

WISE INVESTMENT LIMITED BALANCED

Pershing

MONTHLY FACTSHEET

all data as at 31st December 2020

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 line with the MSCI PIMFA Balanced 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 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 (using month-end data)



CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	Launch
Wise Balanced Portfolio (P)	2.2%	8.8%	9.1%	-1.9%	7.6%	39.4%
MSCI PIMFA Balanced	2.2%	7.4%	7.6%	1.9%	12.8%	45.1%

DISCRETE ANNUAL PERFORMANCE

	31/12/2019	31/12/2018	31/12/2017	31/12/2016
	31/12/2020	31/12/2019	31/12/2018	31/12/2017
Wise Balanced Portfolio (P)	-1.9%	15.2%	-4.7%	11.9%
MSCI PIMFA Balanced	1.9%	16.2%	-4.8%	9.9%

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.

Key Portfolio Details

Launch Date	3rd March 2016
Holdings	11
Historic Yield ¹	2.4%
Volatility ²	13.1%
Benchmark	MSCI PIMFA Balanced
Model OCF ³	0.7%
Service Charge ⁴	2.1%

Contact Details

Wise Investments Ltd
The Long 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 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

In December, global equities built on their performance from the month before with returns higher by just over 1.8%. This was despite strength in sterling which dampened returns from overseas markets. Asian and Emerging markets led regional returns as investors chose to load up on risk. Optimism about the vaccine and looking through to a recovery in the second half of 2021 appear to have been the main drivers. However, valuations that were already looking fairly full at the beginning of the month based on a reasonable recovery in earnings are now looking even more ebullient. This strong enthusiasm for equities at the current time is understandable - good news associated with vaccines being delivered to the public, stimulus payments making their way through legislature hurdles and central banks remaining very much focussed on providing support for their respective economies all help foster a positive attitude towards risk. However, the near-term growth required in the fundamentals, such as earnings and dividends, to support such prices appears ever more fanciful as markets climb. To us, this implies an unattractive return from equity markets going forward.

Of course, to posit that equity markets may decline at some point is hardly earth-shattering news. Market declines often require an event of some sort to trigger them and spotting these in advance and successfully acting upon them is exceptionally tricky. Indeed, working out the actual gravity of any given event as markets are falling usually takes longer than it takes prices to fall to an overly pessimistic level. It is our view, therefore, that it would be foolhardy to believe that one might be able to fully enjoy a rise in the stock market and then withdraw just before prices revert. To that end, we have gradually been reducing our equity exposure since the summer and have been adding to less volatile and more defensive investment strategies. Although this reduces the possibility of making gains from further stock market rises, it also tempers the impact of any future decline which may be far more dramatic. It also provides additional capacity to add to equities should they begin to offer more attractive value in the future.

In fixed income, UK bonds delivered attractive returns across the credit spectrum led by Gilts. Despite the confidence in risk assets, yields on bonds have remained remarkably low. Low overnight rates and ongoing central bank asset purchases are supporting not only the bond market but other investments as well. It is worth noting that the quantitative easing and low interest rate program in the UK and EU that was originally designed to help ease the effects of the Great Financial Crisis over 10 years ago is now evolving into something of a financing mechanism for dealing with the costs of the coronavirus epidemic. This may be setting a dangerous precedent with central banks becoming permanent financiers to their respective sovereign nations and the endless creation of money to facilitate borrowing. The ultimate consequences of this are not clear but inflation rising rapidly and a growing level of wealth inequality are two possible outcomes. Note that the former does not appear to have been problematic after a decade of quantitative easing although wealth dispersion does appear to have become even less balanced and further exacerbated by fiscal policy.

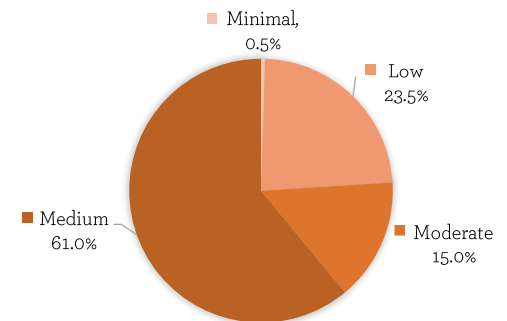
As a final note, physical property returns were muted in December whilst UK listed real estate captured the general rally in UK equity markets. Our views on commercial property remain consistent with previous recent commentaries.

As reported in the 30 June 2020 factsheet commentary, generating income in current markets continues to be a challenge and the weighted average yield on the portfolio is currently running below the target yield. We continue to monitor this closely ad to balance the demands of the yield target with the objective to achieve capital growth.

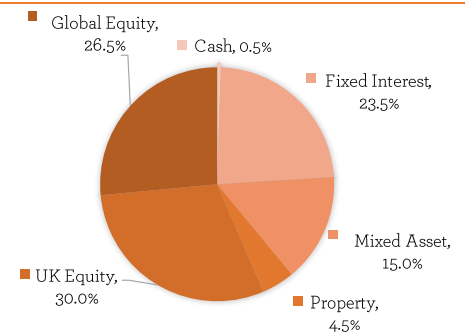
HOLDINGS

Name	Weight	OCF
TwentyFour Absolute Return Credit	15.0%	0.36%
L&G All Stocks Gilt Index Trust	8.5%	0.15%
BNY Mellon Real Return	15.0%	0.80%
BMO Property Growth & Income	4.5%	1.02%
JOHCM UK Equity Income	6.5%	0.67%
Trojan Income	15.0%	0.86%
TB Wise Multi-Asset Income	8.5%	0.63%
TB Evenlode Global Income	10.5%	0.55%
Invesco Global Equity (UK)	10.0%	0.92%
M&G Securities Global Dividend	6.0%	0.86%
Cash	0.5%	0.0%

ASSET RISK



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.

