

WISE INVESTMENT LIMITED DEFENSIVE PERSHING

MONTHLY FACTSHEET

all data as at 30th June 2023

PORTFOLIO MANAGEMENT



ROBERT BLINKHORN

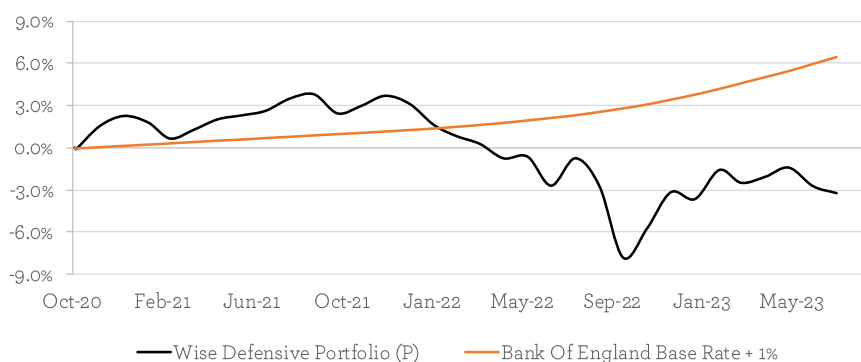
Head of Investment
Management

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)	-0.5%	-1.2%	0.4%	-0.5%	-3.2%
Bank Of England Base Rate + 1%	0.5%	1.3%	2.5%	4.2%	6.4%

DISCRETE ANNUAL PERFORMANCE

	30/06/2022	30/06/2021
	30/06/2023	30/06/2022
Wise Defensive Portfolio (P)	-0.5%	-5.2%
Bank Of England Base Rate + 1%	4.2%	1.4%

Key Portfolio Details

Launch Date	29th October 2020
Holdings	10
Historic Yield¹	3.4%
Volatility²	5.3%
Benchmark	BoE Base Rate + 1.0%
Model OCF³	0.5%
Service Charge⁴	1.8%

Contact Details

Wise Investments Ltd
The Great Barn
Chalford Park Barns
Chipping Norton
OX7 5QR
Switchboard: 01608 695100
Website: www.wiseinvestment.co.uk

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 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.

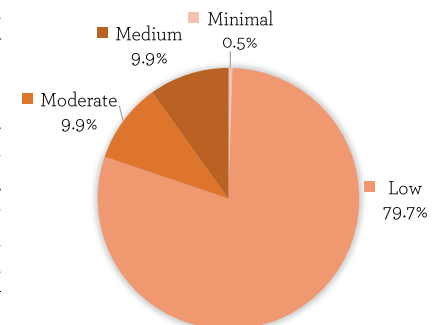
In the Defensive model portfolio, returns were lower by -0.5% in June. This was behind the benchmark, the Bank of England Base Rate + 1%, which returned 0.5%. Expectations of overnight interest rates moving higher caused fixed interest securities to decline, particularly shorter dated securities where rises in yields were felt the most. This offset strong performance from the modest equity exposure that delivered positive returns. During the month, we sold Fundsmith Equity and reinvested proceeds into CT Property Growth & Income on anticipated strong future returns from the listed real estate sector.

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

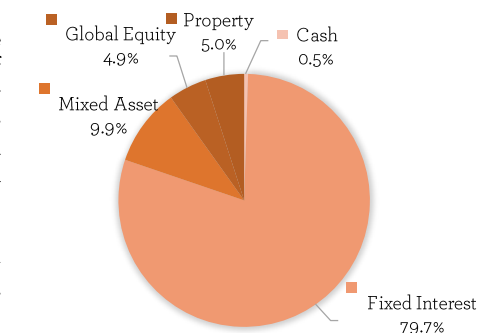
Name	Weight	OCF
Schroder Strategic Credit	15.0%	0.77%
L&G All Stocks Gilt Index Trust	9.9%	0.15%
M&G Strategic Corporate Bond	9.9%	0.43%
L&G Short Dated Sterling Corporate Bond	15.0%	0.14%
M&G UK Inflation Linked Corporate Bond	14.9%	0.43%
TwentyFour Absolute Return Credit	15.0%	0.35%
BNY Mellon Real Return	9.9%	0.94%
CT Property Growth & Income	5.0%	1.03%
BNY Mellon Global Infrastructure Income	4.9%	0.53%
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.

