

# Passive Model Portfolio Risk Level 9

# August 2023

Information in this factsheet is at the last valuation point on 31<sup>st</sup> August 2023 (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	<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>0.18% (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.

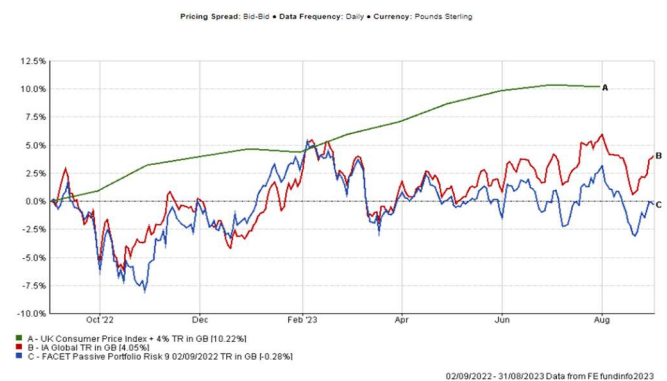
## Risk Report



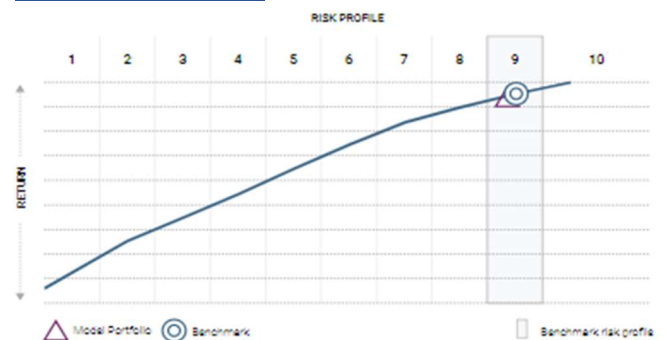
Lower risk  Higher risk

*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'*

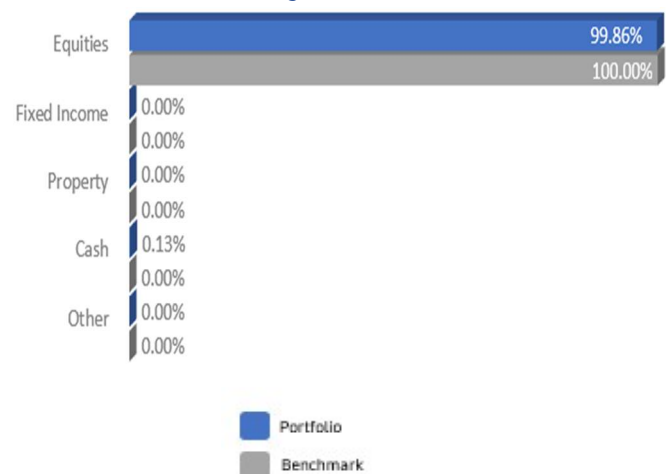
## Facet Performance\*\*



## Efficient Frontier



## Fund Breakdown by Asset Class



## Top 5 Holdings

Holding	% of Portfolio
Fidelity Index Emerging Markets P	14%
iShares Core MSCI EM ETF	14%
iShares Edge MSCI EM ETF	14%
Fidelity Index Pacific ex Japan P	12.5%
HSBC Pacific Index C	12.5%
	<b>67%</b>

## Portfolio Manager's Comments

The almost uninterrupted rally in the US stock market, which began in March, came to an abrupt halt as investors took profits during the quietest of the summer months in August. Headlines tried to pin the reason for the sell-off on the continuing deterioration in the Chinese economy; in particular the real estate market. However, such concerns are nothing new and markets ultimately took their lead from a raft of positive US economic data showing a healthy jobs market, falling unemployment, a pick-up in consumer confidence and retail activity. Even a downgrade of US government debt by the ratings agency, Fitch, failed to dent a rally into the last day of August. Indeed, US 10-year bond yields, which under normal circumstances rise in reaction to such a downgrade, fell to end the month at 4.09%. The central bankers' summit at Jackson Hole in the US was reassuringly bland with Federal Reserve Chairman Jerome Powell indicating that the fall in inflation justified no further hikes in base rates for now. The slight pick up in annualised US inflation, from 3.0% in June to 3.2% in July was dismissed as a base effect from the previous year.

The UK and Europe still have much to do in their battles against persistently high inflation. The Bank of England raised interest rates again at their MPC meeting in early August – a rise of 0.25% to 5.25%. UK inflation fell in July to 6.8%, in line with market expectations but still more than double that of the USA, leaving the Bank of England little option but to signal to markets that further interest rate hikes are likely.

Despite the yawning gap in the inflation figures either side of the Atlantic, the US dollar continued its strong rally from the lows in July – gaining 1.7% against the basket of international currencies. This may have been a contributing factor to the larger fall in UK stocks versus their US peers, falling 3.37% in August – financial and mining stocks led the fall. However, the stronger US dollar had much more of an impact on emerging markets stocks where the benchmark index fell over 6% for the month. With the all-important US corporate earnings season around the corner, markets have come through the summer in optimistic mood, based mostly on the view that the USA will lead the developed world into economic recovery, following the inflation and interest rate shock of the last 18 months. Households and consumers have undeniably been put under considerable pressure through the rise in the cost of living. We will find out in October just how much corporations have managed to mitigate in their efforts to preserve their profits for shareholders.

In August this portfolio lagged its benchmark. This has not raised undue concerns with the committee as 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 9	IA Global	UK Consumer Price Index + 4%
<b>1m</b>	-3.05	-1.62	N/A
<b>3m</b>	0.62	2.64	0.35
<b>6m</b>	-0.90	2.44	4.04
<b>1yr</b>		3.18	10.22
<b>3yr</b>		23.23	35.13
<b>5yr</b>		38.65	49.04
<b>10yr</b>		142.31	95.68

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Further information is available from:

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One month CPI not available

\*\*Using Facet Aviva Risk 4 performance pre-1st March 2020, and Facet Model Portfolio Risk 9 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 9 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 9 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