Issue date: October 2023

# WISE INVESTMENT LIMITED - GROWTH

Pershing

WISE INVESTMENT

## MONTHLY FACTSHEET

all data as at 30th September 2023

## PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Growth Model Portfolio is designed for clients who are looking for a total return 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 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

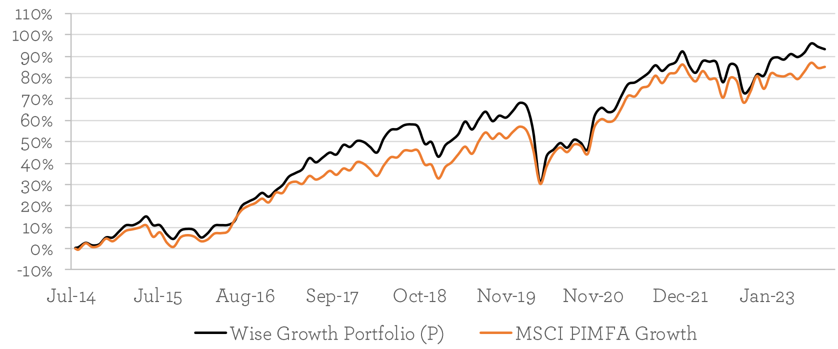
### ROBERT BLINKHORN

**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 successfully passed all three level of the Chartered Financial Analyst (CFA) exams gaining the qualification in 2006.

## PERFORMANCE SINCE LAUNCH (using month-end data)




## Key Portfolio Details

| | |
|---|---|
| **Launch Date** | 16th July 2014 |
| **Holdings** | 11 |
| **Historic Yield**[1] | 3.5% |
| **Volatility**[2] | 10.2% |
| **Benchmark** | MSCI PIMFA Growth |
| **Model OCF**[3] | 0.8% |
| **Service Charge**[4] | 2.1% |

## CUMULATIVE PERFORMANCE

| | 1m | 3m | 6m | 1yr | 3yr | 5yr | Launch |
|---|---|---|---|---|---|---|---|
| Wise Growth Portfolio (P) | -0.6% | 0.9% | 2.6% | 11.7% | 29.5% | 23.2% | 93.4% |
| MSCI PIMFA Growth | 0.3% | 1.2% | 2.5% | 9.9% | 24.9% | 26.8% | 84.8% |

## Contact Details

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Website: www.wiseinvestment.co.uk

## DISCRETE ANNUAL PERFORMANCE

| | 30/09/2022 30/09/2023 | 30/09/2021 30/09/2022 | 30/09/2020 30/09/2021 | 30/09/2019 30/09/2020 | 30/09/2018 30/09/2019 |
|---|---|---|---|---|---|
| Wise Growth Portfolio (P) | 11.7% | -5.5% | 22.6% | -7.9% | 3.2% |
| MSCI PIMFA Growth | 9.9% | -5.1% | 19.8% | -3.8% | 5.5% |

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 equities were marginally lower in September with negative returns from US and European equity markets offsetting positive returns elsewhere. US equities were led lower by Electronic Technology giants such as Apple and Nvidia. Despite this, the sector has performed incredibly well overall this year. In particular, Nvidia has surged on investor enthusiasm regarding developments within artificial intelligence and the demand for chips for processing vast amounts of data. In Europe, it was the large French consumer brand names such as LVMH, L'Oreal and Hermes that weighed on the market. Similarly to US Tech, the shares of these businesses had performed well until the middle of this year. Domestically, the UK equity market held up relatively well, mostly helped by its comparatively larger weighting towards oil stocks that reflected rising crude prices over the month.

From this point, our expectations are for mid to high single digit returns from global equity markets. This is more or less in line with the long-term return from equities that compensates investors for the risk they bear. Consequently, our exposure to equity in the portfolio reflects this expectation of reasonable (rather than exceptional) returns.

UK listed property was slightly weaker in September, in line with fluctuations in government bond prices as longer-term interest rates climbed towards the end of the month. Commercial real estate investors make use of borrowing to finance the purchase of assets and therefore the longer-term cost of borrowing has a significant impact on the return to investors. The decision in September for the Bank of England to keep rates on hold was a potential signal that we are at or near the end of the rate rise cycle. Our view is that commercial property sector should benefit from this. However, this doesn't appear to have eased market concerns just yet and the focus appears to be on rates remaining at their current level for an extended period rather than dropping back as had been hoped.

In fixed income, whilst longer dated interest rates moved higher, shorter dated interest rates moved lower, again, pricing in flat interest rates in the short term but staying higher for longer. This put pressure on fixed income markets overall as the capital effect of rises in long term rates more than offset the decline in shorter term rates. Credit spreads (the additional compensation for lending to companies over governments) continue to look reasonable with absolute yields to maturity comparable with the potential return from equities. As a result, we maintain a constructive exposure in short dated fixed income across the portfolios.

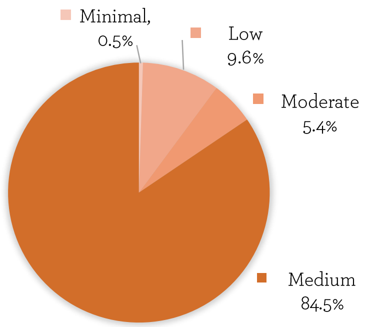
In the Growth model portfolio, returns were lower by -0.6%, behind the MSCI PIMFA Growth index which returned 0.3%. Underperformance was mainly driven by global equity exposure where the strategies used in the portfolio tend to be sensitive to moves in longer term interest rates which were higher in September. This offset strong returns from JO Hambro UK Equity Income which was buoyed by some of its more cyclical holdings in engineering and housebuilding.

In summary, we are reasonably sanguine regarding the return from equities and corporate bonds from this point. However, we should also note that with short term interest rates at their current levels cash also appears relatively attractive, particularly when one considers the lack of volatility on deposits versus other investments as well as individual time frames for investment. Yet, for those with a medium to longer term time horizon we would advise investors to be aware of the vastly superior longer term return from variable assets such as equites and bonds compared to cash and the difficulty of accurately timing a wholesale transition between the two. So although we have increased the portfolio exposure to more short-term 'cash-like' strategies to take advantage of current opportunities we also acknowledge the long term benefit of maintaining a diversified portfolio diversified across asset classes.

## HOLDINGS

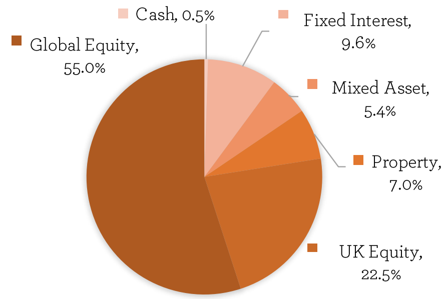
| Name | Weight | OCF |
|---|---|---|
| Schroder Strategic Credit | 7.0% | 0.77% |
| TwentyFour Absolute Return Credit | 2.6% | 0.35% |
| BNY Mellon Real Return | 5.4% | 0.94% |
| CT Property Growth & Income | 7.0% | 1.03% |
| JOHCM UK Equity Income | 13.4% | 0.69% |
| WS Wise Multi-Asset Income | 9.1% | 1.53% |
| BNY Mellon Global Infrastructure Income | 15.0% | 0.53% |
| Invesco Global Equity (UK) | 12.1% | 0.92% |
| Fundsmith Equity | 15.0% | 0.94% |
| Fidelity Index World | 12.9% | 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.