

# Model Portfolio Risk Level 2

March 2022

Information in this factsheet is at the last valuation point on 31<sup>st</sup> March 2022 (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**

Annual Management Fee (AMC)

**0.40% + VAT**

OCF

**0.34% (in addition to AMC)**

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'

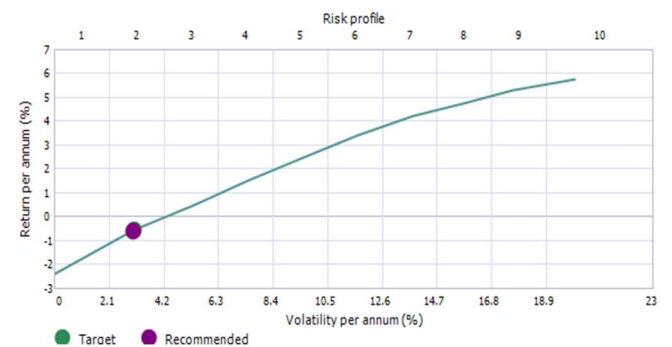
## Facet Performance\*\*

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

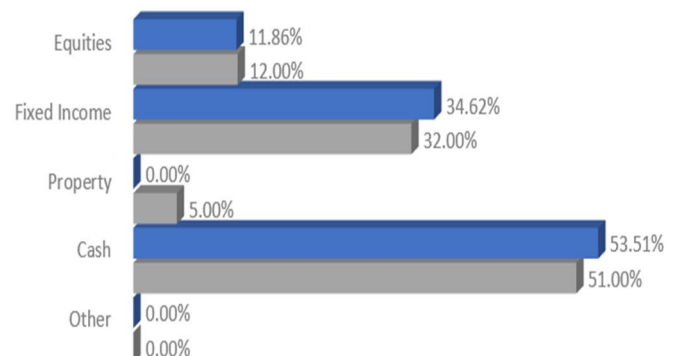


30/03/2012 - 31/03/2022 Data from FEFundinfo2022

## Efficient Frontier



## Fund Breakdown by Asset Class



## Top 5 Holdings

Holding	% of Portfolio
ASI Sterling Money Market	18%
BlackRock Cash	17.5%
Royal London Short Term Money Market	17.5%
iShares Gilts All Stocks Index	11%
M&G Global Macro Bond	5.5%
	<b>69.5%</b>

## Portfolio Manager's Comments

The UK stock market ended the month not far from where it started, up just 0.5%. However, it was a volatile month and, at one point, the index was down 6.6%. US stocks were hit far worse and the main index was down 13% before recovering to end the month down 4.6%. The invasion of Ukraine, which began in February, obviously weighed on sentiment but investors also had to assess the economic impact from another jump in inflation. UK inflation rose to an annualised rate of 6.2% and was even higher in the US – hitting a 40-year high of 7.9%. The rising cost of oil and gas exacerbated the problem as the price of Brent crude spiked from \$95 per barrel to \$130. As a result, shares in oil and gas companies nudged higher which, in turn, gave support to the UK stock index which is weighted more heavily to the energy sector than its international peers. This presented a dilemma for the main central banks, after having spent several months warning that tighter monetary policy was necessary to tame inflation, many thought that those plans would be put on hold to support economic growth amid the conflict in Ukraine and other factors pointing to a fall in consumer confidence. In spite of this, in mid-March, the Bank of England raised rates by 0.25% to 0.5%. The next day, the US Federal Reserve followed last month's quarter-point interest rate hike with another 0.25% rise. The more dovish European Central Bank made no change but signalled that even they anticipate their first rate hike by year's end. In the UK, the Chancellor of the Exchequer attempted to help households with a package of measures in the annual budget, but the looming cost of living crisis is worrying for many and some of the global factors driving up inflation are beyond the government's control. UK wage growth was stronger than expected but nowhere near inflation; leaving workers worse off in real terms. However, the unemployment rate fell to 3.9% indicating a tightening of the jobs market which may inevitably lead to higher wages – something the Bank of England has warned against as potentially adding to an inflationary spiral. Whereas Stock markets ended the month surprisingly well, investors will be wary of the obvious risks posed by the relentless rise in inflation. How central banks respond to it will be the key to the direction of stocks and bonds in the weeks and months ahead

No changes have been made to the portfolio, special care is being taken to monitor any funds that have either Russian investments or are invested in companies that have strong Russian ties. There are no Emerging Market Funds in this portfolio so it has no direct exposure, there may be companies within the holdings that do business in Russia but this will be very limited. There have been some short term drops in performances in some funds, this is expected to only be short term.

## Portfolio Performance

	Facet Portfolio Risk 2	IA Mixed Investment 0-35% Shares	UK Consumer Price Index + 1%
<b>1m</b>	-0.17	0.40	N/A
<b>3m</b>	-3.85	-3.70	0.77
<b>6m</b>	-3.60	-2.75	3.45
<b>1yr</b>	-1.12	-0.19	6.82
<b>3yr</b>	2.07	7.96	11.42
<b>5yr</b>	4.49	10.98	18.64
<b>10yr</b>	53.83	40.15	33.97

*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*

*One month CPI not available*

**\*\*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.**

**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 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 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) 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*