Model Portfolio Risk Level 10 May 2022

Information in this factsheet is at the last valuation point on 31st May 2022 (except where indicated).

Portfolio Overview

Objective: To provide a long-term total return above that of the UK Consumer Price Index (CPI) +4%

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 Charge (AMC)	**0.40% + VAT**
OCF	**0.87% (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.

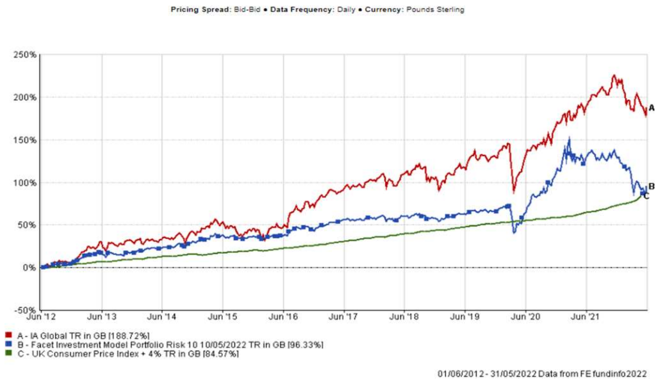
Risk Report

1 2 3 4 5 6 7 8 9 **10**

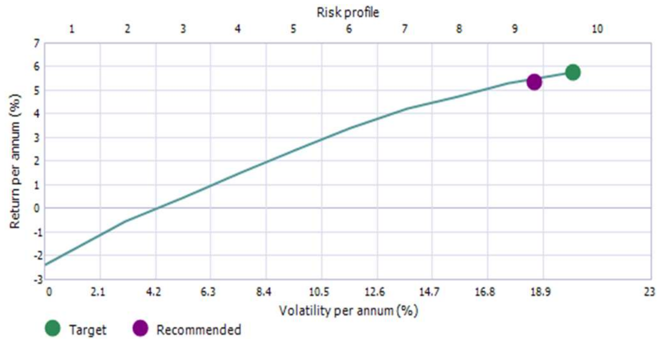
Lower risk → Higher risk

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'

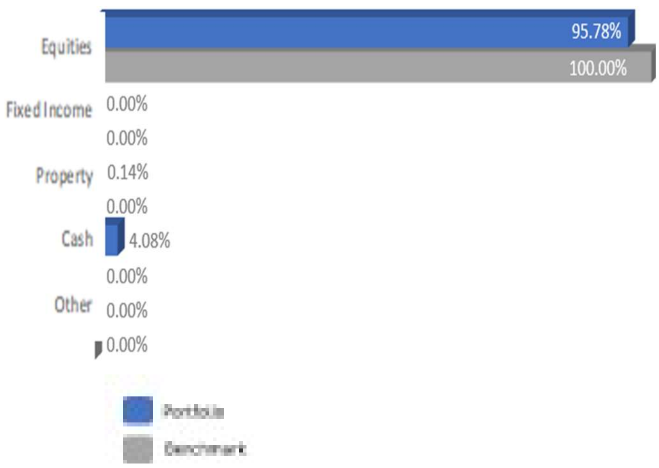
Facet Performance**



Efficient Frontier



Fund Breakdown by Asset Class



Top 5 Holdings

Holding	% of Portfolio
BlackRock Emerging Markets	31.5%
UBS Global Emerging Markets Equity	31.5%
Baillie Gifford Pacific	13.5%
Fidelity Asia Pacific Opportunities	13.5%
JPM US Select C Acc	3.5%
	93.5%

Portfolio Manager's Comments

May was a choppy month for global stock markets. Inflation continued to be the primary concern with the UK reporting a 9% annualised inflation rate. The USA was not far behind with a rate of 8.3%. Expectations that central banks would raise rates in the coming months acted as a drag on both stock and bond markets. The hawkishness of the US Federal reserve did dissipate somewhat as the month went on as evidence emerged that economic growth, as measured by GDP, is starting to be impacted by monetary tightening. As a result, the US dollar, which has been strengthening against all major currencies year-to-date, stabilised – albeit at still strong levels. Conversely, the weak Yen was generally supportive of the exporter-heavy Japanese stock market which rose 0.8%, making it the best performing of the major indexes for the month of May. UK stocks were not far behind, rising 0.7%, as the continued inflationary rise in energy and commodities favoured companies that make up proportionally more of the UK economy than its international peers. The Bank of England raised the base rate of interest to 1% and the bond market priced in a further rise at the next meeting in June. Concern that another rise so soon would impact GDP growth was evident, but this balancing act was acknowledged last month when the Bank of England Governor, Andrew Bailey, said that "We are walking a very tight line between tackling inflation and the output effects of the real income shock, and the risk that could create a recession". A series of planned strikes throughout the UK in June underlines the reality that although unemployment continues to fall (indeed, to the lowest level in nearly 50 years), wages are nowhere near the inflation rate which is expected to reach double digits before the end of summer. The inflationary spike, compounded by the ongoing Covid lockdown in China and the supply side shock from the war in Ukraine, means that almost all economies are being impacted globally. However, there is an emerging divergence between the major central banks in their willingness to raise interest rates. All eyes are, for now, on the US Federal Reserve, from which the Bank of England may begrudgingly have to take its lead. The European Central Bank faces a more complicated balancing act as it seeks to balance very different needs across the eurozone and is noticeably working on a longer, more cautious, timeline. The possibility of policy error is obvious. A misreading of consumer sentiment in areas such as retail and tourism, over the summer months, could necessitate a reversal of policy. If the outlook looks more like stagflation, it will be hard for investors to reconcile that with stock markets not very far from their current post-Covid highs.

The only amendment made to this portfolio was to sell Fundsmith Equity Fund and replace it with JPM US Select fund. This decision was made due to potential liquidity concerns after adverse publicity from a Financial Conduct Authority intervention on the fund.

Disappointingly the markets continue to be incredibly Bearish, which has led to further drops in performance. We still maintain that over a medium to long term, our investment theory and asset allocation strategy will prevail and produce good returns, however we appreciate that in the current climate this is causing short term poor performance. We believe that these are short term issues and will be resolved soon, however we are keeping a very close eye on global developments and are ready to alter our strategy should events force us to.

Portfolio Performance

	Facet Portfolio Risk 10	IA Global	UK Consumer Price Index + 4%
1m	-0.24	-1.53	N/A
3m	-3.27	-0.53	4.30
6m	-13.16	-8.19	6.51
1yr	-14.28	0.16	12.25
3yr	20.52	34.38	24.67
5yr	25.61	49.64	40.85
10yr	97.31	188.30	84.57

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 4 performance pre-1st March 2020, and Facet Model Portfolio Risk 10 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.