

# WISE INVESTMENT LIMITED DEFENSIVE

## Pershing

### MONTHLY FACTSHEET

all data as at 30th November 2022

### PORTFOLIO MANAGEMENT



#### ROBERT BLINKHORN

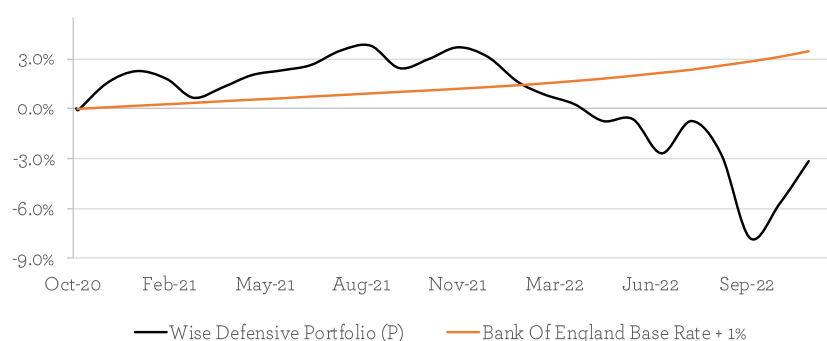
Head of Investment  
Management

Robert joined Wise Investment in July 2017 and has 20 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.

### PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Defensive Model Portfolio is designed for clients who are looking for a total return in line with Bank of England Base rate + 1% over a 5 to 10 year period with lower volatility than could be expected from full exposure to the stock market. 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 selected with no more than 40% invested in 'medium' risk assets, such as shares and property. The balance of at least 60% 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 therefore consider the portfolio to be suitable for those willing to adopt a defensive risk profile.

### PERFORMANCE SINCE LAUNCH (using month-end data)



### Key Portfolio Details

<b>Launch Date</b>	29th October 2020
<b>Holdings</b>	10
<b>Historic Yield<sup>1</sup></b>	2.5%
<b>Volatility<sup>2</sup></b>	5.7%
<b>Benchmark</b>	BoE Base Rate + 1.0%
<b>Model OCF<sup>3</sup></b>	0.5%
<b>Service Charge<sup>4</sup></b>	1.9%

### Contact Details

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### CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	Launch
Wise Defensive Portfolio (P)	2.7%	-0.4%	-2.5%	-6.6%	-3.2%
Bank Of England Base Rate + 1%	0.3%	0.8%	1.4%	2.2%	3.4%

### DISCRETE ANNUAL PERFORMANCE

	30/11/2021	30/11/2020
	30/11/2022	30/11/2021
Wise Defensive Portfolio (P)	-6.6%	2.1%
Bank Of England Base Rate + 1%	2.2%	1.1%

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

3 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 November, equity markets were lifted from their lows last month led by Asian and Emerging Market equities delivering mid-teen returns in sterling terms. Technology and Financial stocks provided the greatest contribution with investors' nerves soothed by a tempering in interest rate rise expectations and signals that the Chinese Communist Party might relax its zero Covid policy that has been choking the Chinese economy and causing unrest amongst its citizens. Developed markets also delivered attractive, albeit more modest, returns ranging from low to high single digits for the month. Asian and Emerging Markets continue to offer potentially attractive returns having substantially underperformed developed markets post-Covid. Amongst developed markets the picture looks mixed with European markets (as a whole) now looking expensive whilst the US equity market, that has been recently weighed down by its large Technology sector, appears to present better value.

In Commercial Property, the Direct Property index produced by the Investment Association fell by over 2% in November. This reflects the sharp falls that have already been reflected in the listed real estate sector which was slightly higher on the month. Rising interest rates, inflation and the impact on the consumer is having a severe impact on expectations for property values. By our estimate, investors are anticipating a 50% decline in property values which would be akin to the collapse seen in the fallout from the Great Financial Crisis in 2008. Although we anticipate some weakness in asset values going forward, we do not believe the environment will be as harsh as the one we experienced in 2008 nor are property assets as aggressively financed as they were in this period. Consequently, we find listed property an attractive asset to own at the current time.

Fixed interest also delivered positive returns as interest rates eased back from the highs achieved after the poorly received mini-budget with most initiatives announced subsequently being reversed. Investment grade credit was at the forefront of returns spurred by a combination of interest rates falling and improved risk appetite narrowing the difference between corporate and government bond yields. Although the yield premium between corporate and government bonds remains attractive, movements in overnight interest rates and their affect on longer dated rates is more ambiguous. That said, we remain constructive on high yield bonds where the additional yield remains at historic highs and the impact of interest rate moves is less pronounced. Of course, there is enhanced risk in this space and the sector is sensitive to recessionary pressures. However, we feel that the current yield more than compensates for this risk.

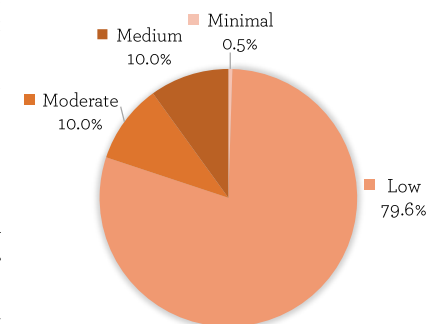
In the Defensive model portfolio, returns were higher by 2.7% in November. This was ahead of the benchmark, the Bank of England Base Rate + 1%, which returned 0.3%. Leading the contribution to returns from the portfolio were credit funds M&G Strategic Corporate Bond and Schroder Strategic Credit. A mixture of less aggressive rate hikes by the Bank of England anticipated by investors and improved risk appetite helped drive both funds higher.

November was a good month for asset returns which has helped offset a challenging year. There continues to be some value in various assets and we remain sanguine with our slight overweight to risk assets such as equities, listed property and more speculative parts of the fixed income asset class.

## HOLDINGS

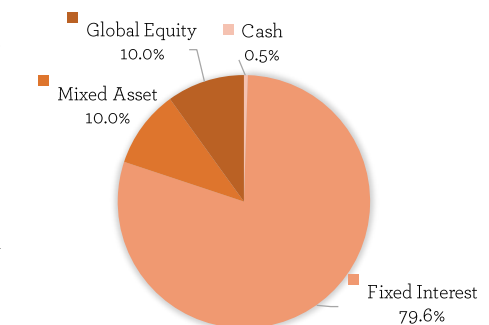
Name	Weight	OCF
Schroder Strategic Credit	14.9%	0.77%
L&G All Stocks Gilt Index Trust	10.0%	0.15%
M&G Strategic Corporate Bond	10.0%	0.43%
L&G Short Dated Sterling Corporate Bond	14.9%	0.14%
M&G UK Inflation Linked Corporate Bond	14.9%	0.44%
TwentyFour Absolute Return Credit	14.9%	0.35%
BNY Mellon Real Return	10.0%	0.79%
BNY Mellon Global Infrastructure Income	5.0%	0.81%
Fundsmith Equity	5.0%	0.94%
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



## 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.

