

# Model Portfolio Risk Level 3

March 2023

Information in this factsheet is at the last valuation point on 31<sup>st</sup> March 2023 (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> <b>John Mitchell</b> <b>Alex Young</b>
Entry Fees	<b>None</b>
Exit Charge	<b>None</b>
Annual Management Charge (AMC)	<b>0.40% + VAT</b>
OCF	<b>0.47% (In addition to AMC)</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



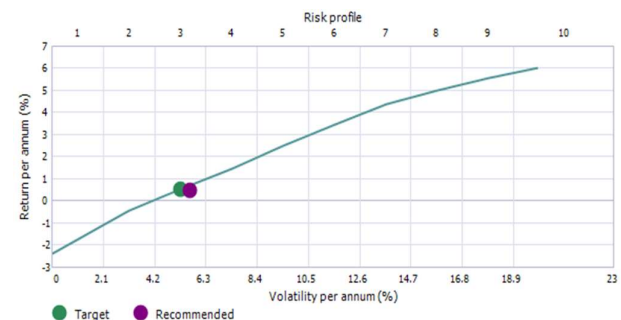
Lower risk  $\longrightarrow$  Higher risk

*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'*

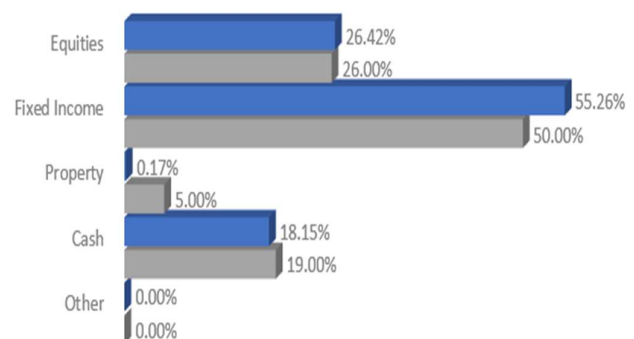
## Facet Performance\*\*



## Efficient Frontier



## Fund Breakdown by Asset Class



## Portfolio Performance

### Top 5 Holdings

Holding	% of Portfolio
Royal London Index Linked	13%
iShares UK Gilts All Stocks Index	10%
M&G Global Macro Bond	9%
AXA Sterling Corporate Bond	7.5%
JH Fixed Interest Monthly Inc	7.5%
	<b>47%</b>

### Portfolio Manager's Comments

Silicon Valley Bank (SVB) was not a household name, but its collapse in early March was the second largest in US history. Swift action by Federal Deposit Insurance Company, having received exceptional authority from US Treasury, ensured that \$172 billion of deposits were fully protected. Widely reported as a bailout, the rescue did not call upon taxpayers' money. Nevertheless, the reason for the collapse, unrealised losses on the bank's bond portfolio due to rising interest rates, had ramifications for other regional banks and shares in the sector dropped 35%; a position from which they did not recover by month end. Less than a week later, a day after shares in Credit Suisse dropped 25%, the European Central Bank (ECB) forged ahead with their stated intention to raise their interest rate by 0.5% to 3.5%. A few days later, over a frantic weekend, it was announced that Credit Suisse's main rival, UBS, would be buying out the troubled bank for \$3.25 billion in an all-shares deal – a fraction of its market value only weeks before. Despite the obvious parallels with the early days of the Great Financial Crisis of 2008, and notwithstanding falls in bank shares, stock and bond markets remained remarkably calm. A consensus view emerged that the fall of SVB was a result of its unique exposure to tech companies and start ups and that Credit Suisse was an accident that could've been avoided. Whatever the US Federal Reserve's take on it all, didn't stop it from raising interest rates a quarter-point to 5% in late March. The Bank of England followed suit with a similar hike to 4.25% which appeared justified following a surprise jump up in UK inflation to 10.4% in February. Expectations had been for a drop from 10.1% to 9.9% but the rise in the cost of food was a big factor. The bond markets took the view that the Federal Reserve has reached peak rates while the ECB and Bank of England have not. The resulting weakness in the US dollar saw Sterling strengthen 3 cents to \$1.23. Against the basket of major currencies, the dollar dropped 2%. In spite of the unexpected shocks in the banking sector, March delivered much better economic news for the US, UK and Europe than expected. The US stock market finished the month up 3.5% although UK stocks were held back by the heavy weighting in banks and financials. The 13.6% drop in that sector dragged the UK index to 3.1% fall by month end.

March saw a positive move up outperforming the Sector Average. We believe this portfolio is well placed to continue to capture positive moves in the market. We continue to monitor the portfolio, looking for possible improvements we can make to our respective portfolios.

No portfolio changes have been made to this portfolio.

We continue to avoid property funds due to concerns of the liquidity in the property sector.

Any position changes made in the portfolios should not be taken as a buy or sell signal of any assets.

	Facet Portfolio Risk 3	IA Mixed Investment 0-35% Shares	UK Consumer Price Index + 1%
<b>1m</b>	0.74	0.25	N/A
<b>3m</b>	1.68	1.60	0.71
<b>6m</b>	3.52	3.93	3.74
<b>1yr</b>	-8.23	-5.95	10.22
<b>3yr</b>	1.31	5.21	21.23
<b>5yr</b>	-1.04	3.97	27.92
<b>10yr</b>	25.65	22.02	43.90

Issued by FACET Investment Management Limited, which is authorised and regulated by the Financial Conduct Authority. FRN: 131372.

Further information is available from:

FACET Investment Management Ltd 2 Charlwood Court County Oak Way Crawley RH11 7XA

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 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.

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