

Model Portfolio Risk Level 2

December 2021

Information in this factsheet is at the last valuation point on 30th November 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

Chris Fernyhough
John Mitchell
Alex Young

Entry Fees

None

Exit Charge

None

Fund Management Fee

0.40% + VAT

OCF

0.33%

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.

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'

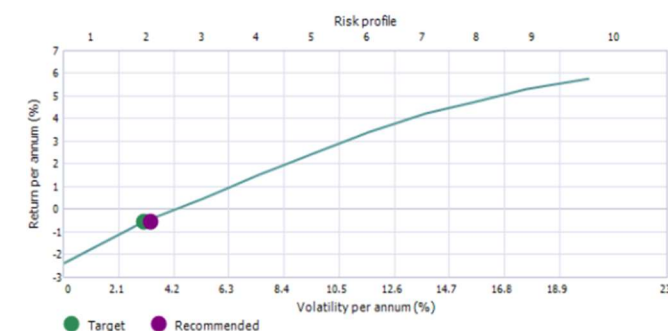
Facet Performance**

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling

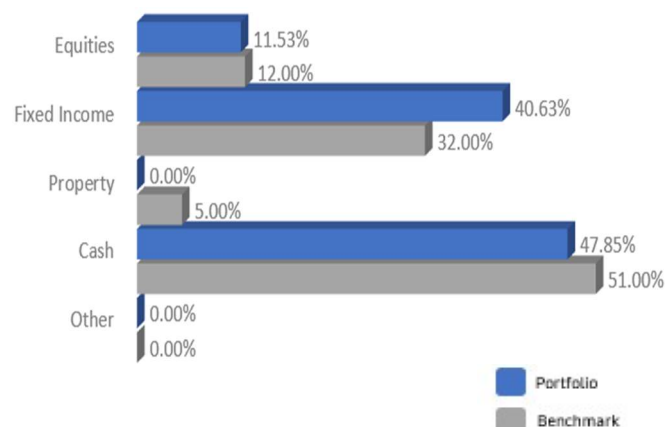


02/01/2012 - 31/12/2021 Data from FE fundinfo 2022

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%
	65%

Portfolio Manager's Comments

Global stock markets enjoyed a strong December as they recovered from the initial shock of the news of the new omicron Covid variant in late November. The US stock market led the way, underpinned by strong corporate earnings and better than expected economic data. In the USA, unemployment fell to 4.2%, an indication of just how tight the labour market has become. Unsurprisingly, wages rose strongly and combined to drive US inflation to a year-on-year gain of 6.8% - a 39 year high. The Federal Reserve stuck to its view that the spike in inflation will be short lived and kept interest rates on hold. However, newly re-appointed Chairman, Jay Powell, gave the markets guidance on the rate at which monetary stimulus will be withdrawn in the first quarter of 2022 – an indicator that a hike in interest rates will follow. The bond market responded and, by the end of the year, was pricing in an expectation that the US central bank will hike rates three times in 2022. Following the stark inflationary warning given by Governor Andrew Bailey in November, The Bank of England finally raised interest rates from 0.10% to 0.25%. Sterling strengthened a couple of cents on the US dollar to end the year at \$1.35. Against all the major currencies, the US dollar remained flat in December, giving emerging markets some relief from the inexorable strengthening seen over the last 12 months. European stocks fared a little bit better than in the UK – buoyed by the stance adopted by the European Central Bank which has emerged as the most dovish of all the major central banks. Looking ahead to 2022, there is a sense that stocks and bonds are entirely dependent on the next actions taken by the Fed, ECB and Bank of England. Despite the dramatic rise in inflation, they have all taken the common view that the bottlenecks in supply of goods and workforce shortages are temporary. The emergence of the omicron variant has also given them a justification for taking a cautious stance although markets appear to have looked through the latest wave as far less severe than those before it. However, it is unlikely to fade as an issue of public and political concern for the foreseeable future. The stronger employment and wage data in December points to potential problems for company managements next year. The extent to which higher wages will impact profits, or whether they will be passed on to the consumer, will be closely watched. 2021 was good year for stocks and even the UK index, weighed on by the additional post-Brexit concerns, recovered to pre-covid levels. The new year starts with a palpable sense of optimism which the central banks will be wary of derailing.

No amendments were made to the portfolios. However, Bailie Gifford American and UK Buffetology fund remain on our Watchlist.

Portfolio Performance

	Facet Portfolio Risk 2	IA Mixed Investment 0-35% Shares	UK Consumer Price Index + 1%
1m	-0.75	0.34	0.00
3m	0.42	1.28	2.04
6m	0.54	0.85	3.31
1yr	0.35	2.84	5.81
3yr	7.59	15.82	10.06
5yr	10.45	17.67	18.00
10yr	64.74	48.59	32.89

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 2 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 Model Portfolio Risk Level 2 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 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.

All performance figures are cumulative and do not include external or FACET charges

The models are available on a range of platforms and as such holdings, charges and performance may vary

The ongoing charges figure (OCF) show is correct as at the date of this factsheet but will vary in future depending on the holdings within the Model. Portfolio Expense - The portfolio expense is calculated using the weighted value of the Ongoing Costs Ex Ante of the portfolio constituents. Where the Ongoing Costs Ex Ante is not available the OCF is used, and where this is not available the TER is used