

# WISE INVESTMENT LIMITED BALANCED

Pershing

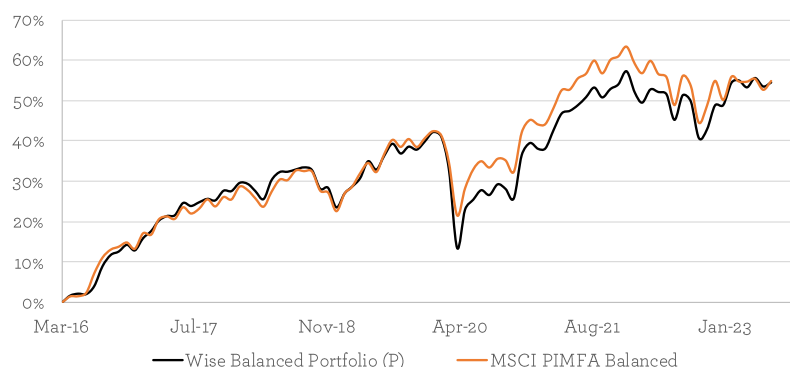
## MONTHLY FACTSHEET

all data as at 30th June 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)	0.6%	0.8%	3.8%	6.4%	21.0%	16.8%	54.5%
MSCI PIMFA Balanced	1.4%	0.1%	3.1%	4.0%	14.8%	18.9%	54.8%

### DISCRETE ANNUAL PERFORMANCE

	30/06/2022	30/06/2021	30/06/2020	30/06/2019	30/06/2018
Wise Balanced Portfolio (P)	6.4%	-2.4%	16.5%	-6.3%	3.0%
MSCI PIMFA Balanced	4.0%	-4.3%	15.2%	-1.3%	5.0%

### 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>	3.5%
<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>	2.2%

### 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 higher by just over 3% in June driven by US equities that offset a weakening dollar. Technology and Finance were the sectors that contributed the most to returns given their sizeable weightings in the global equity market. Technology stocks have staged a strong recovery this year after selling off in 2022 due to a slowdown in revenues and rising interest rates dampening investor enthusiasm. Financials have been slowly improving since the collapse of several banks earlier in the year. UK equities lagged most other countries and regions delivering just under 1%. Although the UK equity market has a large exposure to both Financials and Commodity stocks (which also performed well in June), this was offset by weaker performance in more economically sensitive sectors along with weakness in large Telecoms businesses such as BT and Vodafone.

Looking forward, the UK market looks to be reasonable value with an expected return in line with long term averages for the asset class (although it should be noted that equities rarely deliver a 'long-term-average' performance in any given 12-month period). This compares favourably with global equities that look a shade more expensive based on our valuation models. Underlying these market returns are a disparate set of expected performances from sectors and (by inference) individual stocks. In the UK, some of the more cyclically sensitive areas of the market such as companies involved in intermediate processing like packaging or chemicals look attractively priced. Other, equally economically sensitive, areas such as housebuilders also appear to offer good value. Clearly, their current pricing is not a complete mystery. Stubborn inflation, rising interest rates and how long they might stay at these levels or move higher, potential recession, Brexit overhang.....one could go on. However, markets have a habit of being overly enthusiastic or, as could be the case today, possibly overly pessimistic about the future prospects of companies. It is in these areas where potential opportunity lies.

A similar case in point is listed real estate. June proved to be another challenging month for UK listed commercial property management and development companies that were lower by mid-single digits. Again, one need not look far for possible explanations. A sector that utilises borrowing more than most in a time of higher borrowing costs, the impact of hybrid working on demand for total floor space and refurbishment costs in order to comply with environmental standards is bound to reflect some negative sentiment in pricing. However, the extent of that negative sentiment seems excessive to us and consequently (despite being at odds with the current consensus view) we remain constructive on the sector.

In fixed interest, UK Index Linked Gilts led performance as stubborn UK inflation data led investors to increase their longer-term inflation expectations. This had the opposite effect on nominal Gilts that do not have inflation protection and were therefore lower on the month. Counter to the mood in equities, credit spreads moved wider in corporate bonds along with generally rising interest rates triggering lower returns from investment grade bonds. Yields to maturity in sub investment grade bonds remained steady allowing a positive return for June. Yields at shorter maturity dates are looking particularly attractive relative to near term returns from equities, particularly on a risk adjusted basis.

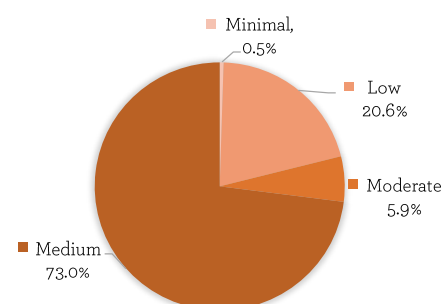
In the Balanced model portfolio, returns were higher by 0.6% in June. This was behind the MSCI PIMFA Balanced index which was 1.4% higher. Underperformance came mainly from equity exposure where global equity holdings failed to capture the returns of the broader market after diverging on the first day of the month. Wise Income was also weaker on the month due to weakness in some of its property related holdings. During June we sold the position in global technology held through the Janus Henderson Global Technology Leaders fund after a very strong performance year-to-date. Proceeds were reinvested into a more diverse index-based equity fund managed by Fidelity whilst we research the global equity sector for other opportunities.

The investment opportunity set is shifting with divergence in performance from various assets. We have recently made changes to our investment allocation to capture recent strong performance from underlying holdings. However, we expect this activity to continue in the near future as we identify emerging prospects.

## HOLDINGS

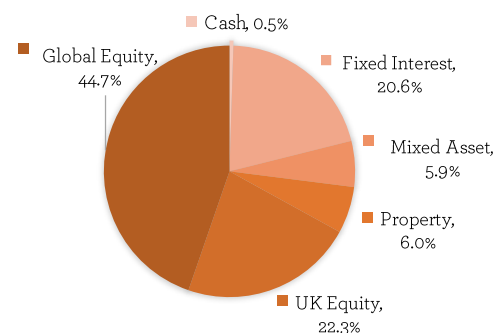
Name	Weight	OCF
M&G Strategic Corporate Bond	5.9%	0.43%
Schroder Strategic Credit	14.7%	0.77%
BNY Mellon Real Return	5.9%	0.94%
CT Property Growth & Income	6.0%	1.03%
JOHCM UK Equity Income	14.4%	0.69%
TB Wise Multi-Asset Income	7.9%	1.53%
Fundsmith Equity	15.0%	0.94%
BNY Mellon Global Infrastructure Income	9.9%	0.53%
Invesco Global Equity (UK)	14.8%	0.92%
Fidelity Index World	5.0%	0.12%
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.

