

WISE INVESTMENT LIMITED BALANCED

Pershing

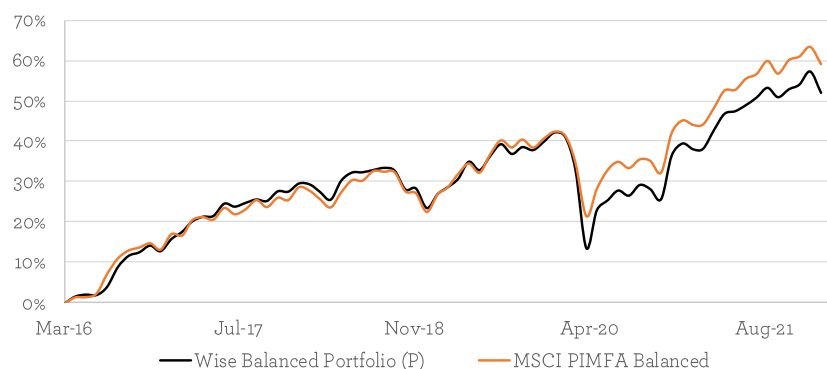
MONTHLY FACTSHEET

all data as at 31st January 2022

PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Balanced Model Portfolio is designed for clients who are looking for a level of income plus capital growth 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 aims to provide income of 2.5% or more per year. The Portfolio is managed so that no more than 80% is invested in 'medium' risk assets, such as shares and property. The balance of at least 20% is 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. No exposure will be allocated to higher risk assets. 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)	-3.4%	-0.6%	0.8%	10.1%	19.8%	29.3%	52.0%
MSCI PIMFA Balanced	-2.6%	-0.6%	1.6%	10.5%	25.4%	36.3%	59.1%

DISCRETE ANNUAL PERFORMANCE

	31/01/2021	31/01/2020	31/01/2019	31/01/2018	31/01/2017
	31/01/2022	31/01/2021	31/01/2020	31/01/2019	31/01/2018
Wise Balanced Portfolio (P)	10.1%	-2.2%	11.1%	-1.8%	9.9%
MSCI PIMFA Balanced	10.5%	1.9%	11.4%	-0.6%	9.4%

PORTFOLIO MANAGEMENT



ROBERT BLINKHORN

Head of Investment Management

Robert joined Wise Investment in July 2017 and has 18 years' experience in managing private client multi asset class portfolios. His main responsibility is the selection of suitable investments for portfolios and ensuring our investment service meets your requirements. Robert is a member of the CFA Society of the UK and has successfully passed the examinations for all three levels of the Chartered Financial Analyst qualification.

Key Portfolio Details

Launch Date	3rd March 2016
Holdings	11
Historic Yield ¹	2.0%
Yield Target	2.5%+
Volatility ²	12.9%
Benchmark	MSCI PIMFA Balanced
Model OCF ³	0.6%
Service Charge ⁴	2.1%

Contact Details

Wise Investments Ltd	
The Great Barn	
Chalford Park Barns	
Chipping Norton	
OX7 5QR	
Switchboard:	01608 695100
Website:	www.wiseinvestment.co.uk

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

In January, global equities declined by over 4% in sterling terms. The UK equity market was largely unique in that it managed to deliver a slight positive return for the month. Differentials in performance can be largely explained by market structure. Technology Service companies, which the UK listed market has very little exposure to relative to other major markets such as the US, were some of the biggest decliners. Technology businesses have seen a boost to demand in recent years as social distancing altered people's behaviour and we relied on technology more than ever. Internet based platforms and software have become more entwined in our daily lives as we sought to navigate our way through an abruptly introduced new reality in early 2020. Of course, this change in behaviour wasn't lost on investors who have reflected this enhanced integration and revenue generation into the share prices of Technology businesses. However, in our view, these prices have been pushed to levels that have implausible expectations so a correction at some point was not unexpected.

As we move to a world where the Covid virus is less of a threat through mutation and vaccine deployment, where central banks begin discussing the withdrawal of accommodative policies and where geo-political tensions are escalating (with a related impact on energy prices), there has been a boost for some of the lagging sectors of late (which had also been trading – and to some extent still do trade - at relatively attractive levels) such as oil companies, which have responded positively to a high oil price, and large banks which benefit from rising interest rates. Again, the UK equity market tends to have a more constructive exposure to these sectors than other major global equity markets helping it outperform other indices for the first month of 2022.

