

WISE INVESTMENT LIMITED DEFENSIVE Pershing

MONTHLY FACTSHEET

all data as at 30th April 2023

PORTFOLIO MANAGEMENT



ROBERT BLINKHORN

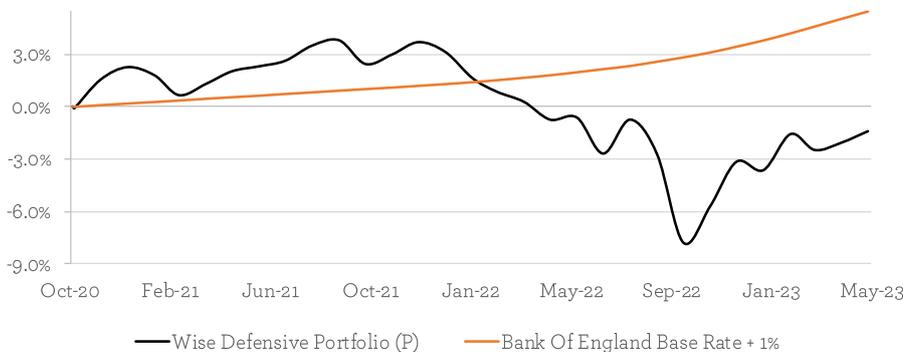
Head of Investment
Management

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)



CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	Launch
Wise Defensive Portfolio (P)	0.7%	0.2%	4.5%	-0.7%	-1.4%
Bank Of England Base Rate + 1%	0.4%	1.2%	2.3%	3.6%	5.4%

DISCRETE ANNUAL PERFORMANCE

	30/04/2022	30/04/2021
	30/04/2023	30/04/2022
Wise Defensive Portfolio (P)	-0.7%	-2.7%
Bank Of England Base Rate + 1%	3.6%	1.2%

Key Portfolio Details

Launch Date	29th October 2020
Holdings	10
Historic Yield¹	3.1%
Volatility²	5.4%
Benchmark	BoE Base Rate + 1.0%
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 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

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.

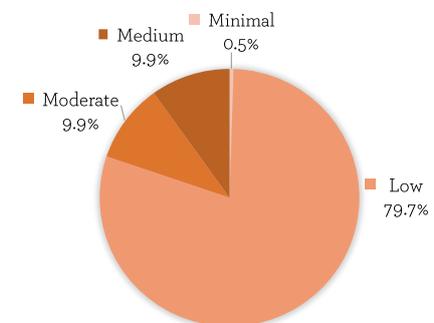
In the Defensive model portfolio, returns were higher by 0.7% in April. This was ahead of the benchmark, the Bank of England Base Rate + 1%, which returned 0.4%. Leading the contribution to performance were modestly sized positions in Fundsmith Equity and BNY Mellon Global Infrastructure Income. Fundsmith delivered strong returns from its consumer brands (L'Oréal, 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.

HOLDINGS

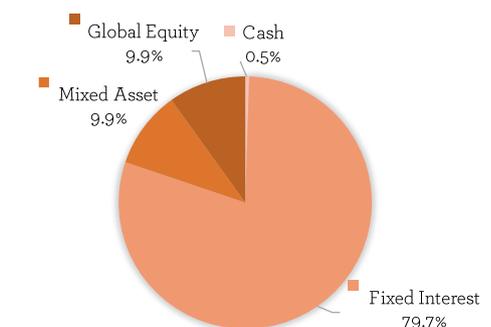
Name	Weight	OCF
Schroder Strategic Credit	15.0%	0.77%
L&G All Stocks Gilt Index Trust	9.9%	0.15%
M&G Strategic Corporate Bond	9.9%	0.43%
L&G Short Dated Sterling Corporate Bond	15.0%	0.14%
M&G UK Inflation Linked Corporate Bond	14.9%	0.43%
TwentyFour Absolute Return Credit	15.0%	0.35%
BNY Mellon Real Return	9.9%	0.94%
BNY Mellon Global Infrastructure Income	4.9%	0.53%
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.

