising. But with yield increasingly hard to find, we would be inclined to see any break in the long running stock market recovery as an opportunity rather than a setback.

## Portfolio Performance

|                         | Facet Portfolio Risk 3 | IA Mixed Investment 0-35% Shares | UK Consumer Price Index + 1% |
|-------------------------|------------------------|----------------------------------|------------------------------|
| <b>1m</b>               | 2.00                   | 0.69                             |                              |
| <b>3m</b>               | 3.43                   | 2.41                             | 1.45                         |
| <b>6m</b>               | -0.07                  | 1.70                             | 1.88                         |
| <b>1yr</b>              | 6.79                   | 7.00                             | 2.96                         |
| <b>3yr</b>              | 13.81                  | 11.67                            | 7.81                         |
| <b>5yr</b>              | 20.51                  | 20.55                            | 15.66                        |
| <b>18th July 2011 *</b> | 82.07                  | 46.89                            | 31.07                        |

\*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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\*\*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.