

WISE INVESTMENT LIMITED - DEFENSIVE

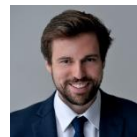
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MONTHLY FACTSHEET

all data as at 31st May 2024

PORTFOLIO MANAGEMENT

**WILLIAM GEFFEN**Head of Investment
Management

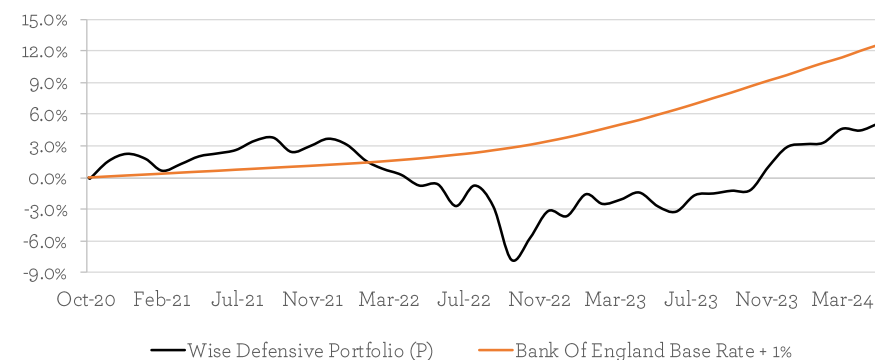
William joined Wise Investment in November 2023 and has 4 years' experience in managing equity funds. His main responsibility is the selection of suitable investments for portfolios and ensuring our investment service meets your requirements.

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

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)



Key Portfolio Details

Launch Date	29th October 2020
Holdings	7
Historic Yield¹	4.0%
Volatility²	5.2%
Benchmark	BoE Base Rate + 1.0%
Model OCF³	0.3%
Service Charge⁴	1.6%

Contact Details

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CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	Launch
Wise Defensive Portfolio (P)	0.6%	1.8%	4.1%	8.1%	2.8%	5.1%
Bank Of England Base Rate + 1%	0.5%	1.6%	3.1%	6.2%	11.8%	12.5%

DISCRETE ANNUAL PERFORMANCE

	31/05/2023	31/05/2022	31/05/2021
	31/05/2024	31/05/2023	31/05/2022
Wise Defensive Portfolio (P)	8.1%	-2.1%	-2.9%
Bank Of England Base Rate + 1%	6.2%	3.9%	1.3%

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

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 defensive model returned 0.65%, ahead of the +0.52% return for the benchmark (BoE Base rate +1%). The major positions in the Vontobel-TwentyFour ARC fund and the Premier Miton Money Market funds returned 0.55 and 0.42% respectively and were boosted by the small 10% position in global.

We haven’t made any significant changes to the defensive model portfolio this month. We maintain the overweight to shorter dated bonds and securities, preferring to take on modest credit risk where prudent to boost return while looking to avoid the volatility that comes from holding longer dated bonds due to their relatively poor yield.

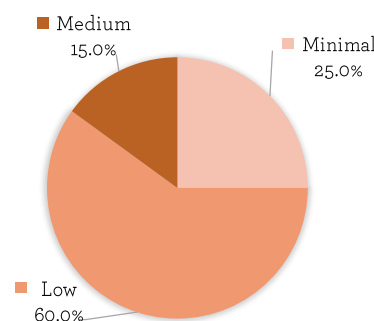
We also retain the small position in the CT property fund, as we continue to see value in this down beaten asset class as shown by the depressed prices in commercial properties and large net asset value discounts in listed real estate trusts.

The model is now nicely ahead of the benchmark on a 1yr rolling basis, returning +8.06% vs +6.23% for the “BOE base rate +1%”.

HOLDINGS

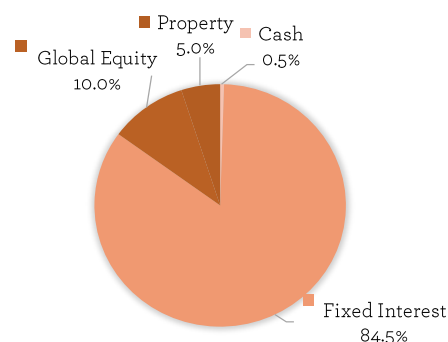
Name	Weight	OCF
Premier Miton UK Money Market	24.5%	0.16%
L&G Short Dated Sterling Corporate	15.0%	0.14%
M&G UK Inflation Linked Corporate	15.0%	0.45%
TwentyFour Absolute Return Credit	30.0%	0.36%
Fidelity Index World	10.0%	0.12%
CT Property Growth & Income	5.0%	1.03%
Cash	0.5%	0.00%

RISK ALLOCATION



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

ASSET ALLOCATION



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.

