

# Model Portfolio Risk Level 5

April 2023

Information in this factsheet is at the last valuation point on 30<sup>th</sup> April 2023 (except where indicated).

## Portfolio Overview

**Objective:** To provide a long-term total return above that of the UK Consumer Price Index (CPI) +2%

**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>                                                          |
| Annual Management Charge (AMC) | <b>0.20% + VAT</b>                                                   |
| OCF                            | <b>0.11% (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.

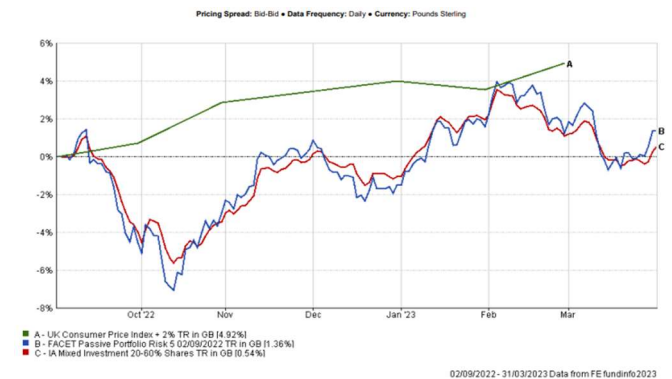
## Risk Report



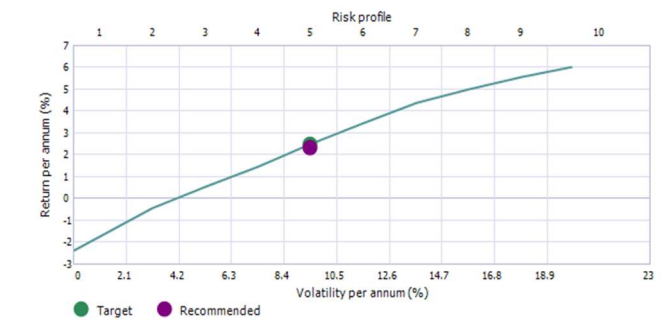
Lower risk  Higher risk

*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'*

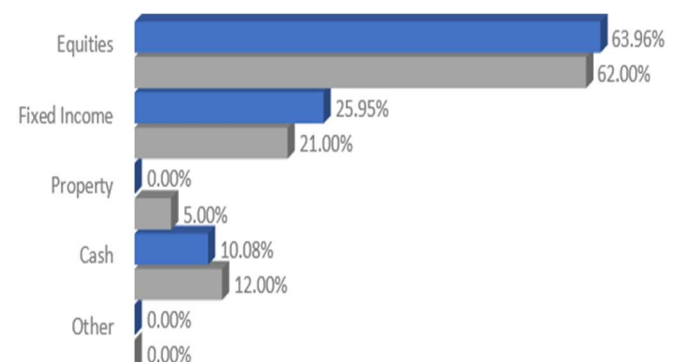
## Facet Performance\*\*



## Efficient Frontier



## Fund Breakdown by Asset Class



## Top 5 Holdings

| Holding                                        | % of Portfolio |
|------------------------------------------------|----------------|
| Fidelity Index UK P                            | 11.5%          |
| Vanguard FTSE UK All Share Index               | 11.5%          |
| Fidelity Index US P                            | 11%            |
| HSBC American Index C                          | 11%            |
| L&G All Stocks Index Linked Gilt Index Trust C | 9%             |
|                                                | 54%            |

## Portfolio Manager's Comments

Stock markets continued to recover from the shock failure of Credit Suisse and Silicon Valley Bank in March. The UK stock index in particular, heavily weighted as it is to the financial sector, rose by 3.1% in April. A recovery in technology stocks helped the US index record a gain of 1.46% overall. These gains occurred despite three of the major central banks (US Federal Reserve, Bank of England and European Central Bank) all raising interest rates in March. However, stocks were more inclined to follow the US 10-year bond yield, the main benchmark forecasting the interest rate 10 years out, which fell as low as 3.21%, well off the 4.07% last month. The fall reflected yet another fall in US inflation, the ninth straight monthly decline, down from 6% in February to 5% in March. This is nearly half the peak of 9.1% recorded last June and, combined with the yearly base effect in the year-on-year comparisons gave bond markets some assurance that inflation is likely to fall further heading into the summer. However, UK inflation recorded only a small 0.3% drop to 10.1% and no drop at all compared to the January figure. This stubbornly high inflation rate indicates that the Bank of England still has much to do and, therefore, may be unable to follow the Federal Reserve's moves if they turn more dovish in the months ahead. The higher differential in 10-year rates helped Sterling record a 1.9% gain against the US dollar which ended the month at \$1.25. This is a significant recovery from the low of \$1.07 in September last year when the Federal Reserve was in full hiking mode, and which the Bank of England at that time was unable or unwilling to follow. Other markets indicate that the upward pressure on global inflation may ease further in the months ahead. Brent crude oil only fell a modest 1% but continued the trend which has been falling for 12 months. A similar trend has been seen in the price of natural gas and wheat. Stock, bond and commodity markets have stabilised from the extremes seen in 2022 and, whilst we must remain vigilant to new threats, we must recognise that the robustness of the main indexes owes much to the improvement in the fundamentals.

April continued to outperform the Sector and CPI. The investment committee continue to monitor the portfolio, looking for possible improvements we can make to our respective portfolios. We believe the allocation for this portfolio is given the appropriate rate of risk/reward given the current global financial system.

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.

## Portfolio Performance

|      | Facet Portfolio Risk 5 | IA Mixed Investment 20-60% Shares | UK Consumer Price Index + 2% |
|------|------------------------|-----------------------------------|------------------------------|
| 1m   | 0.12                   | -0.58                             | N/A                          |
| 3m   | 2.93                   | 1.59                              | 0.88                         |
| 6m   | 6.22                   | 4.69                              | 4.16                         |
| 1yr  |                        | -4.83                             | 11.22                        |
| 3yr  |                        | 17.16                             | 24.76                        |
| 5yr  |                        | 11.85                             | 34.27                        |
| 10yr |                        | 39.77                             | 58.68                        |

*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 2 performance pre-1st March 2020, and Facet Model Portfolio Risk 5 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 5 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 5 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*