

# Passive Model Portfolio Risk Level 3

# November 2023

Information in this factsheet is at the last valuation point on 30<sup>th</sup> November 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>0.20% + VAT</b>
OCF	<b>0.14% (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.

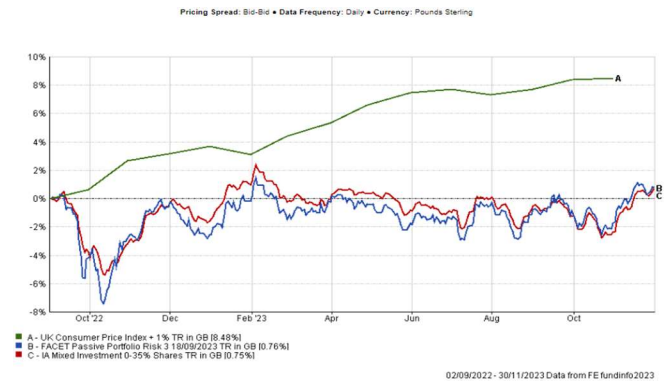
## Risk Report



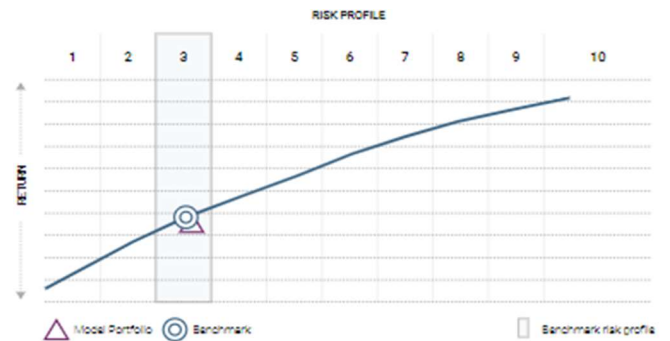
Lower risk  Higher risk

*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'*

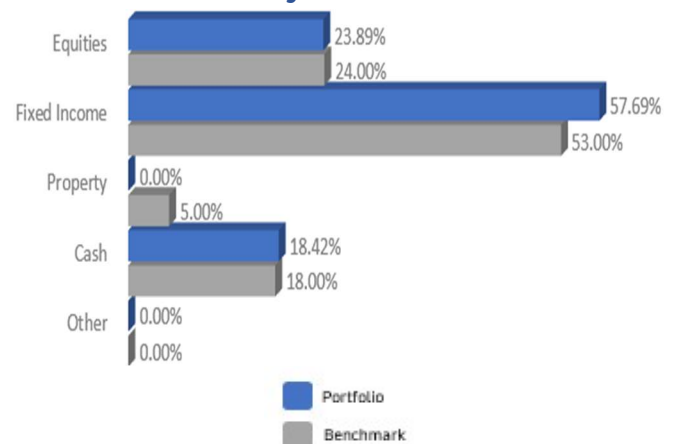
## Facet Performance\*\*



## 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	10%
Vanguard Global Bond Index Hedged	10%
iShares £ Corp Bond UCITS ETF	7.5%
L&G Sterling Corporate Bond Index C	7.5%
	<b>48%</b>

## Portfolio Manager's Comments

November was the month where markets appeared to recognise that the interest rate hiking cycle has finally run its course. The three major central banks in US, UK and Europe, have not exactly been acting in unison, each confronted with their own regional challenges, but bond markets in November signalled that enough is enough. All three kept their base interest rates on hold but forward-looking 10-year bond yields all fell, sparking a recovery in bonds and stocks alike. In the US, the main index rose an impressive 8.9%, driven by the big tech stocks. The UK index, which is more heavily weighted to banking, mining and energy still managed a healthy 1.8% gain. The fall in bond yields was particularly welcome in Europe where a growing sense of crisis had begun to creep into the bond market in October. The European Central Bank cut its policy rate but avoided the major policy error of implementing more aggressive quantitative tightening when both the economy and the bond market were looking for some relief. Pressure was also taken off the Bank of England as inflation fell from 6.7% to 4.6%. This is still much higher than 3.1% rate in the USA but will give the Bank of England monetary policy good cause to keep rates on hold at their next meetings and we can expect their forward guidance to remain cautious and vigilant. Meanwhile, at the US Federal Reserve, their forward guidance has become far less hawkish and market will be looking for rate cuts next year. As a result, the US dollar has weakened against the basket of major currencies and Sterling enjoyed a 5 cent rise to \$1.26 – a move which held back some of the large cap exporter stocks in the main index. The weaker US dollar was also generally good for emerging market stocks. A modest 2% rise in Chinese stocks aided a wider 8% gain for the EM index overall. Economic data in the US, UK and Europe all point to a more stable outlook for next year, supported by lower inflation and an improvement in employment. Against this more optimistic backdrop, the chances of a rally in both stocks and bonds into year-end have significantly improved.

In November this portfolio outperformed its benchmark. It is still the opinion of the investment committee that we remain in a good mix of funds that will produce a continued performance against 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.

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>	2.95	2.68	N/A
<b>3m</b>	3.02	2.82	0.70
<b>6m</b>	4.65	3.45	0.95
<b>1yr</b>	5.16	3.37	5.14
<b>3yr</b>		-3.79	24.78
<b>5yr</b>		7.27	29.55
<b>10yr</b>		25.96	46.87

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Further information is available from:

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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) 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