

# Model Portfolio Risk Level 7

# November 2021

Information in this factsheet is at the last valuation point on 30<sup>th</sup> November 2021 (except where indicated).

## Portfolio Overview

**Objective:** To provide a long-term total return above that of the UK Consumer Price Index (CPI) +3%

**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>   |
| OCF                 | <b>0.86%</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

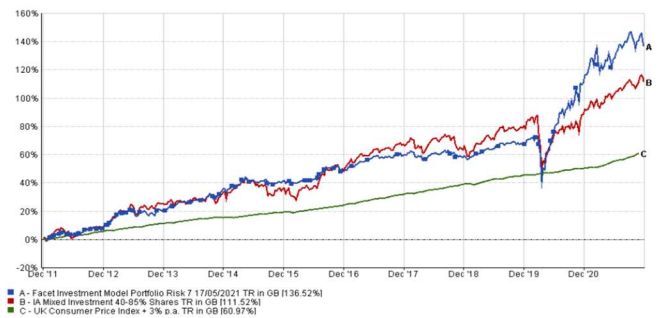


Lower risk 
➔
 Higher risk

*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'*

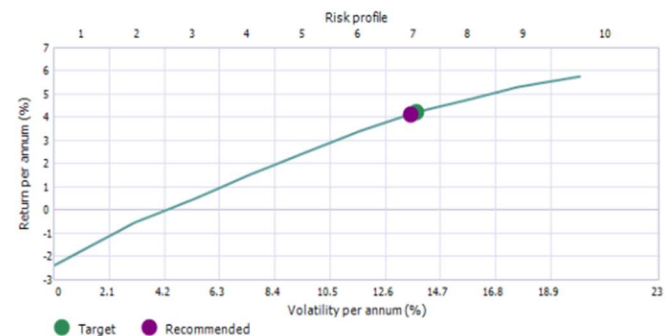
## Facet Performance\*\*

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

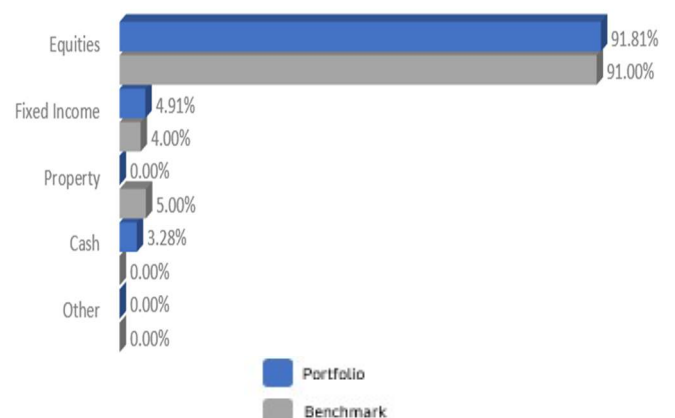


01/12/2011 - 30/11/2021 Data from FE fundinfo 2021

## Efficient Frontier



## Fund Breakdown by Asset Class



## Portfolio Performance

|      | Facet Portfolio Risk 7 | IA Mixed Investment 40-85% Shares | UK Consumer Price Index + 3% |
|------|------------------------|-----------------------------------|------------------------------|
| 1m   | -1.63                  | -1.73                             | 0.00                         |
| 3m   | -4.13                  | -0.84                             | 1.82                         |
| 6m   | 3.10                   | 4.17                              | 3.79                         |
| 1yr  | 10.90                  | 10.90                             | 7.17                         |
| 3yr  | 49.78                  | 29.69                             | 15.71                        |
| 5yr  | 61.22                  | 42.52                             | 29.54                        |
| 10yr | 136.69                 | 109.23                            | 60.97                        |

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Further information is available from:

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\*\*Using Facet Aviva Risk 3 performance pre-1st March 2020, and Facet Model Portfolio Risk 7 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 7 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 7 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) shown 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

## Top 5 Holdings

| Holding                        | % of Portfolio |
|--------------------------------|----------------|
| MI Chelverton UK Equity Growth | 16.5%          |
| CFP UK Buffettology General    | 16.5%          |
| Fundsmith Equity               | 9.5%           |
| Baillie Gifford American       | 9.5%           |
| BlackRock Emerging Markets     | 7%             |
|                                | 59%            |

## Portfolio Manager's Comments

November started well, underpinned by better than expected economic data for US jobs and unemployment. The non-farm payroll data rose 531,000, well ahead of the 450,00 forecast. Combined with rising wages and the lowest filings for unemployment support since 1969, there was plenty to be positive about. However, the prospect of all this positive economic activity stoking even more inflation, gave investors cause for concern since this has been bugging stock and bond markets all year even as it climbed a wall of worry. The re-appointment of Jay Powell as Federal Reserve Chairman gave the bond market some assurance of business as usual although his first act was to announce a more hawkish stance towards tapering the amount of economic stimulus and lifting the expectation that interest rates will be raised sooner rather than later. In the UK, Bank of England governor, Andrew Bailey, appeared to align himself with the more hawkish Federal Reserve, insisting that inflation remained the greatest danger to the UK economy. Noting the step up in language, the UK bond market took the remarks at face value but were wrong footed when the interest rate hike failed to materialise at the Bank of England's policy meeting on the 4<sup>th</sup> November. Speculation over whether the Bank's caution was merited was overtaken by the emergence of the new omicron variant of Covid which knocked the wind out of stock markets globally. The US stock market went from positive to negative territory, falling 0.7% for the month. The UK stock market fell further, down 2.4%, owing to the index having a proportionately higher weighting in oils and banks. The differing approaches of the Fed and Bank of England led to the US dollar strengthening against Sterling and, indeed, all major currencies. The US dollar gained 3.5% over Sterling in November. Inflation was also central to investors concerns in the EU. The 4.1% inflation figure for October gave markets cause for concern and stocks fell pretty much in line with the UK, falling 2.5%. However, there was a growing sense that, compared to the Federal Reserve and the Bank of England, the European Central Bank is the least likely to follow the determination to raise interest rates until they see real recovery across the eurozone. While the direction of travel of the central banks has undoubtedly changed in the face of stubbornly high inflation, we expect actual rises to be minimal as central banks tread a very cautious path, particularly while they assess the impact of policy responses to the omicron variant. November was an important inflection point for stocks and bonds which have enjoyed good positive returns year-to-date. Central banks will need to be mindful of how they communicate their future intentions to markets.

No amendments were made to the portfolios. However, Bailie Gifford American, BlackRock Emerging Markets, Comgest Growth Japan and the UK Buffettology fund remain on our Watchlist.