

WISE INVESTMENT LIMITED - BALANCED

Pershing



MONTHLY FACTSHEET

all data as at 30th September 2024

PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Balanced Model Portfolio is designed for clients who are looking for a total return in line with the MSCI PIMFA Balanced index over a 5 to 10 year period. We aim to achieve this by investing in a select and focussed list of funds (unit trusts, investment trusts and OEICs), with diversification across geography, asset class and investment style. These funds invest in real assets, such as company shares (listed both in the UK and overseas), property, fixed interest and cash. The Portfolio is managed so that 50%-80% is invested in 'medium' risk assets, such as shares and property. 20%-50% is to be held in assets defined as 'moderate', 'low' or 'minimal' risk, which are mainly comprised of fixed interest (UK government and higher quality company debt) and cash, and any remaining balance up to 10% can be held in higher risk assets, such as shares in specific countries and industries. We consider the portfolio to be suitable for those willing to adopt a balanced risk profile.

PERFORMANCE SINCE LAUNCH (using month-end data)



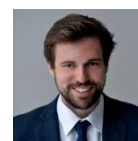
CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	5yr	Launch
Wise Balanced Portfolio (P)	0.1%	0.8%	3.1%	15.5%	19.6%	30.1%	80.3%
MSCI PIMFA Balanced	0.0%	1.5%	3.2%	14.3%	14.3%	27.5%	79.1%

DISCRETE ANNUAL PERFORMANCE

	30/09/2023	30/09/2022	30/09/2021	30/09/2020	30/09/2019
	30/09/2024	30/09/2023	30/09/2022	30/09/2021	30/09/2020
Wise Balanced Portfolio (P)	15.5%	11.0%	-6.7%	17.7%	-7.5%
MSCI PIMFA Balanced	14.3%	8.5%	-7.8%	16.0%	-3.8%

PORTFOLIO MANAGEMENT



WILLIAM GEFFEN

Head of Investment Management

William joined Wise Investment in November 2023 and has 4 years' experience in managing equity funds. His main responsibility is the selection of suitable investments for portfolios and ensuring our investment service meets your requirements.

William successfully passed all three level of the Chartered Financial Analyst (CFA) exams gaining the qualification in 2021.

Key Portfolio Details

Launch Date	3rd March 2016
Holdings	10
Historic Yield¹	3.5%
Volatility²	8.0%
Benchmark	MSCI PIMFA Balanced
Model OCF³	0.5%
Service Charge⁴	1.9%

Contact Details

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All data used on this factsheet is supplied by Financial Express. Rounding may result in charts and tables not adding up to 100% in displayed data. Performance is based on total returns on a bid-to-bid basis, net of UK dividend tax credits and is calculated referencing a model portfolio. Actual portfolio statistics may differ because of investment performance, cash movements, transaction costs and the timing of sales and purchases within the portfolio. Quoted performance does not include fees levied by Wise Investments Ltd or any fees from custodial services. Service fees will apply. Past performance is not a reliable indicator of future results. This document should not be construed as an investment recommendation.

1 The Historic Yield is the weighted average yield of the model based on the model's current constituents

2 Volatility is the annualised monthly volatility of the model portfolio to the most recent month end over a 3 year period or since launch if this period is less than 3 years

3 The Model OCF calculates the annual charges levied by the underlying fund holdings according to the model portfolio weights

4 The Service Fee incorporates the model OCF, the standard non-tiered annual fees levied by Wise Investments Limited and custodian fees, of which this is the highest possible fee. Further details of these charges are disclosed to clients investing in the model portfolios.



MONTHLY COMMENTARY

September was a mixed month for investors. In equity markets the standout is China which had a massive rally of the back of the announcement of stimulus measures from their central bank aimed at steadying a faltering post-covid economy dragged down by an ailing property market.

With China as the largest component of the emerging-markets basket – the EM index was up 4.5% while other markets were more subdued. The US market, and the world market overall (of which the US is over 70%) was fairly buoyant, but ended flat in Sterling terms due to a sizeable strengthening of GBP vs USD (up 2%). Europe was down 1.6% in sterling terms, again largely due to GBP strength, this time up 1.2% vs the Euro. The origin of this strong GBP is likely the recent BOE decision to maintain interest rates at 5% while others, notably the US Fed, have begun seemingly more rapid cuts, with the Fed cutting a sizable 0.5% in one go.

Underperforming markets included Japan, which is still shaking off the volatility in August that capped its meteoric rise earlier in the year, down 2.6% over the month. The UK also saw a pull back of 1.5% where investor confidence is being shaken by increasingly worrying noises coming from the new labour government and potential tax rises in the upcoming Autumn Statement. Europe also lagged, down 1.6% in sterling terms, mostly due to a weakening euro vs GBP.

In Fixed income things were characteristically steady with Corporate bonds up 0.4% and Government bonds more or less flat, up 0.1%. High yield bonds came in with a solid 1% return. Elsewhere property had a very strong month with the liquid real estate sector up 1.2% and direct property up 0.9%.

Looking forward, we remain cautious in the shorter term on global equities, especially given recent volatility particularly in the US and Japanese markets and preferring the valuations and back drop of other markets such as the UK equity market. Upcoming rate cuts, however, should provide broad support.

