

# WISE INVESTMENT LIMITED BALANCED

## Pershing

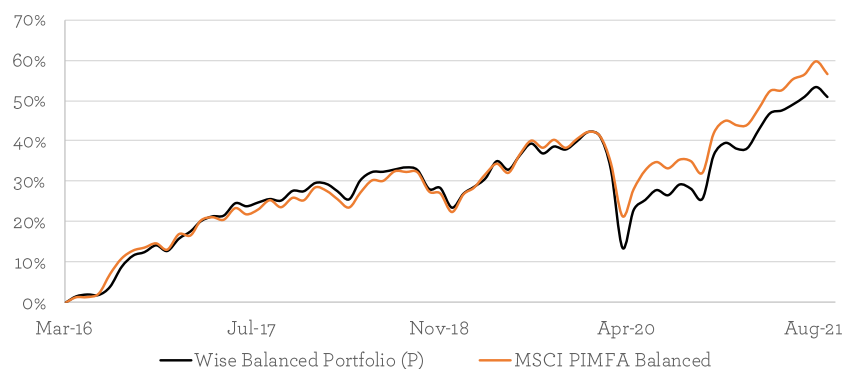
### MONTHLY FACTSHEET

all data as at 30th September 2021

## 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   | 5yr   | Launch |
|-----------------------------|-------|------|------|-------|-------|-------|--------|
| Wise Balanced Portfolio (P) | -1.6% | 1.2% | 5.6% | 17.7% | 13.6% | 34.0% | 50.8%  |
| MSCI PIMFA Balanced         | -2.0% | 0.8% | 5.7% | 16.0% | 18.4% | 37.8% | 56.7%  |

## DISCRETE ANNUAL PERFORMANCE

|                             | 30/09/2020 | 30/09/2019 | 30/09/2018 | 30/09/2017 | 30/09/2016 |
|-----------------------------|------------|------------|------------|------------|------------|
|                             | 30/09/2021 | 30/09/2020 | 30/09/2019 | 30/09/2018 | 30/09/2017 |
| Wise Balanced Portfolio (P) | 17.7%      | -7.5%      | 4.4%       | 6.0%       | 11.3%      |
| MSCI PIMFA Balanced         | 16.0%      | -3.8%      | 6.1%       | 7.0%       | 8.8%       |

## PORTFOLIO MANAGEMENT



### ROBERT BLINKHORN

Head of Investment Management

Robert joined Wise Investment in July 2017 and has 18 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 <sup>1</sup> | 2.0%                |
| Yield Target                | 2.5%+               |
| Volatility <sup>2</sup>     | 13.1%               |
| Benchmark                   | MSCI PIMFA Balanced |
| Model OCF <sup>3</sup>      | 0.6%                |
| Service Charge <sup>4</sup> | 2.1%                |

## Contact Details

|                      |  |
|----------------------|--|
| Wise Investments Ltd |  |
| The Great Barn       |  |
| Chalford Park Barns  |  |
| Chipping Norton      |  |
| OX7 5QR              |  |
| Switchboard:         | 01608 695100   |
| Website:             | <a href="http://www.wiseinvestment.co.uk">www.wiseinvestment.co.uk</a> |

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.

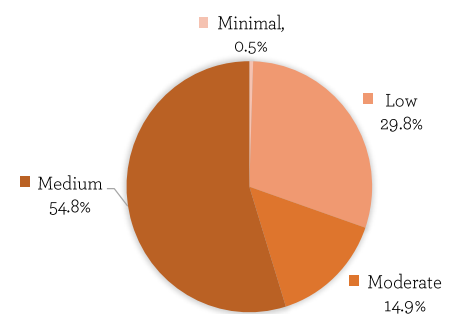




## HOLDINGS

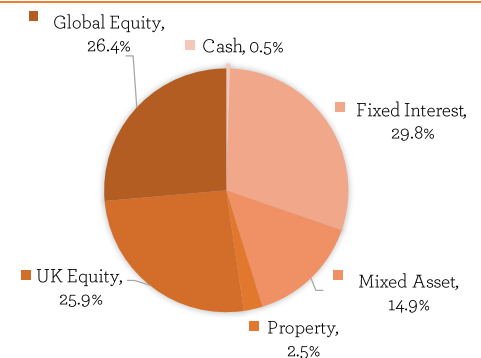
| Name                              | Weight | OCF   |
|-----------------------------------|--------|-------|
| TwentyFour Absolute Return Credit | 14.9%  | 0.35% |
| L&G All Stocks Gilt Index Trust   | 14.9%  | 0.15% |
| BNY Mellon Real Return            | 14.9%  | 0.80% |
| BMO Property Growth & Income      | 2.5%   | 1.02% |
| JOHCM UK Equity Income            | 5.5%   | 0.67% |
| Trojan Income                     | 12.9%  | 0.86% |
| TB Wise Multi-Asset Income        | 7.5%   | 0.67% |
| TB Evenlode Global Income         | 10.4%  | 0.55% |
| Invesco Global Equity (UK)        | 10.0%  | 0.92% |
| M&G Securities Global Dividend    | 6.0%   | 0.66% |
| Cash                              | 0.5%   | 0.0%  |

