

WISE INVESTMENT LIMITED INCOME

Pershing

MONTHLY FACTSHEET

all data as at 31st May 2023

PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Income Model Portfolio is designed for clients who are looking for a level of income plus capital growth in line with the MSCI PIMFA Growth 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 3.5% or more per year. The Portfolio invests 60-100% in 'medium' risk assets, such as shares and property and can include up to 20% in 'high' risk assets such as shares in specific countries and industries. The Portfolio can also invest up to 40% in 'lower' or 'minimal' risk assets such as higher quality company debt and cash. We therefore consider the portfolio to be suitable for those willing to adopt a medium risk profile.

PORTFOLIO MANAGEMENT

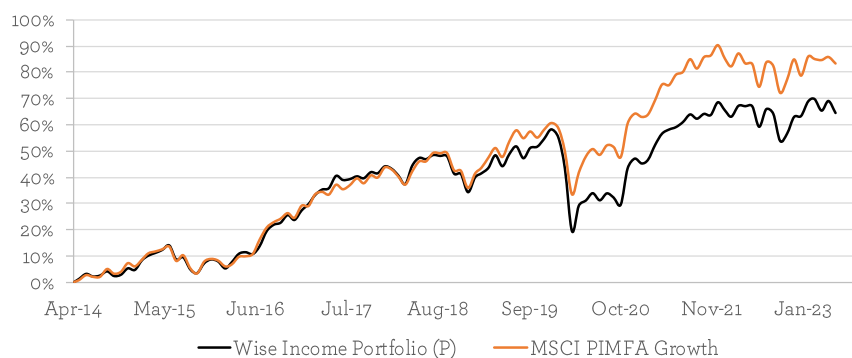


ROBERT BLINKHORN

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.

PERFORMANCE SINCE LAUNCH (using month-end data)



Key Portfolio Details

Launch Date	9th April 2014
Holdings	9
Historic Yield¹	4.5%
Yield Target	3.5%+
Volatility²	10.3%
Benchmark	MSCI PIMFA Growth
Model OCF³	0.9%
Service Charge⁴	2.3%

CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	5yr	Launch
Wise Income Portfolio (P)	-2.7%	-3.1%	0.9%	-1.5%	25.5%	11.7%	64.5%
MSCI PIMFA Growth	-1.3%	-0.9%	-0.8%	0.1%	24.0%	25.6%	83.4%

DISCRETE ANNUAL PERFORMANCE

	31/05/2022	31/05/2021	31/05/2020	31/05/2019	31/05/2018
Wise Income Portfolio (P)	-1.5%	5.6%	20.7%	-9.1%	-2.1%
MSCI PIMFA Growth	0.1%	4.6%	18.4%	0.1%	1.2%

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 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

Global equity markets were slightly positive in May driven by US and Japanese equities with a fillip from the US dollar. The Technology sector led returns both in May and has done for the year so far. There are a number of factors at play here. Technology stocks reached excessive valuations in 2021 after supercharged spending by consumers and businesses during Covid. The slowdown in capital flows coupled with rising interest rates in 2022 led investors to review the prospects for Technology businesses ultimately concluding they were overvalued. Consequently, the sector sold off throughout most of 2022. However, just as markets can be excessively positive and overvalued (as they were in 2021), they can also be excessively negative and undervalue businesses (as in 2022). Therefore, part of the recent strong performance is a revaluation of the sector back to more sensible levels.

Another significant aspect driving performance is the excitement around artificial intelligence and its presumed ubiquitous application. There is no doubt in my mind that functions utilising artificial intelligence will increase substantially over time, but markets can often price the hype of a theme only to become disappointed when the reality of timescales and costs hit home. That is not to say the recent performance of Technology stocks can't continue. It's just that post revaluation, our expectations of return from this sector differs little from the broader market and so we see limited value in continuing to have a position concentrated in this area.

Listed real estate was weak whilst physical property indices showed a slight positive performance. The UK listed real estate index, with businesses such as SEGRO, Land Securities and British Land is now lower than it was during the depths of the Covid crisis. This is largely due to the rise in interest rates, concerns over banks' willingness to lend and the varied return-to-office policies applied since distancing measures were removed. There are undoubtedly challenges for commercial real estate generally (another is the cost of the retrospective mandatory fixing of the poor eco-efficiency of commercial buildings) but, like the Technology sector, we feel these things are being priced with overly aggressive negativity and therefore maintain a constructive exposure to the sector.

Long term UK interest rates moved higher over the month sending UK Government Bond prices lower. Inflation is declining at a slower pace than expected putting more uncertainty around the point when interest rate rises will peak and how long they might stay at these 'elevated' levels. Less rate sensitive areas such as corporate bonds performed better but were still lower on the month. Despite the correction in the yield curve, bond markets continue to price lower rates in the near future. This has created an (unusual) inverted yield curve where shorter dated yields are higher than longer dated ones making bonds with near term maturities look particularly attractive.

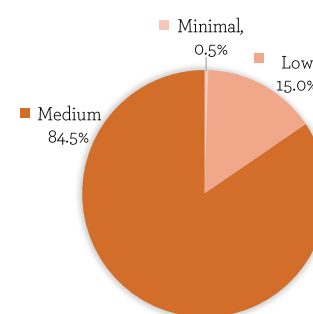
In the Income model portfolio, returns were -2.7% in May. This was substantially behind the MSCI PIMFA Growth index which returned -1.3%. Underperformance was driven by weakness from equity portfolios such as JOHCM UK Equity Income and BNY Mellon Global Infrastructure Income. JOHCM UK Equity Income was pulled lower by exposure to Energy and Resource names such as BP and Glencore whilst BNY Mellon Global Infrastructure was under pressure from holdings in Industrial Service names, particularly those specialising in the Energy sector. A positive area was the portfolios corporate bond exposure which bucked the negative return from fixed income in May with a marginal positive performance.

The slight pullback in UK equities has improved valuations month on month making us more sanguine with a slight overweight in UK equities. Similarly, global equities continue to offer a reasonable return for the risk of holding cyclically sensitive assets. Our tilt towards Technology equities has reached a point where we don't envisage significantly divergent returns compared to the broader market. Listed real estate remains attractive and a potential driver of positive returns going forward as well as the attractive yield from shorter dated corporate bonds. Our challenge, as ever, is to allocate capital optimally amongst these areas to provide returns commensurate with risk appetite.

HOLDINGS

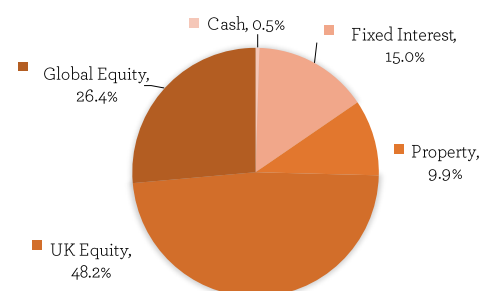
Security	Weight	OCF
Schroder Strategic Credit	14.9%	0.77%
CT Property Growth & Income	7.0%	1.03%
Fidelity Moneybuilder Dividend	11.0%	0.66%
JOHCM UK Equity Income	14.9%	0.67%
Trojan Income	10.5%	0.87%
TB Wise Multi-Asset Income	14.9%	0.71%
BNY Mellon Global Infrastructure Income	14.9%	0.81%
Fundsmith Equity	11.4%	0.94%
Cash	0.5%	0.00%

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.