In fixed income, we now look to be headed into the cutting part of the cycle where the question becomes, how quickly and deeply will central banks cut. We believe that cuts will not perhaps go as quick and far as markets seem to be predicting and should see a normalising yield curve (which is currently rater flat) thus the ideal spot is likely to be to position in the central “belly” of the curve as appropriate to portfolio time horizons and risk tolerance.

The Balanced model returned 0.12%, slightly ahead of the benchmark (PIMFA Balanced) return of -0.04%.

The notable underperforming positions were the small holding in the Janus Henderson Global Life Sciences fund which returned -4.2% and the Fundsmith Equity fund which returned -0.6% while outperformers included the CT property fund returning +2.6%.

In terms of portfolio moves, there were a few changes in the fixed income portion of the portfolio. We exited the position in the Premier Miton money market fund in order to top up the position in the Monument bond fund and the TwentyFour ABS opportunities fund, both positions in ABS taking advantage of the high rates on offer in the stable asset class. We also trimmed the Vontobel ARC fund and put the capital into the TwentyFour corporate bond fund in order to slightly increase the duration profile of the portfolio as rates start to come down in the later part of the current credit cycle.

We maintain our global approach, using mostly passive global index funds (like Fidelity Index World) to drive returns but also have a solid position in the JOHCM UK equity income fund to capture the substantial discount we see in the traditional “deep value” parts of the UK market for the near identical MSCI world index that makes up the global equity portion of the benchmark.

Tactically, we also retain a 5% position in the CT property fund, as we continue to see value in this down beaten asset class as shown by the depressed prices in commercial properties and large net asset value discounts in listed real estate trusts. We also have the small position in the Janus Henderson Global Life Sciences fund to take advantage of temporarily depressed prices in the healthcare sector which is a long-time quality outperformer in equity markets.

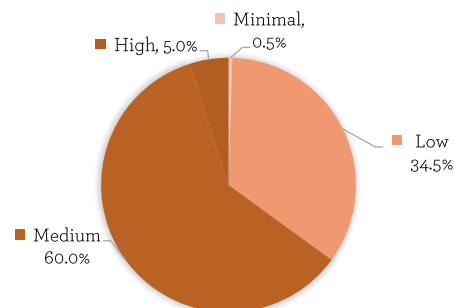
The Balanced model remains nicely ahead of its benchmark on a 1yr, 3 yr and 5yr basis, returning 15.5%, 19.6% and 30.1% respectively (vs 14.3%, 14.3% and 27.5% for the benchmark). Worth noting also, is that this outperformance hasn't been achieved through excess risk taking, rather, it has in fact been achieved with significantly less volatility than the benchmark, protecting investors from excessive price movements while simultaneously generating a higher return.

HOLDINGS

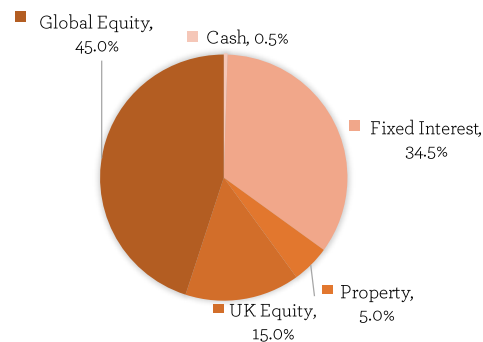
Name	Weight	OCF
TwentyFour Asset Backed Opportunities	5.0%	0.74%
TwentyFour Corporate Bond	5.0%	0.36%
TwentyFour Monument Bond	5.0%	0.39%
TwentyFour Absolute Return Credit	19.5%	0.36%
CT Property Growth & Income	5.0%	1.07%
JOHCM UK Equity Income	15.0%	0.66%
Fundsmith Equity	15.0%	0.94%
Fidelity Index World	25.0%	0.12%
Janus Henderson Global Life Sciences	5.0%	0.76%
Cash	0.5%	0.00%

RISK ALLOCATION

For Asset Risk Category definitions see the Wise Investment Risk Appendix, supplied to investors in the model portfolios.



ASSET ALLOCATION



IMPORTANT INFORMATION

Portfolio returns from the Wise Investment Model Portfolio Service will be subject to investment market fluctuations and there is no guarantee that the portfolio objectives, including any income targets, will be achieved. Where income is received as dividends, these will be automatically reinvested in the Model Portfolio, which may result in the Model Portfolio returns being higher than what a client portfolio can actually achieve. The performance will be reduced by the withdrawal of income and the impact of the ongoing charges and portfolio transaction costs. The charges can vary. Prices of funds and the income from them may fall as well as rise and investors may not get back the amount originally invested. Consequently, an investment into this portfolio should be considered for a 5 to 10 year period. The funds may invest in higher-yielding or non-investment grade bonds. The funds may hold investments denominated in currencies other than sterling. Changes in exchange rates will cause the value of these investments and the income from them to rise or fall. The funds can use derivatives for investment purposes. These instruments can be more volatile than investment in equities or bonds. Every effort is taken to ensure the accuracy of the data used in this document, but no warranties are given. Wise Investment has expressed its own views and these may change. The data contained in this document has been sourced by Wise Investment and should be independently verified before further publication or use. Wise Investment is a trading brand of Wise Investments Ltd. Wise Investments Ltd is authorised and regulated by the Financial Conduct Authority. Ref no. 230553.

