

WISE INVESTMENT LIMITED BALANCED

Pershing

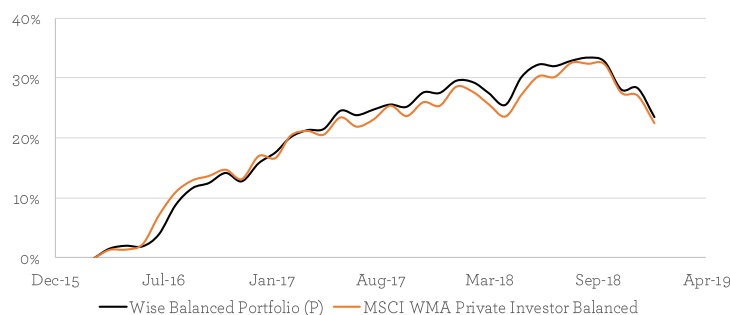
MONTHLY FACTSHEET

all data as at 31st December 2018

PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Balanced Model Portfolio is designed for clients who are looking for a level of income plus capital growth in excess of cash 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 aims to provide income of 2.5% or more per year. The Portfolio is managed so that no more than 80% is invested in 'medium' risk assets, such as shares and property. The balance of at least 20% 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 consider the portfolio to be suitable for those willing to adopt a balanced risk profile.

PERFORMANCE SINCE LAUNCH



CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	Launch
Wise Balanced Portfolio (P)	-3.8%	-7.0%	-6.4%	-4.7%	23.5%
MSCI WMA PI Balanced	-3.6%	-7.4%	-5.9%	-4.8%	22.5%

DISCRETE ANNUAL PERFORMANCE

	31/12/2017	31/12/2016
	31/12/2018	31/12/2017
Wise Balanced Portfolio (P)	-4.7%	11.9%
MSCI WMA PI Balanced	-4.8%	9.9%

PORTFOLIO MANAGEMENT



ROBERT BLINKHORN

Head of Investment Management

Robert joined Wise Investment in July 2017 and has 15 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 is a member of the CFA Society of the UK and has successfully passed the examinations for all three levels of the Chartered Financial Analyst qualification.

Key Portfolio Details

Launch Date	3rd March 2016
Number of Funds	10
Historic Yield ¹	3.2%
Volatility ²	6.2%
Benchmark	MSCI WMA PI Balanced
Model OCF ³	0.7%
Service Fee ⁴	1.4%

Contact Details

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All data used on this factsheet is supplied by Financial Express. 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. 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 standard non-tiered annual fees levied by Wise Investments Ltd and custodian fees

(P) refers to the assets being held in custody at Pershing Securities Limited



MONTHLY COMMENTARY

In December, global equities declined sharply by around -7.5% in sterling terms. Unusually for a market rout, more volatile markets such as Asia ex Japan and Emerging Markets outperformed developed markets such as the US and Japan. That said, all the broad equity indices that we regularly monitor were negative in December. The largest declines were in the US, driven by Financials. Worst hit were banking giants such as JP Morgan Chase and Citigroup. US interest rates may partly explain this deterioration. The difference between long term rates (the rate which banks lend at) and short term rates (the rate at which banks borrow) has continued to decline in the US with the difference in yield nearing previous record lows of around zero for short and long dated US Treasury bonds. When the difference between these two rates is narrow, as it is now, financial institutions find it difficult to derive profits from lending. In the UK, long and short dated interest rates still remain comparatively wide. Consequently, UK Banking stocks did not experience the severity of decline that US Banking stocks experienced. This also helped the UK market's overall relative performance against its peers in December. Equity price moves last month have provided a more attractive valuation level for equities and may warrant additional exposure in your portfolio.

Across property unit trusts, the return from physical UK Commercial Property was flat for December. However, some funds, including Threadneedle UK Property which is held widely across our client portfolios, chose to amend their pricing from an 'offer' to a 'bid' basis. This decision reflects the direction of investment into the fund from having been mainly inflows to mainly outflows. The change in price effectively reduces the unit price of the fund by just over 6% and is designed to fairly reflect the price of buying and selling UK Commercial Property. It also protects the fund's value for the unitholders that remain invested in the fund. This indicates a cooling of enthusiasm by investors towards property which is coming into focus as the UK nears the date at which it exists the European Union. In 2016, immediately after the EU referendum, investors withdrew substantial amounts from property unit trusts in anticipation of a meltdown in UK Commercial Property prices. Although the valuation meltdown never actually came, the illiquid nature of the underlying assets of these funds meant they were forced to suspend redemptions for a period of up to 6 months. This is a scenario we need to be prepared for as we head towards the end of March.

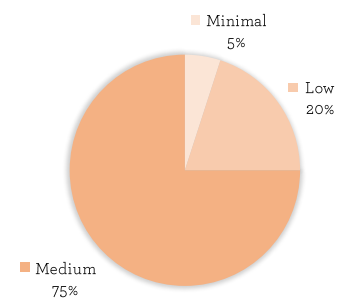
UK Gilts were higher as investors sought refuge in safe haven assets. There is also further support for Gilts going forward as the prospect of the UK leaving the European Union without a trade deal becomes more likely. The Governor of the Bank of England has already expressed concerns about the UK economy regarding the exit of the UK from the EU. This trepidation is only likely to become more acute if the UK leaves the EU without an agreed trade deal. Therefore, interest rates are unlikely to rise in the run up to Brexit and possibly not for some time after (at least until there is clarity around the impact on the UK economy). Like equities, corporate bonds fell foul of weak sentiment towards risk. The yields demanded by investors over UK Gilts continued the rise they have exhibited since the beginning of the year. In a low interest rate world, debt has become an attractive financing option. However, investors may now be questioning the burdens that some companies have saddled themselves with and the sustainability of that debt. The current investment landscape has created a highly challenging environment for investing. However, we believe that these challenges can be mitigated by diversifying across different investments in multiple asset classes with managers we continue to have the highest confidence in.



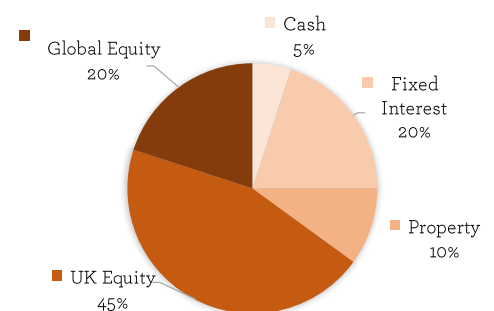
FUNDS

Premier UK Money Market	5%
TwentyFour Absolute Return Credit	10%
SVS Church House Fixed Interest	10%
Threadneedle UK Property	10%
TB Evenlode Income	15%
LF Lindsell Train UK Equity	15%
JOHCM UK Equity Income	10%
TB Wise Multi-Asset Income	5%
Artemis Global Income	10%
Veritas Global Equity Income	10%

ASSET RISK



ASSET ALLOCATION



IMPORTANT INFORMATION

Portfolio returns from the Wise Investment Model Portfolio Service will be subject to investment market fluctuations. 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. Past performance is not a reliable indicator of future results. 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.

