

# WISE INVESTMENT LIMITED BALANCED

Pershing

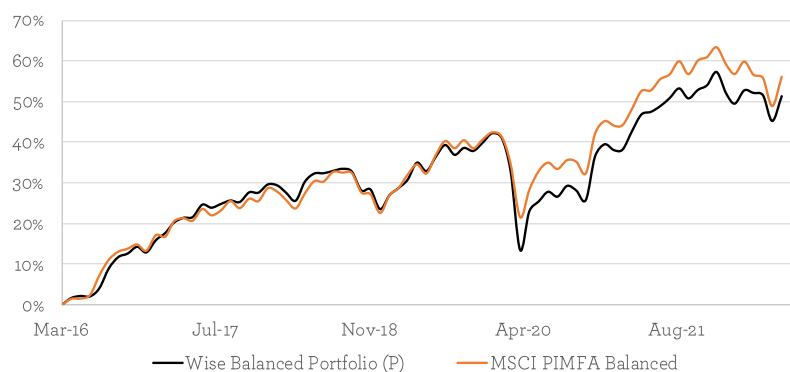
## MONTHLY FACTSHEET

all data as at 31st July 2022

### PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Balanced Model Portfolio is designed for clients who are looking for a total return 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 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)	4.2%	-0.5%	-0.5%	0.3%	8.6%	21.3%	51.3%
MSCI PIMFA Balanced	4.9%	-0.3%	-1.9%	-0.4%	11.3%	26.7%	56.0%

### DISCRETE ANNUAL PERFORMANCE

	31/07/2021	31/07/2020	31/07/2019	31/07/2018	31/07/2017
	31/07/2022	31/07/2021	31/07/2020	31/07/2019	31/07/2018
Wise Balanced Portfolio (P)	0.3%	19.2%	-9.1%	4.8%	6.5%
MSCI PIMFA Balanced	-0.4%	17.5%	-4.9%	5.7%	7.7%

### PORTFOLIO MANAGEMENT



**ROBERT BLINKHORN**

Head of Investment  
Management

Robert joined Wise Investment in July 2017 and has 20 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

<b>Launch Date</b>	3rd March 2016
<b>Holdings</b>	11
<b>Historic Yield<sup>1</sup></b>	3.2%
<b>Volatility<sup>2</sup></b>	13.2%
<b>Benchmark</b>	MSCI PIMFA Balanced
<b>Model OCF<sup>3</sup></b>	0.8%
<b>Service Charge<sup>4</sup></b>	2.2%

### 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 July, global equities rose by 7.7% in sterling terms after retreating the previous month. The recovery was consistent across developed markets although Asia ex Japan and Emerging Market indices lagged with small negative returns for July. US equities led performance with a bounce back in Technology companies that have been under pressure year to date. Mid-month we increased exposure to US Technology shares (and US equities generally) as prices fell below a level we felt represented fair value.

Listed real estate also showed strong returns on the back of a weak performance in June. As with US equities, investors had become disenchanted with property companies which had steadily fallen in value over the course of the year on bearish sentiment over the economy, inflation and the interest rate cycle. Again, this deterioration in value appeared overextended as, by July, underlying current and expected fundamentals suggested fair value was higher than current prices. As above, we increased the property holdings in the portfolio halfway through the month in anticipation of attractive returns going forward.

The improved tone in financial markets resulted from a growing sense that inflation may be reaching its peak, and that interest rates may not have to rise by as much as had been feared. The more positive sentiment seen in share markets was evident in fixed interest too – fixed interest securities tend to lose value when interest rates are rising, so lower interest rate expectations are positive for the sector. Price recoveries were seen right across the fixed interest markets, with inflation-linked securities the top performers. In such a market the more volatile high-yielding issues usually perform best, and we added to higher-yielding credits in mid-month, at a time when the price difference between high-yield and the safer, lower-yield stock was at a historically high level. This move has been beneficial for the portfolios in the short time since we made it, as high-yield stocks have rebounded from their mid-July lows.

In the Balanced model portfolio, returns were 4.2% in July. This was behind the MSCI PIMFA Balanced index that returned 4.9%. Underperformance was largely due to weaker returns from the BNY Mellon Real Return fund which was hampered by its gold exposure. In addition, strong returns from equity holdings were not fully reflected in performance due to the differences in timing for valuing the portfolio against the benchmark. This latter effect will correct in August.

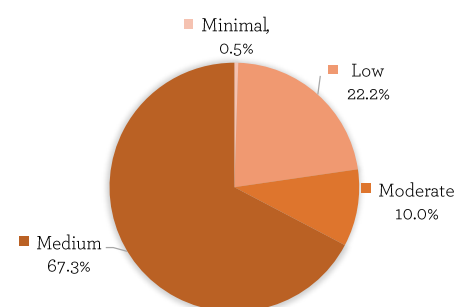
Leading the contribution to returns from the portfolio were Fundsmith Equity and JOHCM UK Equity Income. Both funds were added to the portfolio in July in order to increase exposure to attractively priced equities in Technology, Financials and Commodity sectors. In addition, credit exposure was increased by purchasing the high yield bond fund Schroder Credit. This was funded by selling what are traditionally lower volatility positions such as Vontobel TwentyFour Absolute Return Credit and Royal London Short Duration Gilts.

By mid-July, prices of most assets we invest in had moved back to a level we felt was more appealing. Consequently, we reduced the cash and other low volatility positions of the portfolios and added to risk through both equity and bond exposure. Prices have recovered but remain volatile and we maintain some additional capacity to add to risk assets should the recent fillip prove short lived or indeed we may take profits should asset prices rapidly recover to levels we saw earlier in the year.

## HOLDINGS

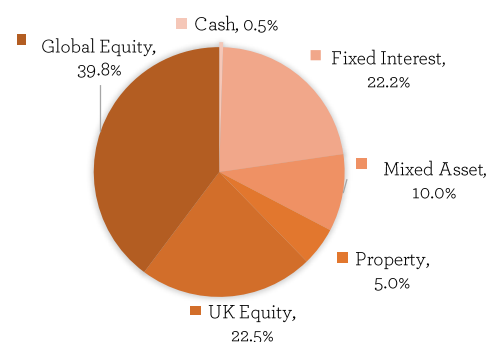
Name	Weight	OCF
M&G Strategic Corporate Bond	7.3%	0.41%
Schroder Strategic Credit	14.9%	0.77%
BNY Mellon Real Return	10.0%	0.79%
CT Property Growth & Income	5.0%	1.03%
JOHCM UK Equity Income	11.5%	0.67%
Trojan Income	5.5%	0.87%
TB Wise Multi-Asset Income	5.5%	0.71%
Fundsmith Equity	14.9%	0.94%
BNY Mellon Global Infrastructure Income	10.0%	0.81%
M&G Securities Global Dividend	14.9%	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



## 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.