## ASSET RISK



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

## ASSET ALLOCATION



## MONTHLY COMMENTARY

In September, global equities fell by just over 2% with the Japanese equity market being a notable exception, higher by almost 5% for the month (both in sterling terms). Consistent with a period of risk aversion, sterling weakened against other major currencies. Rapidly rising energy prices, supply disruptions and credit issues with the Chinese property giant, Evergrande, all weighed on market sentiment.

Oil has moved back to around \$80 per barrel, up some 300% from its recent lows in April 2020 when demand slumped and supply wasn't correspondingly cut. Gas prices have also risen dramatically, particularly in Europe, where renewed demand against reduced supply and low reserves have caused prices to spike. Similarly, coal prices have been driven higher on a resurgence in global demand. To put this into some longer-term historical context, however, oil prices are below the peaks seen during and shortly after the Great Financial Crisis where prices were regularly in excess of \$100 a barrel. The sharp rise in gas prices has been less acute in the US due to an availability of a domestic supply. However, in Europe, a combination of low inventory levels due to a cold winter, insufficient energy supply from renewables, demand from China and a reported reduced supply from Russia has created a more severe price surge. Likewise, coal (still the largest source of Chinese electricity) has also seen substantial rises as industrial demand resumes.

There are a number of secondary impacts caused by these commodity price rises. Firstly, there is the inflationary aspect as in the short term, there are pressures on costs for both businesses and individuals. There are numerous reports of businesses in the chemicals sector where gas is a component of their production process meaning manufacturing activity has had to be curtailed. Consequently, consumers may also find products more expensive, assuming they can find them in the first place. Governments may choose to try and subsidise these costs but this is expensive and could eventually lead to forms of rationing. Secondly, demands for wages could also escalate, especially where labour supply is short and the required skills in the job market post Covid differ substantially from those before the pandemic creating sustained inflation without additional productivity. Pressures on the labour market are also further exacerbated in the UK by Brexit. These are all factors that will be a drag on the global economy if they take hold, and as a result, share prices are currently feeling the effect of these concerns.

Added to these pressures is the impact of Chinese authorities reigning in the corporate sector. Technology platforms, education providers and (more recently making headline news) property developers such as Evergrande have all been affected by a tightening of regulations. Evergrande's own troubles stem from changes to the allowable amount of borrowing it can operate with and it has been forced to sell many of its properties at discounts in order to comply with the new rules and reduce its debt levels. It is now struggling to maintain interest payments on its existing debt pile which remains expansive both in terms of the amount and the number of creditors that could be affected by a failure of the business (not to mention suppliers and customers). Given the potentially disastrous outcome an outright failure of the business could have on the Chinese economy, there is a sense that the Chinese government will provide some kind of support. However, bailing out businesses can send the wrong signal to company bosses and China choosing to pursue the 'Lehman option' shouldn't be ruled out entirely.

Negative returns were not limited to equities. Interest rates rose sharply around the world in September which depressed bond prices. Central banks have recently been providing more clarity over their withdrawal of monetary support for markets through bond purchases and low interest rates and rising prices may lead central banks to act more quickly in raising interest rates if they believe inflation could become a longer-term feature. Until recently, the message from various monetary policy setters around the world had been that the swift rise in annual inflation was a temporary phenomenon caused by low base effects and supply/demand imbalances. However, that conviction has softened with a concession that inflation may be here for longer than initially anticipated.

Our main concern though is that equity markets have priced in a much stronger recovery than is feasible in the short term and that the fiscal and monetary pillars that investors have thus far relied on to support prices will not be replaced by dramatically expanded productivity levels. Therefore, staying light of risk, be that equity sensitivity or rising interest rates, remains our focus as we await improved conditions for investing capital.

As first 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 and to balance the demands of the yield target with the objective to achieve capital growth.

### 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.

