

# Passive Model Portfolio Risk Level 2

# August 2023

Information in this factsheet is at the last valuation point on 31<sup>st</sup> August 2023 (except where indicated).

**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>0.20% + VAT</b>
OCF	<b>0.16% (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.

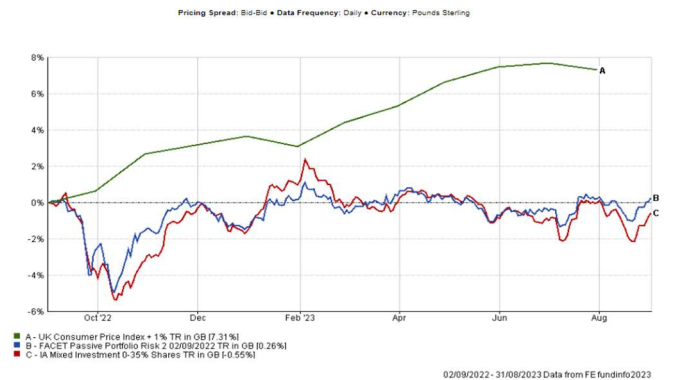
## Risk Report



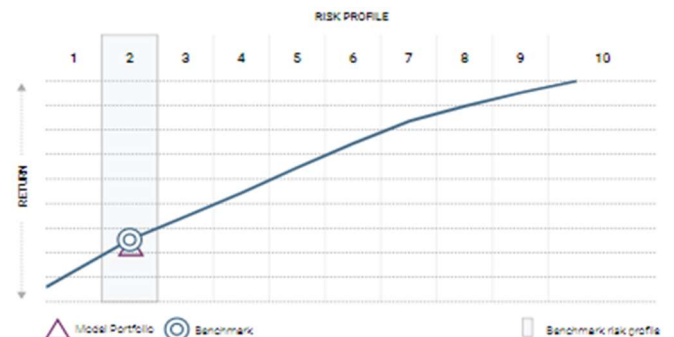
Lower risk  Higher risk

*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'*

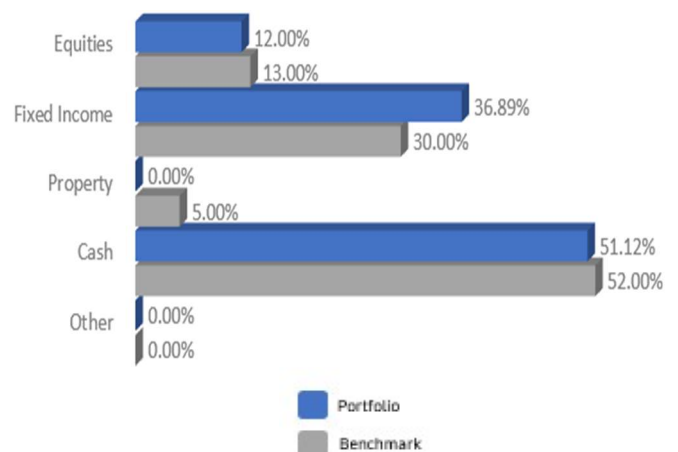
## Facet Performance\*\*



## Efficient Frontier



## Fund Breakdown by Asset Class



## Top 5 Holdings

Holding	% of Portfolio
ASI Sterling Money Market	17%
BlackRock Cash	17%
Royal London Short Term Money Market	17%
L&G All Stocks Index Linked Gilt Index C	9%
iShares Gbl Corp Bond UCITS ETF	5.5%
	<b>65.5%</b>

## Portfolio Manager's Comments

The US stock market led global stocks with a gain of 6.5% for the month, driven by familiar large tech companies Apple (+10%), Nvidia (+12%), Netflix (11%) and Meta (+8.4%). Lacking the heavy weighting to tech stocks, the UK index still managed a modest gain of 1.1%. The leisure sector was a notable gainer given the rising cost of living. Shares in the cruise liner rose by 65% in June, boosted by record bookings across their global fleet, although some profit taking was evident. The outlook for leisure, hotels and hospitality have brightened significantly and not just in the UK. While London-based Harrods has upped its profit forecast for 2023, the French luxury group LVMH posted record profits last year and, like shares in Ferrari, have trebled since the end of the Covid pandemic. It is in stark contrast to the UK housing market facing far higher interest rates than was expected a year ago. The UK 2-year yield has risen from 4.3% to 5.25% in just one month, spurred on by a surprise Bank of England interest rate hike of 0.5% to 5% in late June. Members of the monetary policy committee voted 7-2 in favour of a half point rise. Bond markets were expecting just a quarter point. The move pushed the 2-year yield above than the 10-year yield, already the highest in the G7, indicating that markets believe the higher short rates will push the UK in to a recession. The root cause of the dilemma facing the Bank of England is stubbornly high inflation, which remained at an annualised 8.7% in May when it was expected to fall to 8.4%. It leaves the UK facing the unenviable position of having inflation double that of the USA where the Federal Reserve can now afford the luxury of halting their interest rate hiking cycle. The closing differential in interest rates is a contributing factor in driving strength in Sterling, up another 2.2% in June to \$1.27. In itself, a stronger Sterling tends to put a dampener on the performance of the UK stock market due to the large component of global companies where around 75% of the index's profits are denominated in US dollars and Euros. At a time when investors are looking forward to the all-important third-quarter earnings season in the USA, the UK has become somewhat of an outlier in its battle with inflation and the effects it is having on its own unique mortgage market.

In August this portfolio, again produced an improved performance against its benchmark. We 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 2	IA Mixed Investment 0-35% Shares	UK Consumer Price Index + 1%
1m	0.00	-0.57	N/A
3m	0.90	0.24	-0.14
6m	0.82	-0.32	2.77
1yr		-1.37	7.31
3yr		-3.56	24.08
5yr		1.09	29.07
10yr		23.16	46.38

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 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 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