Listed UK property was weaker, underperforming broader UK equities whilst physical property, in aggregate, delivered low positive returns. Looking forward, the prospects for central office and retail assets looks challenged whilst distribution warehouses have experienced the same rally (and potential reversion) as the Technology sector as it is keyed into the same dynamic. Rising interest rates will also bite into revenues (although the sector is far less leveraged today than it was prior to the Great Financial Crisis).

Fixed interest sold off with yields up around 30 basis points (0.3%) across the UK Gilt yield curve. This sent the UK Gilt market almost 4% lower. Index linked Gilts were not immune from the fall but resurging inflation expectations helped offset some of the loss. Corporate bonds were also under pressure with the move in yields. The excess yield on corporate versus government bonds has widened from recent lows but remains tight relative to historic levels.

The Balanced model portfolio delivered -3.4% in January, significantly behind the MSCI PIMFA Balanced index that returned -2.6%. Underperformance was mainly due to weaker returns from specific UK equity funds held in the portfolio relative to their respective benchmarks. Leading the contribution to portfolio declines was Troy Asset Management Trojan Income, reversing the strong performance from the previous month. The fund tends to have exposure to equities that have stable revenues and dividend distribution profiles. These equities also tend to correlate to fixed interest securities particularly over short periods. Therefore, declining UK Gilt prices during the month on the back of rising interest rates would have had an impact on the fund due to the nature of its underlying holdings. This was accompanied by Evenlode Global Income which has a similar investment characteristic to the Trojan Income fund in its underlying portfolio.

The sell-off in equities has taken some of the excess valuation out of the asset class but prices still generally sit higher than we would describe as good (or even fair) value. Therefore, we will need to see further declines (or substantial improvements in fundamentals) before adding to the equity position. Commercial property poses risks and again, valuations do not seem to reflect this fully in our view. Gilt yields have sold off aggressively and this may be an opportunity to begin increasing the interest rate sensitivity of portfolios. However, in a reversal of quantitative easing and a rising rate environment we are conscious that there is a significant headwind to positive returns from fixed interest investments. On the other hand, we are conscious that by not being invested, this risks potentially missing short term positive returns, particularly after declines. This can have a significant impact on long term wealth creation. With that challenge in mind we have been focussing on themed strategies which we believe may add value through reducing volatility or benefitting from long term structural demand such as infrastructure and specialist mining funds and hope to introduce these into the portfolios opportunistically as and when appropriate.

As first reported on the 30th of June 2020 factsheet commentary, generating income in current markets continues to be a challenge and the weighted average yield on the portfolio is currently running below the target yield. We continue to monitor this closely and to balance the demands of the yield target with the objective to achieve capital growth.

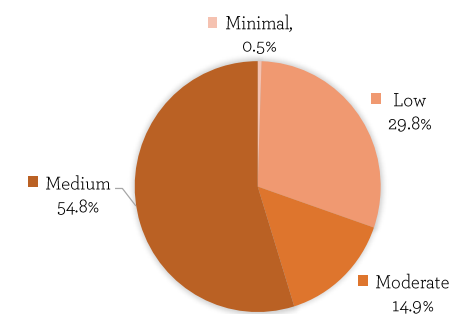
IMPORTANT INFORMATION

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.

HOLDINGS

Name	Weight	OCF
TwentyFour Absolute Return Credit	14.9%	0.35%
L&G All Stocks Gilt Index Trust	14.9%	0.15%
BNY Mellon Real Return	14.9%	0.79%
BMO Property Growth & Income	2.5%	1.02%
JOHCM UK Equity Income	5.5%	0.67%
Trojan Income	12.9%	0.86%
TB Wise Multi-Asset Income	7.5%	0.69%
TB Evenlode Global Income	10.4%	0.55%
Invesco Global Equity (UK)	10.0%	0.92%
M&G Securities Global Dividend	6.0%	0.66%
Cash	0.5%	0.0%

ASSET RISK



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

ASSET ALLOCATION

