Issue date: August 2024

WISE INVESTMENT LIMITED – LONG-TERM GROWTH
Pershing

WISE INVESTMENT

MONTHLY FACTSHEET
all data as at 31st July 2024

PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Long-Term Growth Model Portfolio is designed for clients who are looking for a total return in line with the MSCI PIMFA Global 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 40% in 'high' risk assets such as shares in specific countries and industries. The Portfolio can also invest up to 20% 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 an adventurous risk profile.

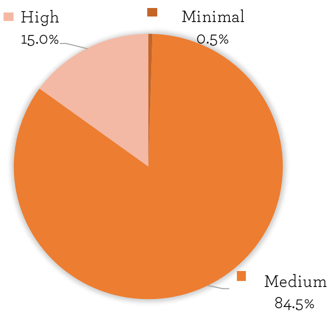
PORTFOLIO MANAGEMENT

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.

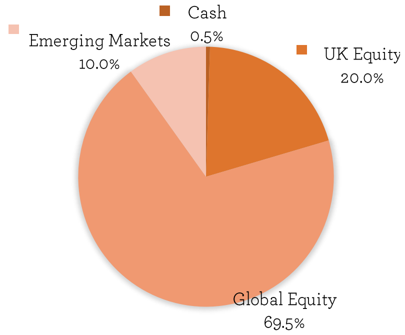
William successfully passed all three level of the Chartered Financial Analyst (CFA) exams gaining the qualification in 2021.

Risk Allocation



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

Asset Allocation



Key Portfolio Details

Launch Date	2nd January 2024
Holdings	8
Historic Yield[1]	1.9%
Benchmark	MSCI PIMFA Global Growth
Model OCF[2]	0.5%
Service Charge[3]	1.8%

HOLDINGS

Name	Weight	OCF
JOHCM UK Equity Income	15.0%	0.69%
VT Teviot UK Smaller Companies	5.0%	0.90%
Fidelity Index World	49.5%	0.12%
Fundsmith Equity	15.0%	0.94%
Janus Henderson Global Life Sciences	5.0%	0.76%
Artemis Global Emerging Markets	5.0%	0.92%
Aubrey Global Emerging Markets Opportunity	5.0%	1.04%
Cash	0.5%	0.00%

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

July was a mixed month for investors, with some signs of emerging volatility towards the end of the period perhaps signalling a change in sentiment at the end of a substantial "bull run" for equities stretching back into 2023.

In sterling terms, Global equities were fairly flat in the end, returning just 0.2% with the world's largest market, the USA returning -0.4%, mostly due to a 1.5% drop in the dollar. Emerging markets and Asia ex-Japan also had poor months returning -1.3% and -1.7% respectively.

Europe faired better, being fairly flat at a -0.06% return; again pulled down by a 0.6% weakening of the currency. Japan also saw a currency driven return in the opposite direction with the Japanese market up 4.1% in sterling terms off the back of a substantial 5% strengthening of the Yen vs GBP.

The equity UK market was a marked outperformer this month, returning 3.2% as the market is now able to put any election uncertainty behind it, reassured by promises of a "pro-growth" labour government combined with much-hoped-for BOE rate cuts to boost the domestic economy.

In fixed income, yields dropped on anticipation of upcoming rate cuts due to steadily declining inflation and a cooling in the US jobs market. These lower rates boosted the bond, pushing UK Gilts (government bonds) up 2%, UK corporate bonds up 1.7% and inflation linked bonds up 2.1%. High yield bonds also returned 1.3%.

The property sector had a long overdue bounce likely helped by lower yields (and therefore reduced borrowing costs) with direct property up only 0.6% and listed property up a solid 2.6%.

Looking forward, we remain cautious on global equities, especially given recent volatility particularly in the US and Japanese markets and preferring the valuations and back drop of other markets such the UK equity market and good-quality fixed income.

The Long-term growth model was launched on the 1st of January and returned -0.3% in April, behind the Global Growth PIMFA benchmark return of 0.1%.

While last month the model benefited from timing differentials vs the benchmark, this month it suffered, exemplified by the -0.6% return for Fidelity Index World vs +0.2% for the near identical MSCI world index that makes up the global equity portion of the benchmark. In any case, there were other factors that led to the underperformance including the position in the Fundsmith equity fund which dropped over 3% and the strong drawdown in the Artemis SmartGARP Global Emerging Markets fund returning -4.2%. Other notable positions include the JOHCM UK equity income fund, up 5.6%, our position in the Janus Henderson Lifesciences fund up 1.2% and the small position in the CT property fund up just over 4%.

This model is designed to be an all-equity portfolio with a solid core of global equity exposure, which we currently maintain through a large position in the Fidelity MSCI World Index fund along with the Fundsmith equity fund. We also look to take tactical exposure to sectors and geographies that we believe offer superior returns in the short to medium term.

In terms of portfolio positioning, we have slightly reduced the position in the Fidelity Index World fund down 5% due to concern over the seemingly stretched valuations in the US (which makes up 70% of the index) and in particular the concentrated position the fund has in a handful of megacap technology companies. Short term this decision has been reinforced by the mounting volatility in that part of the market indicating a potential change in sentiment.

We instead have used that 5% to top up our tactical position JOHCM UK equity income fund to capture the substantial discount we see in the traditional "deep value" parts of the UK market. We also have the fairly new 5% position in the Teviot UK smaller companies fund to benefit from the attractive set up that part of the domestic market – an area where other larger institutional investors are unable to access due to liquidity constraints.

Tactically, we maintain a 5% position in the Janus Henderson Global Life Sciences fund to take advantage of the attractive valuations in the healthcare sector – a sector that has also enjoyed strong long-term returns due to the high quality nature of many healthcare businesses and the steady secular growth trends they are exposed to (e,g aging populations).

We also have 10% exposure to emerging markets with 5% in the Artemis SmartGARP Global Emerging Markets fund to capture the extreme discount emerging markets currently trade at, as well as the Aubrey Emerging Markets Opportunity fund which seeks return via exposure to the rise in emerging market consumer spending.

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.