Issue date: February 2023

WISE INVESTMENT LIMITED DEFENSIVE

Pershing

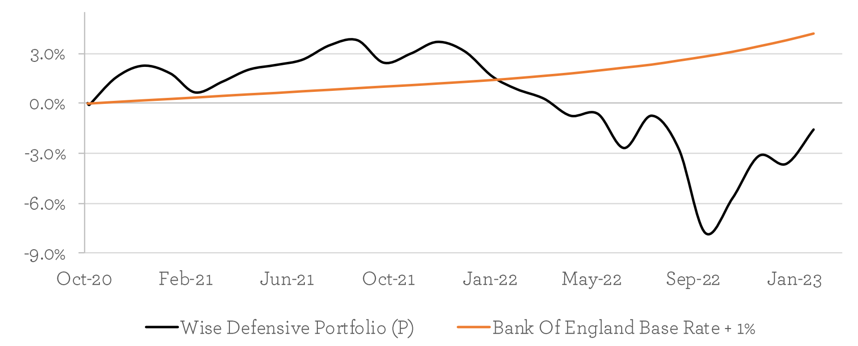
MONTHLY FACTSHEET

all data as at 31st January 2023

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)



CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	Launch
Wise Defensive Portfolio (P)	2.1%	4.4%	-0.8%	-3.1%	-1.6%
Bank Of England Base Rate + 1%	0.4%	1.1%	1.8%	2.7%	4.2%

DISCRETE ANNUAL PERFORMANCE

	31/01/2022 31/01/2023	31/01/2021 31/01/2022
Wise Defensive Portfolio (P)	-3.1%	-0.2%
Bank Of England Base Rate + 1%	2.7%	1.1%

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.

Key Portfolio Details

Launch Date	29th October 2020
Holdings	10
Historic Yield[1]	2.8%
Volatility[2]	5.7%
Benchmark	BoE Base Rate + 1.0%
Model OCF[3]	0.5%
Service Charge[4]	1.9%

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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 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.

WISE INVESTMENT
PLANNING FOR LIFE

MONTHLY COMMENTARY

Equity markets provided a strong start to the year with global shares higher by just over 4.6% in sterling terms in January. Leading the contribution to performance were Technology stocks that had seen very weak returns in 2022. Driving last year's decline was a consolidation of earnings by Technology companies as the 'Covid dividend' ran out of steam. This was compounded by the tightening of interest rates by Central Banks increasing the cost of finance and prompting investors to apply a larger discount to future earnings along with some company specific issues around declining revenues and development costs. Although these are real economic factors, the pricing of many securities in the Technology sector became too low, in our view, anticipating a slowdown far beyond what we believe is plausible for this group of companies. In January, further data around easing inflation and a potentially softer landing for the economy as it works through recessionary pressures helped lift the prices of Technology stocks. Despite a strong January, we still believe there is some value left in this part of the market although strong performance of the broader market is dampening our enthusiasm for future returns from equities generally.

UK listed real estate companies collectively added value over the month up 4% as a sector. Again, 2022 was a tough year for listed real estate. Investors took fright over rising interest rates and the effect that might have on property companies that usually have a level of borrowing against the property assets they own which may need refinancing at higher rates. In addition, anticipated tougher economic conditions which could lead to weakening demand by tenants, rental weakness and declining property prices also weighed on the sector. However, the extent to which investors reflected these fears through the price of real estate companies looked (similarly) overly aggressive to us against what we believe to be a likely range of scenarios. As with the Technology sector, improving news flow helped spur the prices of real estate shares in January. In direct property there was a modest positive return from physical assets (Source: Investment Association UK Direct Property index). However, there remains a challenge investing in physical property through daily dealing, open ended funds where many have suspended to cope with outflows and in some instances have even given up by closing, selling assets and returning capital to investors.

Fixed interest assets were higher as interest rates across the yield curve declined by around 0.3% providing mid-to-low single digit capital returns. Index linked UK Government Bonds slightly outperformed standard UK Gilts as they are more sensitive to interest rate moves due to their longer maturity. This was despite inflation expectations falling back to more normal levels. Investment grade bonds benefitted the most from both shrinking yields and tightening spreads against government bonds supported by the general increase in risk appetite from investors. High yield returns were slightly behind, as although more sensitive to changes in risk appetite than investment grade bonds, they are less sensitive to interest rate moves which was the bigger driver of return for these assets in January. Nevertheless, high yield bonds still look amongst the most attractively priced across the fixed income spectrum currently with absolute yields still at high single digit levels and at an attractive premium over sovereign debt.

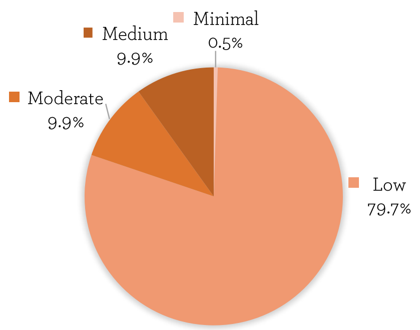
In the Defensive model portfolio, returns were higher by 2.1% in January. This was significantly ahead of the benchmark, the Bank of England Base Rate + 1%, which returned 0.4%. Credit funds such as Schroder Strategic Credit and M&G Strategic Corporate Bond led contribution to returns as interest rates declined during the month and credit spreads narrowed. Both factors leading to lower yields and higher capital values which added to the total return from bond portfolios.

Although we still see value in some sectors, equity markets, more broadly, have lost a significant amount of the appeal we identified in September last year as global fears over rising interest rates and an economic recession were topped off by a poorly received UK Budget. This led to severe asset price falls where we chose to add to risk assets such as equities. Much of the potential return we recognised at that time has now been realised and although there may be some possible momentum fed by positive news on inflation, interest rates peaking and the resilience of economies in the coming months our thoughts are turning to how we next position the portfolio to best maintain the value that markets have delivered whilst continuing to build returns for the future.

HOLDINGS

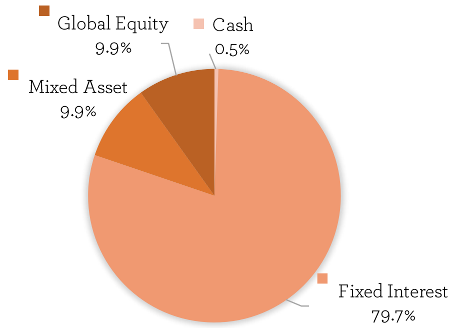
Name	Weight	OCF
Schroder Strategic Credit	15.0%	0.77%
L&G All Stocks Gilt Index Trust	9.9%	0.15%
M&G Strategic Corporate Bond	9.9%	0.43%
L&G Short Dated Sterling Corporate Bond	15.0%	0.14%
M&G UK Inflation Linked Corporate Bond	14.9%	0.44%
TwentyFour Absolute Return Credit	15.0%	0.35%
BNY Mellon Real Return	9.9%	0.79%
BNY Mellon Global Infrastructure Income	4.9%	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.