Issue date: April 2021

WISE INVESTMENT LIMITED CAUTIOUS

Pershing

WISE INVESTMENT
PLANNING FOR LIFE

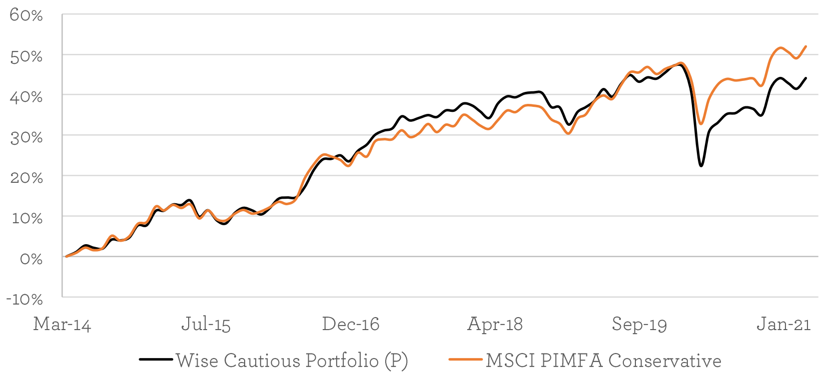
MONTHLY FACTSHEET

all data as at 31st March 2021

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.

PERFORMANCE SINCE LAUNCH (using month-end data)



CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	5yr	Launch
Wise Cautious Portfolio (P)	1.8%	0.0%	5.6%	17.5%	7.3%	26.1%	44.0%
MSCI PIMFA Conservative	1.9%	0.2%	5.5%	14.4%	15.5%	33.8%	51.9%

DISCRETE ANNUAL PERFORMANCE

	31/03/2020 31/03/2021	31/03/2019 31/03/2020	31/03/2018 31/03/2019	31/03/2017 31/03/2018	31/03/2016 31/03/2017
Wise Cautious Portfolio (P)	17.5%	-11.5%	3.2%	2.4%	14.7%
MSCI PIMFA Conservative	14.4%	-4.1%	5.2%	2.0%	13.6%

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	28th March 2014
Holdings	11
Historic Yield[1]	1.8%
Volatility[2]	7.5%
Benchmark	MSCI PIMFA Conservative
Model OCF[3]	0.5%
Service Charge[4]	2.0%

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

In March, global equities delivered just over 4.7% in sterling terms with banking and other financial related stocks leading the contribution to return. This performance was driven by a sustained rise in interest rates and improving sentiment towards the economy as there is a sense of a return to some sort of pre-Covid normalcy. Since November of last year, there has been a clear rotation in the performance of underlying equity market sectors. A year ago, investors shunned businesses that are more economically sensitive such as those involved in banking, commodities or industrial enterprises and therefore they declined further in the panic and underperformed in the initial recovery. However, more recently, investors have now switched their attention to these sectors as they look for relative value and are more at ease with the economic backdrop.

Our concerns remain that investors have generally bid up prices of stocks to a point that not only reflects a full recovery from the effects of Covid but assumes significant additional growth. Prior to the lockdown that had such a severe negative impact on corporate profits around the world, earnings growth had been what could be best described as lacklustre for over 12 months. According to the data we analyse, during the lockdown global corporate annual earnings declined around -15% from the end of February to the end of August 2020. Since the end of summer, annual earnings have made a steady recovery and are around 7% below their pre-pandemic levels. Crucially, our data and investment models suggest that earnings need to grow by another 50% to justify current price levels. Although not impossible (after a severe decline in earnings one might naturally expect a strong recovery), historically annual earnings growth has tended to peak around 25% in a recovery period. This has also tended to be short lived, with annual growth being below the c. +5% average in subsequent years after the peak and often negative for a period. So although we cannot entirely rule out a multi-year compounding of earnings recovery and accretion that go substantially beyond previous levels, this does seem a little over enthusiastic to us. Yet despite our caution, we wouldn't necessarily be so bold as to identify a point in time when this sustained price appreciation might unravel either. Therefore, our approach is to gradually reduce exposure to what we consider more expensive assets over time into more attractive areas. This helps provide capital protection during periods of volatility and also provides the ability to reallocate to more volatile investments as and when they decline to more amenable price levels.

After being very positive on equity valuations a year ago we have gradually been reducing our exposure since the summer. We will continue this process as equity market prices appreciate faster than underlying fundamentals. This is consistent with our belief that identifying investments are expensive is much simpler (and very different) from identifying when prices are going to correct. Consequently, we will continue to capture as much of what we consider might be irrational exuberance whilst prudently balancing this against an appropriate level of diversification to protect against any future pitfalls.

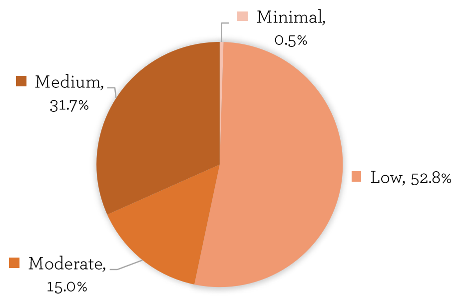
In Commercial Property, physical property delivered flat returns whilst UK listed businesses rose (albeit behind the broader market). Fixed interest securities were also largely flat. The exception was index linked bonds which saw a relatively strong performance as investors continued to reflect expectations of higher inflation by widening the difference in yields between nominal and inflation protected bonds. Currencies were mixed with the yen and euro lower against sterling whilszzt the dollar was stronger. This mirrored the relative strength in recovery in the UK economy versus its international peers.

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.

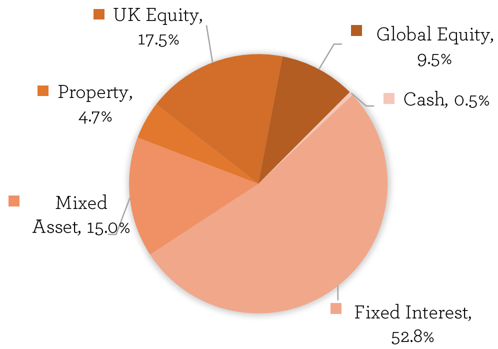
HOLDINGS

Security	Weight	OCF
Royal London Short Duration Gilts	10.5%	0.22%
M&G Strategic Corporate Bond	12.3%	0.41%
TwentyFour Absolute Return Credit	15.0%	0.36%
L&G All Stocks Gilt Index Trust	15.0%	0.15%
BNY Mellon Real Return	15.0%	0.80%
BMO Property Growth & Income	4.7%	1.02%
Trojan Income	9.0%	0.86%
TB Wise Multi-Asset Income	8.5%	0.63%
TB Evenlode Global Income	6.0%	0.55%
M&G Securities Global Dividend	3.5%	0.66%
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.