

WISE INVESTMENT LIMITED - BALANCED

Pershing



MONTHLY FACTSHEET

all data as at 31st December

PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Balanced Model Portfolio is designed for clients who are looking for a total return in line with the MSCI PIMFA Balanced index over a 3 to 6 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 is managed so that 50%-80% is invested in 'medium' risk assets, such as shares and property. 20%-50% is to be 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 10% can be held in higher risk assets, such as shares in specific countries and industries. We consider the portfolio to be suitable for those willing to adopt a balanced risk profile.

PERFORMANCE SINCE LAUNCH (using month-end data)



CUMULATIVE PERFORMANCE

| | 1m | 3m | 6m | 1yr | 3yr | 5yr | Launch |
|-----------------------------|------|------|------|-------|-------|-------|--------|
| Wise Balanced Portfolio (P) | 0.7% | 4.4% | 9.3% | 12.3% | 39.0% | 48.4% | 106.9% |
| MSCI PIMFA Balanced | 0.3% | 3.4% | 9.4% | 12.9% | 37.7% | 42.4% | 106.7% |

DISCRETE ANNUAL PERFORMANCE

| | 31/12/2024 | 31/12/2023 | 31/12/2022 | 31/12/2021 | 31/12/2020 |
|-----------------------------|------------|------------|------------|------------|------------|
| Wise Balanced Portfolio (P) | 12.3% | 11.4% | 11.1% | -5.3% | 12.8% |
| MSCI PIMFA Balanced | 12.9% | 10.7% | 10.1% | -8.1% | 12.5% |

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 | 3rd March 2016 |
| Holdings | 12 |
| Historic Yield¹ | 3.5% |
| Volatility² | 6.4% |
| Benchmark | MSCI PIMFA Balanced |
| Model OCF³ | 0.4% |
| Service Charge⁴ | 1.8% |

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.



MONTHLY COMMENTARY

December was a fairly mixed month for investors, but it capped off what turned out to be a fairly good year in 2025.

Global equities were down -0.7%, mostly due to a downturn in the US dollar, which retreated -1.5% vs sterling, meaning a flat US market was actually down -1.5% in Sterling terms. A similar situation occurred in Japan where the equity index was positive 1% in own currency terms but was down -0.9% in GBP due to a -1.9% slip in the yen vs the pound.

Elsewhere, equities performed very strongly. UK and European markets advanced 2.2% and 2.4% respectively, more insulated from issues around AI and Technology sentiment that is now such a large driver of US and global markets as well as lower impact from currency movements. Emerging markets also performed well, up 1.5%.

In fixed income, yields were fairly flat, allowing steady returns all round. Gilts and Corporate bonds returned 0.3% and 0.5% respectively, High Yield bonds returned just 0.6% as spreads held steady.

Finally, in real estate, directly held property traded fairly flat at -0.1% while the listed liquid real estate rose 0.5%.

Looking forward, the set-up remains a tricky one for investors. The US market is richly valued, largely bolstered by strong enthusiasm for AI investment and the dominance of a handful of very successful megacap tech stocks. While many of these are incredibly impressive, cash generative companies and some enthusiasm for this technology and the productivity gains it should produce, is justified, the market does seem vulnerable to runaway expectations of AI growth and profitability leaving it fragile to a potential demand shock in the near term.

This is also coupled to aggressive expectations for interest rate cuts from the Federal Reserve (egged on by the US president himself) that seem unrealistically fast given latent inflation, high government deficit spending, tariff uncertainty and generally hot economic conditions in the US. Indeed, the narrative coming from the Fed has continued to be cautious, with aggressive cuts only likely in a recessionary scenario.

Closer to home, the UK Government debt is looking a little healthier with yields dropping as the November budget provided clear commitment to spending rules and more headroom. However, the economic outlook continues to sour, while the Gilt market itself still relies on foreign investors who have persistently priced UK yields at a sustained premium to other developed nations since the disastrous Truss/Kwarteng min-budget in 2022. This added scrutiny is a potential issue when the current government seem unable to prompt much needed economic growth, nor rein in its sizeable welfare bill, while the electorate increasingly seem to favour more extreme parties both on the left and right.

This all leads us to favour a more defensive footing, with moderated exposure to US equities and a preference for lower duration and higher quality bonds which still offer a fairly attractive yield, especially compared to the yields on offer between 2009-2022. While this overall outlook may seem downbeat, it is always worth remembering that given enough time markets will soldier on through short term turbulence propelled by the tailwind of steady global economic growth – and so as ever we remain optimistic for the returns of long-term patient investors.

The Balanced model returned 0.7%, ahead of the benchmark (PIMFA Balanced) return of 0.3%.

The outperformance was largely driven by our positions in UK Equities, like the JOHCM UK Equity Income fund which returned 4%. Our Bond and Fixed Income positions also performed solidly with the likes of the Vontobel-TwentyFour ABS Opportunities fund returning 0.7%. The main detractor from performance was our Property exposure through the CT Property growth which returned -0.5%.

We made no changes to the portfolio in December and maintain our global approach, using mostly passive global index funds (like Fidelity Index World) to drive returns, while moderating volatility with low volatility bond funds. We also look to take tactical positions in undervalued markets like the modest 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.

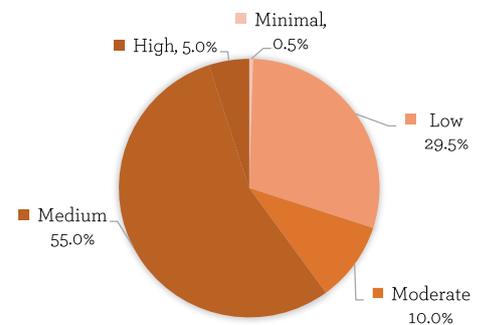
The Balanced model remains ahead of its benchmark on a 3 yr and 5yr basis, returning 39.00% and 48.39% respectively (vs 37.72% and 42.44% for the benchmark). Worth noting also, is that this outperformance hasn't been achieved through excess risk taking, rather, it has in fact been achieved with significantly less volatility than the benchmark, protecting investors from excessive price movements while simultaneously generating a higher return.

HOLDINGS

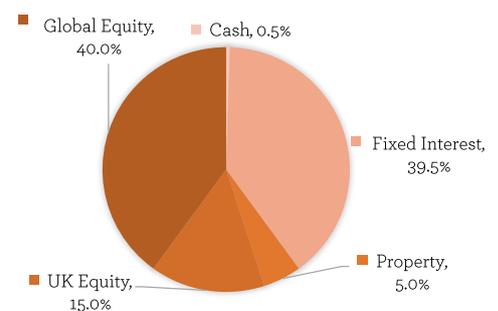
| Name | Weight | OCF |
|---------------------------------------|--------|-------|
| Fidelity Index World | 25.0% | 0.12% |
| TwentyFour Absolute Return Credit | 19.5% | 0.35% |
| JOHCM UK Equity Income | 10.0% | 0.67% |
| Invesco Global Ex UK Enhanced Index | 10.0% | 0.23% |
| TwentyFour Monument Bond | 5.0% | 0.38% |
| Royal London Abs Return Gov Bond | 5.0% | 0.30% |
| TwentyFour Asset Backed Opportunities | 5.0% | 0.70% |
| Man Dynamic Income | 5.0% | 0.81% |
| CT Property Growth & Income | 5.0% | 1.11% |
| Invesco UK Enhanced Index | 5.0% | 0.23% |
| Janus Henderson Global Life Sciences | 5.0% | 0.76% |
| 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 3 to 6 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.

