Issue date: March 2020

# WISE INVESTMENT LIMITED CAUTIOUS

Pershing

## MONTHLY FACTSHEET

all data as at 29th February 2020

## PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Cautious Model Portfolio is designed for clients who are looking for a level of income plus capital growth 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 aims to provide income of 3.0% or more per year. The Portfolio is selected with no more than 60% invested in 'medium' risk assets, such as shares and property. The balance of at least 40% 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 cautious risk profile.

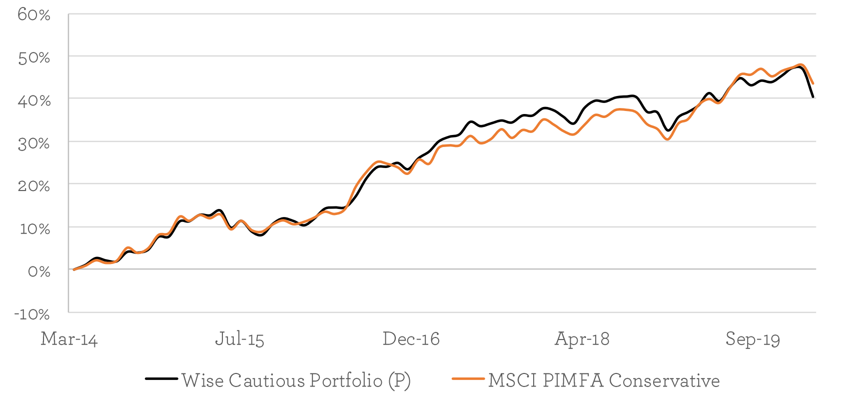
## PORTFOLIO MANAGEMENT

### ROBERT BLINKHORN

Head of Investment Management

Robert joined Wise Investment in July 2017 and has 17 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.

## PERFORMANCE SINCE LAUNCH




## Key Portfolio Details

| | |
|---|---|
| **Launch Date** | 28th March 2014 |
| **Holdings** | 10 |
| **Historic Yield**[1] | 3.7% |
| **Volatility**[2] | 5.2% |
| **Benchmark** | MSCI PIMFA Conservative |
| **Model OCF**[3] | 0.6% |
| **Service Fee**[4] | 1.4% |

## CUMULATIVE PERFORMANCE

| | 3m | 6m | 1yr | 3yr | 5yr | Launch |
|---|---|---|---|---|---|---|
| Wise Cautious Portfolio (P) | -3.4% | -1.9% | 2.6% | 8.0% | 26.2% | 40.5% |
| MSCI PIMFA Conservative | -2.0% | -1.4% | 6.1% | 11.7% | 28.8% | 43.4% |

## DISCRETE ANNUAL PERFORMANCE

| | 28/02/2019 29/02/2020 | 28/02/2018 28/02/2019 | 28/02/2017 28/02/2018 | 29/02/2016 28/02/2017 | 28/02/2015 29/02/2016 |
|---|---|---|---|---|---|
| Wise Cautious Portfolio (P) | 2.6% | 0.8% | 4.4% | 16.2% | 0.5% |
| MSCI PIMFA Conservative | 6.1% | 2.1% | 3.1% | 14.5% | 0.7% |

## 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. 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 February, global equities were lower by just over -5.5% driven by fears over the impact of Covid-19 on the global economy. The slide in equity markets that started towards the end of January gained momentum in February leading to an official correction (a fall of 10% or more) in equity prices with some markets heading towards the definition of a bear market (a fall in excess of 20%). One of the largest sectors in the global listed market is the Financials sector, making up over 20% of total equities by market value. In the main, the constituents are Banks and Insurers but it also includes a substantial amount of property companies. Given its size, the performance of this group of businesses has a significant effect on the overall return from equities. The largest constituents, major American banks such as JP Morgan, Bank of America and Wells Fargo saw substantial declines over the month. Typically, deposit taking institutions will experience earnings declines as the difference between short term interest rates (their borrowing rate) and longer term interest rates (their lending rate) falls. In addition, as investor sentiment and economic activity weakens, this also impacts the earnings of companies that are reliant on mercantile activity. This makes the sector sensitive to the economic cycle.

Domestically, a weaker pound meant that the UK equity market performance was significantly worse than other country and regional markets. For the last 18 months there has been a substantial level of underperformance of the UK equity market versus the rest of the world. Coupled with recent falls, UK equities now look to offer compelling value against other markets.

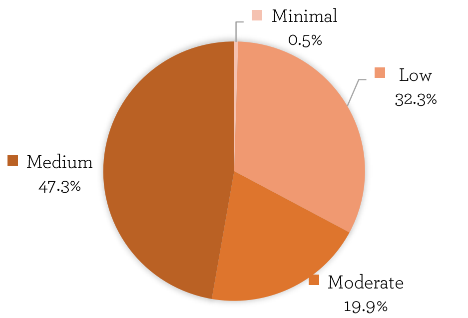
UK listed Real Estate securities were not immune to the general rout in equities. The UK sector fell by more than 6% in February. By stark contrast, the direct property market was flat. Often, general investor sentiment towards equities can disproportionately impact the valuation of listed property companies versus the value of their underlying assets. Price moves in February appear to be such an occasion, creating potential value in listed real estate assets.

UK Government Bonds were higher, with yields in the UK Gilt market falling back to the unattractive lows seen towards the end of last year. A rush for safe haven assets as well as central bankers indicating that they would factor in the impact of the spread of Covid-19 into ongoing easy monetary policy provided a pressure on yields and rise in government bond prices. Credit fared less well with a diminishing risk appetite offsetting any tightening of yields. Consequently, corporate bonds were slightly lower in February whilst High Yield bonds were around -1% lower for the month.

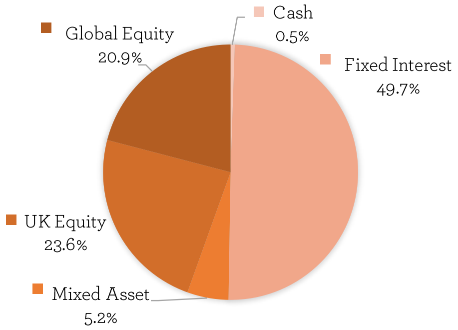
## HOLDINGS

| | |
|---|---|
| Royal London Short Duration Gilts | 7.5% |
| M&G Strategic Corporate Bond | 14.9% |
| TwentyFour Absolute Return Credit | 10.0% |
| Royal London Short Duration Global High Yield | 14.9% |
| BNY Mellon Real Return | 5.0% |
| BMO Property Growth & Income | 5.0% |
| JOHCM UK Equity Income | 7.5% |
| TB Wise Multi-Asset Income | 14.9% |
| Artemis Global Income | 10.0% |
| M&G Securities Global Dividend | 10.0% |
| Cash | 0.5% |

## ASSET RISK




## ASSET ALLOCATION

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### IMPORTANT INFORMATION