

# WISE INVESTMENT LIMITED BALANCED

## Pershing

### MONTHLY FACTSHEET

all data as at 30th April 2023

## 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 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)	1.5%	0.8%	8.9%	2.3%	26.6%	19.5%	55.6%
MSCI PIMFA Balanced	0.5%	-0.3%	4.4%	-0.8%	21.2%	22.1%	55.3%

## DISCRETE ANNUAL PERFORMANCE

	30/04/2022	30/04/2021	30/04/2020	30/04/2019	30/04/2018
	30/04/2023	30/04/2022	30/04/2021	30/04/2020	30/04/2019
Wise Balanced Portfolio (P)	2.3%	3.6%	19.4%	-8.9%	3.6%
MSCI PIMFA Balanced	-0.8%	2.6%	19.0%	-4.7%	5.7%

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.

## 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

<b>Launch Date</b>	3rd March 2016
<b>Holdings</b>	11
<b>Historic Yield<sup>1</sup></b>	3.4%
<b>Volatility<sup>2</sup></b>	9.1%
<b>Benchmark</b>	MSCI PIMFA Balanced
<b>Model OCF<sup>3</sup></b>	0.8%
<b>Service Charge<sup>4</sup></b>	2.3%

## Contact Details

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## MONTHLY COMMENTARY

Global equity markets were relatively flat in April with positive market returns offset by weakening major currencies against sterling. UK equities led performance across regional markets unencumbered by foreign currency exposure (at least directly that is, many large UK companies earn foreign revenues which diminish with a stronger pound) and coupled with a recovery of share prices in the banking sector where the UK equity market has a large sector weighting. Bank stocks took a hit in March as a suite of mid-sized US banks began to exhibit liquidity strains with investors withdrawing deposits that had been backed by assets which had fallen in value due to interest rate rises. The problem spread to Europe where Credit Suisse finally succumbed to three years of missteps and scandal with a regular outflow from depositors closing their accounts. This prompted the Swiss regulator into forcing Credit Suisse fold itself into domestic peer UBS.

Regulators have acted fairly swiftly to try and contain these events and, so far, appear to be keeping the proverbial lid on the tin of potentially exploding snakes (for those of you that remember the old practical joke). It does look as though these failures are peculiar to specific banks and a function of extending risk that couldn't cope with rapidly rising interest rates or (in the case of Credit Suisse) serious shortcomings in internal governance and culture. So, unlike the Great Financial Crisis we don't think there is a toxic common factor such as subprime mortgages that's linked through the financial system and has the ability to cause a destructive chain reaction. That said, banks can be, and invariably are, quite complex and opaque institutions. The web of relationships between them isn't quite so obvious until the explosions start (at which point it becomes all too clear!). So, although we don't think there is a contagious factor here that is going to grow into a sector wide crisis, we observe how things progress with an element of caution.

UK listed real estate also staged a recovery in April and has clawed back much of what it lost in March. Again, challenges in the banking sector and some relief around the extent of the issue has impacted businesses that traditionally rely on borrowing for their day-to-day activities. However, valuations continue to look compelling in the sector as investors have aggressively discounted share prices on anticipated declines in property values driven by reduced demand from tenants. Although we feel there is some merit to the view that property valuations will have difficulty appreciating significantly in the near term, we do feel the pricing of any potential decline in value has been overdone.

In fixed interest, UK interest rates across the range of maturities rose by around 0.2%. The effect was to push UK Gilts lower particularly Index Linked issues which have a longer maturity as a collective group making them more sensitive to interest rate changes. With generally robust risk appetite corporate bonds managed to end the month relatively unscathed delivering low positive returns. Corporate credit continues to look reasonably attractive to us in absolute terms and relative to prospective returns from other broad asset classes such as equities, particularly when adjusting for risk.

In the Balanced model portfolio, returns were higher by 1.5% in April. This was significantly ahead of the MSCI PIMFA Balanced index that was 0.5% higher. Outperformance came mainly from global equity exposure where a combination of an overweight position and relatively strong security returns delivered excess performance. Leading the contribution to return was Fundsmith Equity and BNY Mellon Global Infrastructure Income. Fundsmith delivered strong returns from its consumer brands (L'Oreal, Unilever) exposure as well as Technology names such as Microsoft and Meta. BNY Mellon Global Infrastructure Income was buoyed by its European utility holdings.

We are inclined to repeat what we said last month, which is that developed equity markets look reasonable, but not compelling value and by varying degrees across geographies and sectors. The spread of potential return between developed and emerging markets looks attractive and warrants further research. Credit also appears comparatively appealing when compared to developed equity on a risk adjusted basis particularly at the shorter end of the maturity range where rates are higher. As always, we will continue to assess opportunity and move the portfolio towards areas that will capture returns whilst remaining consistent with the strategy's risk tolerance.

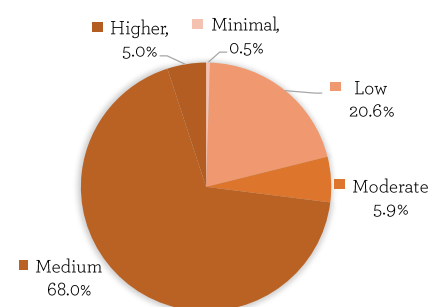
## IMPORTANT INFORMATION

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
M&G Strategic Corporate Bond	5.9%	0.43%
Schroder Strategic Credit	14.7%	0.77%
BNY Mellon Real Return	5.9%	0.94%
CT Property Growth & Income	6.0%	1.03%
JOHCM UK Equity Income	14.4%	0.69%
TB Wise Multi-Asset Income	7.9%	1.53%
Fundsmith Equity	15.0%	0.94%
BNY Mellon Global Infrastructure Income	9.9%	0.53%
Invesco Global Equity (UK)	14.8%	0.92%
Janus Henderson Global Technology Leaders	5.0%	0.85%
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

