Issue date: June 2024

WISE INVESTMENT LIMITED - CAUTIOUS

Pershing

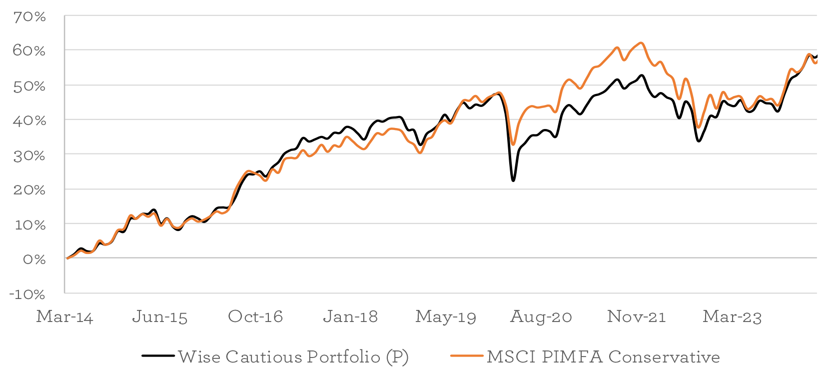
MONTHLY FACTSHEET

all data as at 31st May 2024

PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Cautious Model Portfolio is designed for clients who are looking for a total return in line with the MSCI PIMFA Conservative index over a 5 to 10 year period, but 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 20-60% invested in 'medium' risk assets, such as shares and property. 40-80% 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 5% can be invested in higher risk assets, such as shares in specific countries and industries. We therefore consider the portfolio to be suitable for those willing to adopt a cautious risk profile.

PERFORMANCE SINCE LAUNCH (using month-end data)



CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	5yr	Launch
Wise Cautious Portfolio (P)	0.9%	2.8%	8.2%	11.9%	8.2%	14.2%	59.5%
MSCI PIMFA Conservative	1.3%	2.1%	6.6%	10.6%	1.8%	14.0%	58.4%

DISCRETE ANNUAL PERFORMANCE

	31/05/2023 31/05/2024	31/05/2022 31/05/2023	31/05/2021 31/05/2022	31/05/2020 31/05/2021	31/05/2019 31/05/2020
Wise Cautious Portfolio (P)	11.9%	-2.0%	-1.3%	10.6%	-4.5%
MSCI PIMFA Conservative	10.6%	-5.6%	-2.5%	9.1%	2.6%

PORTFOLIO MANAGEMENT

WILLIAM GEFFEN

Head of Investment Management

William joined Wise Investment in November 2023 and has 4 years' experience in managing equity funds. His main responsibility is the selection of suitable investments for portfolios and ensuring our investment service meets your requirements.

William successfully passed all three level of the Chartered Financial Analyst (CFA) exams gaining the qualification in 2021.

Key Portfolio Details

Launch Date	28th March 2014
Holdings	7
Historic Yield[1]	3.8%
Volatility[2]	7.1%
Benchmark	MSCI PIMFA Conservative
Model OCF[3]	0.4%
Service Charge[4]	1.7%

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.

WISE INVESTMENT

MONTHLY COMMENTARY

May was a good month for investors, resuming a steady "bull run" that started in back in October 2023 initially spurred by the hope of upcoming central bank rate cuts and now sustained by a steady stream of news pointing to unexpectedly strong economic growth, particularly in the US.

Global equities rose 2.7%, in sterling, with European equities (excluding the UK market) leading with a 3.5% return. The world's largest market, the USA, also had a strong month returning 3% and our local UK market also continued its recent rally, returning 2.4%, only slightly lagging the global market. Elsewhere, the Japanese market retreated 0.3% as its currency depreciated just over 1% and EM (emerging markets) also retreated, returning -1.1%.

In Fixed income, yields lowered slightly off the back of slightly lower than expected inflation figures, buoying the bond market. As a result, UK Gilts (government bonds) returned 0.8%, UK corporate bonds returned 0.9% and inflation linked bonds returned, 1.2%. High yield bonds also returned 0.9%.

The property sector had a good month, boosted by lower yields. This inverse relationship with yield moves is driven by two factors. First, lower yields mean lower borrowing costs, and as real estate tends to be bought with a fair amount of debt, lower rates mean lower debt payments and more money for owners. Secondly there is an element of opportunity cost. If you can get say 5% for short term bonds, but then this drops to 4%, you can expect other assets, like real estate, to have their "yields" drop too as the yard stick moves – boosting prices.

In any case, with a slight drop in yields, direct property returned 0.6% and liquid real estate (listed real estate trusts) moved up 3.4%. The amplified move in the liquid real estate index (vs direct) reflects the often-higher debt levels in liquid real estate vehicles, as well as its greater susceptibility to market flows and investor sentiment.

The Cautious model returned 0.93%, ahead of 1.30% for the benchmark (PIMFA Conservative). While positioned well, timing differentials for when global funds price were quite extreme this month with large movements on the first and last day. The benchmark doesn't have this issue, meaning some performance was taken away and given to the prior and following months, whereas the benchmark reflects it now. This is perhaps shown best by the return for the Fidelity World Index holding which returned 0.99% while its benchmark MSCI world returned 2.7% despite near identical composition. That said, our holding in Fundsmith lagged even further, returning -0.3%, a 3% differential to the benchmark. Notably though, the JOHCM UK income fund continues to shine returning over 4%.

We haven't made any significant changes to the cautious model portfolio this month. We continue favour a strategy of modest core global equity exposure moderated by high quality and short dated bonds in the fixed income portion of the portfolio.

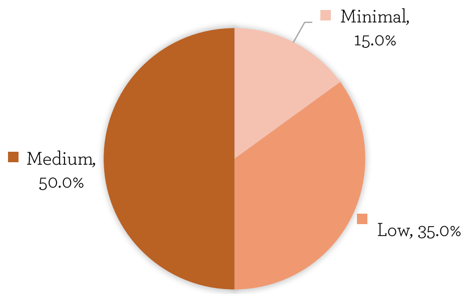
In terms of tactical positioning, we maintain a small 5% position in the JOHCM UK equity income fund to capture the substantial discount we see in the traditional "deep value" parts of the UK market. We also retain a small position in the CT property fund, as we continue to see value in this down beaten asset class as shown by the depressed prices in commercial properties and large net asset value discounts in listed real estate trusts.

The cautious model remains ahead of its benchmark on a 1yr and 3 yr basis, returning 11.86% and 8.19% respectively (vs 10.59% and 1.81% for the benchmark). Worth noting also, is that this outperformance hasn't been achieved through excess risk taking, rather, it has in fact been achieved with significantly less volatility than the benchmark, protecting investors from excessive price movements while simultaneously generating a higher return.

HOLDINGS

Name	Weight	OCF
Premier Miton UK Money Market	14.5%	0.16%
TwentyFour Absolute Return Credit	35.0%	0.36%
JOHCM UK Equity Income	5.0%	0.69%
Fundsmith Equity	10.0%	0.94%
Fidelity Index World	30.0%	0.12%
CT Property Growth & Income	5.0%	1.03%
Cash	0.5%	0.00%

RISK ALLOCATION



For Asset Risk Category definitions see the Wise Investment Risk Appendix, supplied to investors in the model portfolios.

ASSET ALLOCATION