

# WISE INVESTMENT LIMITED - INCOME

Pershing

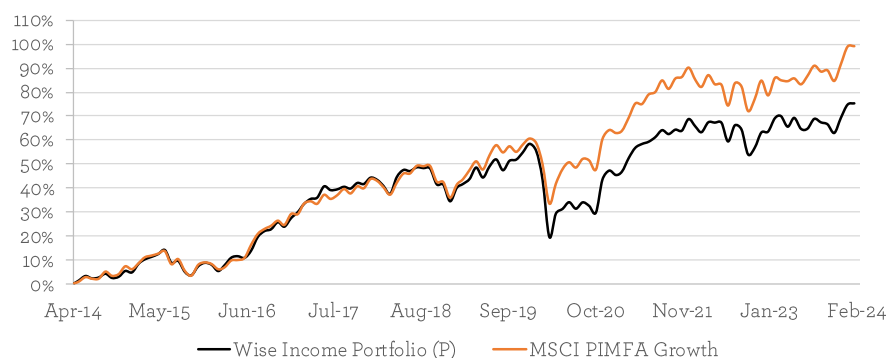
## MONTHLY FACTSHEET

all data as at 31st January 2024

### PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Income Model Portfolio is designed for clients who are looking for a level of income plus capital growth in line with the MSCI PIMFA Growth 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 3.5% or more per year. The Portfolio invests 60-100% in 'medium' risk assets, such as shares and property and can include up to 20% in 'high' risk assets such as shares in specific countries and industries. The Portfolio can also invest up to 40% in 'lower' or 'minimal' risk assets such as higher quality company debt and cash. We therefore consider the portfolio to be suitable for those willing to adopt a medium risk profile.

### PERFORMANCE SINCE LAUNCH (using month-end data)



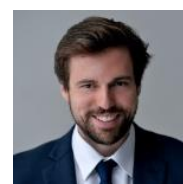
### CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	5yr	Launch
Wise Income Portfolio (P)	0.3%	7.6%	3.8%	3.7%	20.6%	25.2%	75.1%
MSCI PIMFA Growth	0.1%	7.9%	4.3%	7.2%	22.3%	41.0%	99.3%

### DISCRETE ANNUAL PERFORMANCE

	31/01/2023	31/01/2022	31/01/2021	31/01/2020	31/01/2019
Wise Income Portfolio (P)	3.7%	2.1%	13.9%	-6.4%	11.0%
MSCI PIMFA Growth	7.2%	0.4%	13.6%	2.7%	12.3%

### PORTFOLIO MANAGEMENT



#### WILLIAM GEFFEN

Head of Investment Management

William joined Wise Investment in November 2023 and has 4 years' experience in managing equity funds. His main responsibility is the selection of suitable investments for portfolios and ensuring our investment service meets your requirements.

William successfully passed all three level of the Chartered Financial Analyst (CFA) exams gaining the qualification in 2021.

### Key Portfolio Details

Launch Date	9th April 2014
Holdings	11
Historic Yield <sup>1</sup>	4.3%
Yield Target	3.5%+
Volatility <sup>2</sup>	8.5%
Benchmark	MSCI PIMFA Growth
Model OCF <sup>3</sup>	0.6%
Service Charge <sup>4</sup>	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

January saw a solid start to the year of 2024 off the back of a strong year in 2023.

Global equities returned 1.31% (in sterling) largely driven by the world's largest market, the US, returning 1.64%, off the back of gathering optimism around the health of the US economy and enthusiasm for the handful of megacap tech companies that have driven US stock returns over the past year. Another notably strong geography in January was Japan which returned 4.73% despite yen slipping 3.45% vs sterling. This caps a strong 1 year rolling performance for Japan (second only to the USA) and comes as a result of improving sentiment around Japanese corporate governance with the Tokyo exchange cracking down on poor stakeholder practices. Japanese equities have traded at a substantial discount for a long time due to the perceived poor capital discipline, often resulting in many companies trading below their net asset value or even below their net cash/working capital. The recent changes have begun to close this gap and have led to Japanese equity indices hitting (long overdue) highs not seen for 30+ years.

