

# Passive Model Portfolio Risk Level 5 January 2024

Information in this factsheet is at the last valuation point on 31<sup>st</sup> January 2024 (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> <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>0.12% (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

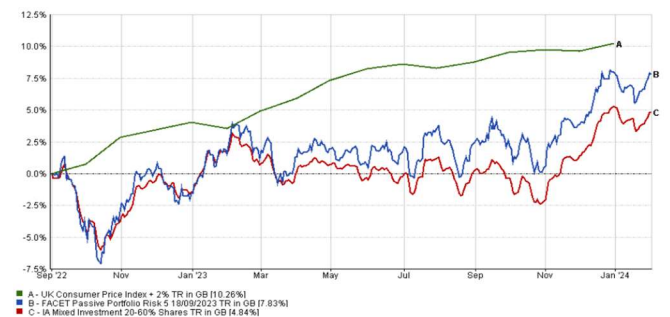


Lower risk 
→
 Higher risk

*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\*\*

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling

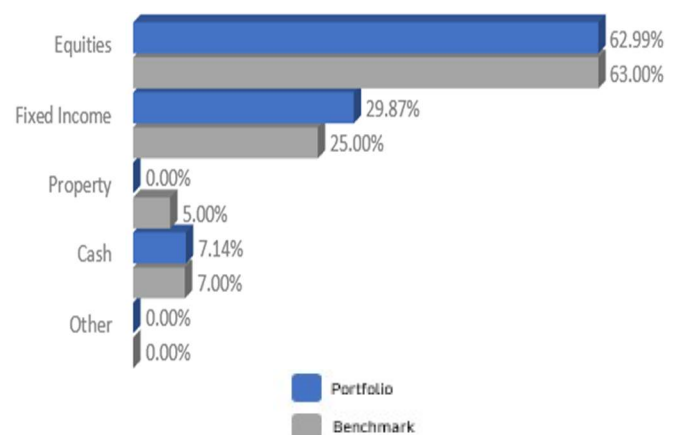


01/09/2022 - 31/01/2024 Data from FE fundinfo 2024

## 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

January was another positive month for US stocks as the Federal Reserve opted to keep interest rates on hold, for the fourth consecutive meeting, at 5.5%. The US stock market index rose 1.5% with technology stocks leading the way. However, the central bank cautioned that rate cuts may not be coming in March owing to a rise in the December inflation data which showed that energy prices contributed to a rise from 3.1% in November to 3.4%. The price of a barrel of crude oil rose from \$77 to over \$80, a move attributed mostly to attacks on shipping in the Red Sea. The gain would've been higher if it hadn't been for a stronger US dollar which, unsurprisingly, attracted buyers to its reputation as a safe-haven currency during periods of geopolitical uncertainty. The US bond market reacted to the Federal Reserve outlook accordingly and the US 10-year Treasury yield rose from 3.86% to 3.96%. The UK markets broadly followed suit although the tech-light London stock market fell 1.3%. Sterling remained unchanged but stable at \$1.27. UK inflation also rose unexpectedly to 4% in December with the biggest contribution coming from tobacco and alcohol. Recreation and retail clearly enjoyed high demand over the Christmas period with commensurately less discounting. The positive start to the year reflects growing confidence that the USA will achieve an economic soft-landing supported by a central bank ready, willing and able to cut interest rates at the first sign of trouble. In that regard, the muted market reaction to the unexpected rise in December inflation indicates this was caused by temporary factors, or simply year-on-year base effects from December 2022. Investors are well aware that underlying economic data for the consumer is actually remarkably robust with unemployment falling and wages on the up. This is something that the Bank of England has cautioned will be watched closely in the months ahead and may have more influence on their rate decisions than the timing of the next cut by the Federal Reserve.

In January the portfolio was marginally down but less than its benchmark and is beating its benchmark since inception so pleased how it has performed. It remains 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 5	IA Mixed Investment 20-60% Shares	UK Consumer Price Index + 2%
1m	-0.13	-0.39	N/A
3m	7.33	7.07	0.47
6m	4.17	3.52	1.82
1yr	6.18	2.94	6.49
3yr		3.65	28.49
5yr		16.11	37.06
10yr		43.67	62.49

*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 Unit 35 Basepoint Business Centre Metcalf Way Crawley RH11 7XX*

*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) 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*