

# Model Portfolio Risk Level 3

July 2023

Information in this factsheet is at the last valuation point on 31<sup>st</sup> July 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><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>0.13% (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.

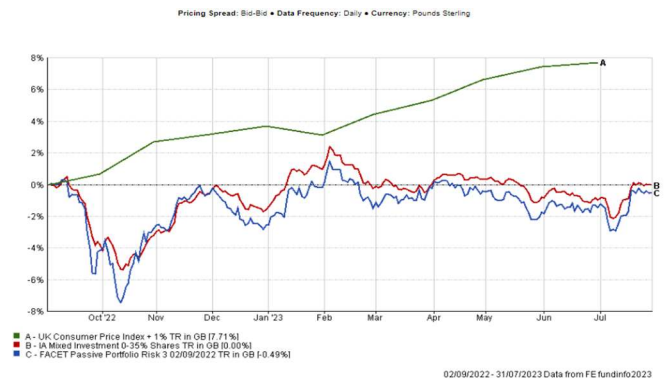
## Risk Report



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'*

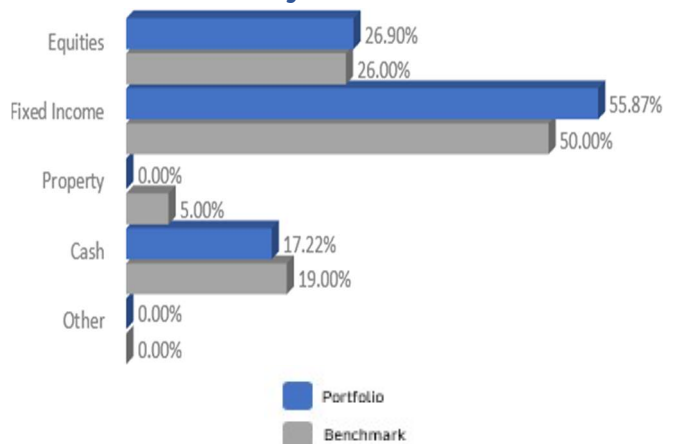
## Facet Performance\*\*



## Efficient Frontier



## Fund Breakdown by Asset Class



## Top 5 Holdings

| Holding                                | % of Portfolio |
|--|----------------|
| L&G All Stocks Indx Linked Gilt Indx C | 13%            |
| iShares Global Corporate Bond ETF      | 9%             |
| Vanguard Global Bond Index Hedged      | 9%             |
| L&G Sterling Corporate Bond Index C    | 7.5%           |
| Fidelity Index UK P                    | 6%             |
|  | <b>44.5%</b>   |

## Portfolio Manager's Comments

The US stock market led UK and European stocks higher, thanks in most part to continued enthusiasm for stocks connected with AI technology. Shares in Nvidia, the semiconductor manufacturer, whose chips are the main supplier for the new generation of super computers, rose 10% in July – a more than three-fold increase year-to-date. The overall index rose 3.1% compared to the UK index up 2.2% but the difference was down to a handful of in-vogue technology stocks. However, the positive mood on both sides of the Atlantic was supported by better than expected macro-economic news. US inflation fell from 4% to just 3% year-on-year and will have given the US Federal Reserve some confidence that they are winning their battle against inflation. Despite raising interest rates by a quarter point to 5.5%, the statement accompanying the hike indicated that, whilst they remain data-dependent, the data could well justify keeping rates on hold at the next meeting in September. Together with a solid 2.4% year-on-year rise in GDP and a fall in unemployment to just 3.5%, markets took a much more positive view which supported developed stock markets and was even supportive of bonds which have been falling since the second quarter. The prospect of an end to US interest rate hikes was particularly beneficial for emerging market stocks which rose 6.3%, more than double their US peers. However, the emergence of a soft-landing scenario for the US economy is in stark contrast to the UK where the Bank of England is still battling significantly higher inflation and a 0.25% hike in their August meeting is virtually assured. Even if UK inflation data falls in line with expectations to 7.4% when the data is released in mid-August, it would be hard for the bank to justify keeping rates on hold at the September meeting just to see if base rates of 5.25% are working. As the gap between US and UK central bank policy widens, Sterling has continued to strengthen against the US dollar, reaching \$1.31 in July. However, it would be wrong to see this as a vote of confidence in the UK economy which faces significant headwinds, both political and economic, and it is a very good thing indeed that the UK stock market index is dominated by companies with international exposure.

July has continued to produce an improved level of performance compared to previous months and it is our belief this is set to continue. The committee continue to believe we are in a good mix of funds that will produce a continued improved performance over the selected benchmark over the medium to longer term. 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.

## Portfolio Performance

|             | Facet Portfolio Risk 3 | IA Mixed Investment 0-35% Shares | UK Consumer Price Index + 1% |
|-------------|------------------------|----------------------------------|------------------------------|
| <b>1m</b>   | 0.99                   | 0.99                             | N/A                          |
| <b>3m</b>   | -0.10                  | -0.33                            | 1.02                         |
| <b>6m</b>   | -0.28                  | -0.97                            | 4.46                         |
| <b>1yr</b>  |                        | -2.09                            | 8.33                         |
| <b>3yr</b>  |                        | -2.76                            | 24.08                        |
| <b>5yr</b>  |                        | 1.63                             | 30.52                        |
| <b>10yr</b> |                        | 22.27                            | 47.65                        |

*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*