Elsewhere Europe returned a modest 0.35% and the UK lagged, returning -1.33%. Asia ex-Japan performed poorly returning -5.35% with the wider emerging markets buckets similarly returning -4.35%, both dragged down by worsening sentiment over Chinese equities, where despite the impressive economic performance, the Hang Seng index is back to levels it was 20 years ago. There is to believe a turnaround is near, with clear signals from the CCP that it wants to help reestablish a better investment ecosystem, along with a potential positive economic catalyst with the auspicious year of the dragon just about to begin. While emerging markets pose an appetising opportunity to adventurous investors to invest in a beaten down market, this must be done with caution and careful discretion.

In fixed income, yields rose slightly as the US federal reserve dampened expectations of a March rate cut due to continued economic strength and inflation not yet fully back to desired levels for a meaningful period of time. Other central banks like the UK's BOE indicated similarly although driven more so by elevated inflation rather than economic strength.

The rise in yields led to better performance from short-dated cash equivalents, which returned 0.41% and high yield bonds (being less rate-sensitive) which returned 0.73%. Inflation Linked Gilts performed worst, returning -5.24%, followed by standard Gilts returning -2.27% and corporate bonds returning -0.87%.

Real estate also suffered a degree due to rising rates with the more sensitive listed liquid index returning -2.2% and the less sensitive (less frequently priced!) direct property index returning -0.36%.

The Income model returned 0.88 ahead of 0.10% for the benchmark (PIMFA Growth). This return was anchored by a solid performance from our exposure to global equities as well as low duration bond portfolio avoiding the volatility that high duration credit that the PIMFA index is exposed to.

We haven't made any significant changes to the Income model portfolio this month. We continue to have lower duration and credit risk in the bond portion of the portfolio, favouring higher quality and shorter dated securities and solid global equity exposure. We have a modest 15% position in the JOHCM UK equity income fund to capture the substantial discount we see in the traditional "deep value" parts of the UK market. We also have small 5% exposure to emerging markets through the impressive Artemis SmartGARP Global Emerging Markets fund to capture the extreme discount emerging markets currently trade at compared to developed market equities.

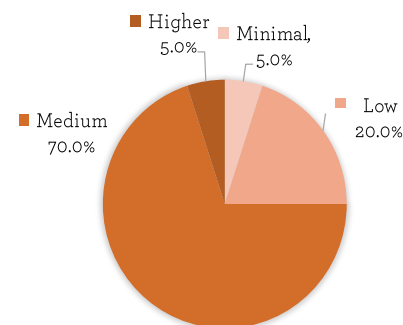
We also retain a small position in the CT property fund, as we continue to see value in this down beaten asset class as shown by the depressed prices in commercial properties and large net asset value discounts in listed real estate trusts.

We have undergone various changes to model portfolios recently with the change in Head of IM role in November, with a new focus on addressing markets on a more global basis, rather than the disproportionate focus on the UK within our PIMFA benchmarks. Additionally, we are now utilising more low fee passive index funds in order to better capture global equity exposure while also reducing underlying fees paid by clients. Both these changes, we hope will help boost long term returns and client outcomes. Most of these changes were implemented in late November and early December.

## HOLDINGS

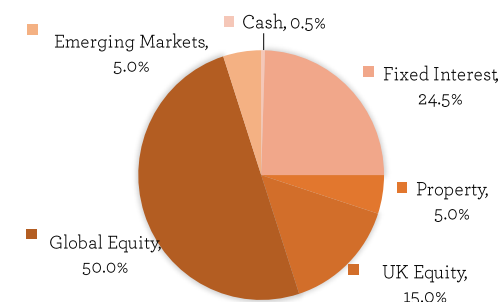
Name	Weight	OCF
Premier Miton UK Money Market	4.5%	0.26%
TwentyFour Absolute Return Credit	20.0%	0.36%
JOHCM UK Equity Income	15.0%	0.69%
BNY Mellon Global Income	10.0%	0.79%
BNY Mellon Global Infrastructure Income	10.0%	0.53%
Fidelity Index World	10.0%	0.12%
Guinness Global Equity Income	10.0%	0.79%
Fundsmith Equity	10.0%	0.94%
CT Property Growth & Income	5.0%	1.03%
Artemis Global Emerging Markets	5.0%	0.94%
Cash	0.5%	0.00%

## 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.

