

WISE INVESTMENT LIMITED - DEFENSIVE PERSHING

MONTHLY FACTSHEET

all data as at 31st October 2023

PORTFOLIO MANAGEMENT



ROBERT BLINKHORN

Head of Investment Management

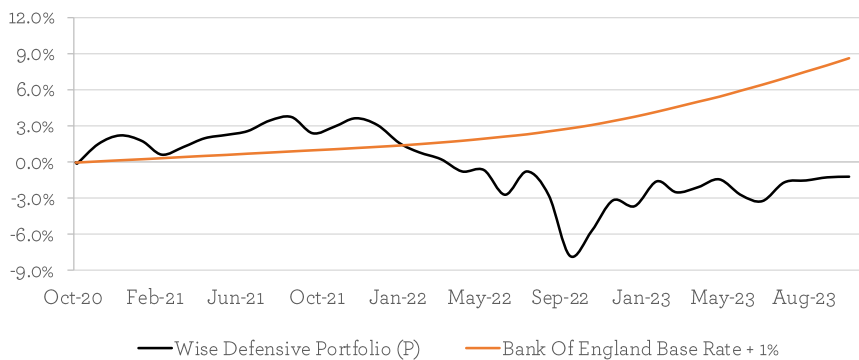
Robert joined Wise Investment in July 2017 and has 20 years' experience in managing private client multi asset class portfolios. His main responsibility is the selection of suitable investments for portfolios and ensuring our investment service meets your requirements.

Robert successfully passed all three level of the Chartered Financial Analyst (CFA) exams gaining the qualification in 2006.

PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Defensive Model Portfolio is designed for clients who are looking for a total return in line with Bank of England Base rate + 1% over a 5 to 10 year period 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 is selected with no more than 40% invested in 'medium' risk assets, such as shares and property. The balance of at least 60% 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 defensive risk profile.

PERFORMANCE SINCE LAUNCH (using month-end data)



Key Portfolio Details

Launch Date	29th October 2020
Holdings	10
Historic Yield¹	4.2%
Volatility²	5.1%
Benchmark	BoE Base Rate + 1.0%
Model OCF³	0.5%
Service Charge⁴	1.8%

CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	Launch
Wise Defensive Portfolio (P)	0.1%	0.5%	0.2%	4.8%	-1.2%
Bank Of England Base Rate + 1%	0.5%	1.5%	3.0%	5.3%	8.6%

DISCRETE ANNUAL PERFORMANCE

	31/10/2022	31/10/2021
	31/10/2023	31/10/2022
Wise Defensive Portfolio (P)	4.8%	-8.4%
Bank Of England Base Rate + 1%	5.3%	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 The Model OCF calculates the annual charges levied by the underlying fund holdings according to the model portfolio weights

3 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

Global equities were lower in October by almost -2.5% with UK equities down more than most other markets, losing over -4% for the month. Large cap banks such as HSBC, Barclays and NatWest were the most significant contributors to negative returns from the UK equity market. Investors speculated over whether banks would be able to maintain revenues if interest rates have indeed peaked with competitive and political pressure requiring them to increase funding costs, adding to their woes. Both factors squeeze margins and with the prospect of sluggish economic growth share prices in the banking sector have suffered. In addition, Natwest Group have also been battling specific issues around the removal of banking services from Nigel Farage and poor communication on the matter subsequently. This has forced the resignation of Natwest's CEO, Alison Rose and caused further disquiet amongst shareholders.

There are potentially attractive returns from the Banking sector going forward with compelling share price to asset ratios and yields. However, both dividends and earnings also look as though they are either at or nearing cyclical peaks so one also needs to be wary of the possibility of some degradation in the absolute fundamentals especially considering the above factors.

Listed UK Real Estate was also lower albeit by roughly half that of the broader UK equity market. We have written at length in these commentaries on our positive view of listed real estate valuations despite the many challenges for the sector. Our position here remains unchanged.

Finally, in fixed income, markets were broadly lower with weakness from both rising interest rates and declining risk appetite. This affected securities across the risk spectrum from UK Gilts to high yield. Although, it is worth noting that shorter maturity bonds delivered positive returns as near-term interest rates actually declined i.e. rates over 1-3 years as opposed to overnight rates set by the Bank of England. We continue to be constructive on particular parts of the fixed income market such as short maturity investment grade and the high end of sub investment grade credit. This area is currently benefitting from relatively high rates whilst having limited sensitivity to changes in both interest rate and sentiment towards risk compared to equivalent longer-term bonds.

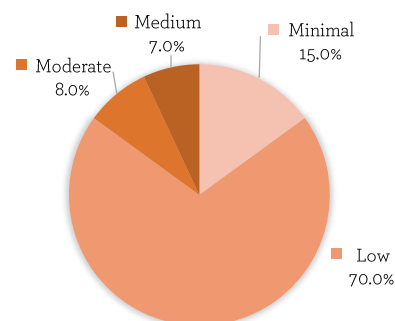
In the Defensive model portfolio, returns were higher by 0.1%. This was behind the Bank of England Base Rate + 1% benchmark at 0.5%. Returns were driven by short-dated credit exposure where a combination of higher yields and declining short term interest rates worked well. Detracting from performance was our allocation towards the multi asset fund BNY Mellon Real Return that has significant exposure to equities and longer dated credit.

Weak performance from assets in October has improved our expectation of future returns across asset classes having been a little more cautious at the beginning of August. This led to us reducing exposure to equities and longer dated government bonds in particular. With this improvement in valuations, we will look to identify which areas we believe offer attractive returns and allocate accordingly.

HOLDINGS

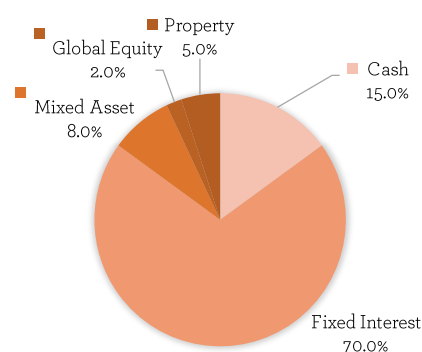
Name	Weight	OCF
Premier Miton UK Money Market	14.5%	0.16%
Schroder Strategic Credit	15.0%	0.77%
M&G Strategic Corporate Bond	10.0%	0.43%
L&G Short Dated Sterling Corporate Bond	15.0%	0.14%
M&G UK Inflation Linked Corporate Bond	15.0%	0.43%
TwentyFour Absolute Return Credit	15.0%	0.35%
BNY Mellon Real Return	8.0%	0.94%
CT Property Growth & Income	5.0%	1.03%
BNY Mellon Global Infrastructure Income	2.0%	0.53%
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.

