

# WISE INVESTMENT LIMITED - BALANCED

## Pershing



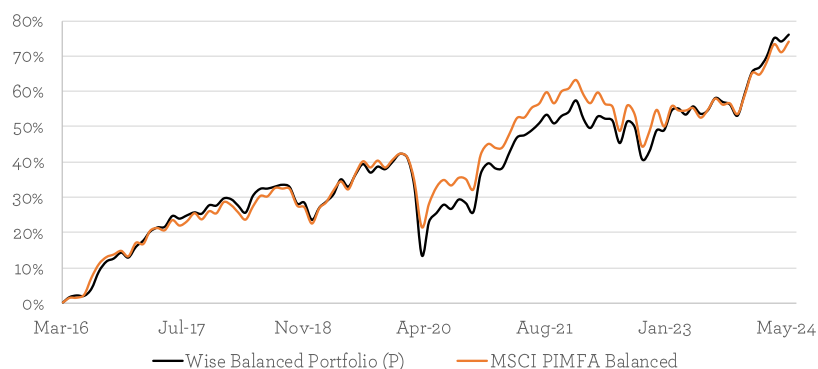
### MONTHLY FACTSHEET

all data as at 31st May 2024

## 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 50%-80% is invested in 'medium' risk assets, such as shares and property. 20%-50% 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, and any remaining balance up to 10% can be held in higher risk assets, such as shares in specific countries and industries. We consider the portfolio to be suitable for those willing to adopt a balanced risk profile.

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



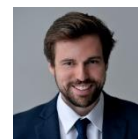
## CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	5yr	Launch
Wise Balanced Portfolio (P)	1.1%	3.7%	10.6%	14.6%	19.3%	32.5%	76.0%
MSCI PIMFA Balanced	1.8%	3.5%	9.6%	14.2%	14.1%	31.8%	74.2%

## DISCRETE ANNUAL PERFORMANCE

	31/05/2023	31/05/2022	31/05/2021	31/05/2020	31/05/2019
	31/05/2024	31/05/2023	31/05/2022	31/05/2021	31/05/2020
Wise Balanced Portfolio (P)	14.6%	1.3%	2.8%	17.6%	-5.6%
MSCI PIMFA Balanced	14.2%	-2.0%	2.0%	14.9%	0.5%

## 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

<b>Launch Date</b>	3rd March 2016
<b>Holdings</b>	8
<b>Historic Yield<sup>1</sup></b>	3.0%
<b>Volatility<sup>2</sup></b>	8.1%
<b>Benchmark</b>	MSCI PIMFA Balanced
<b>Model OCF<sup>3</sup></b>	0.4%
<b>Service Charge<sup>4</sup></b>	1.8%

## Contact Details

Wise Investments Ltd  
The Great Barn  
Chalford Park Barns  
Chipping Norton  
OX7 5QR  
Switchboard: 01608 695100  
Website: [www.wiseinvestment.co.uk](http://www.wiseinvestment.co.uk)

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

May was a good month for investors, resuming a steady “bull run” that started in back in October 2023 initially spurred by the hope of upcoming central bank rate cuts and now sustained by a steady stream of news pointing to unexpectedly strong economic growth, particularly in the US.

Global equities rose 2.7%, in sterling, with European equities (excluding the UK market) leading with a 3.5% return. The world’s largest market, the USA, also had a strong month returning 3% and our local UK market also continued its recent rally, returning 2.4%, only slightly lagging the global market. Elsewhere, the Japanese market retreated 0.3% as its currency depreciated just over 1% and EM (emerging markets) also retreated, returning -1.1%.

In Fixed income, yields lowered slightly off the back of slightly lower than expected inflation figures, buoying the bond market. As a result, UK Gilts (government bonds) returned 0.8%, UK corporate bonds returned 0.9% and inflation linked bonds returned, 1.2%. High yield bonds also returned 0.9%.

The property sector had a good month, boosted by lower yields. This inverse relationship with yield moves is driven by two factors. First, lower yields mean lower borrowing costs, and as real estate tends to be bought with a fair amount of debt, lower rates mean lower debt payments and more money for owners. Secondly there is an element of opportunity cost. If you can get say 5% for short term bonds, but then this drops to 4%, you can expect other assets, like real estate, to have their “yields” drop too as the yard stick moves – boosting prices.

In any case, with a slight drop in yields, direct property returned 0.6% and liquid real estate (listed real estate trusts) moved up 3.4%. The amplified move in the liquid real estate index (vs direct) reflects the often-higher debt levels in liquid real estate vehicles, as well as its greater susceptibility to market flows and investor sentiment.

The Balanced model returned 1.12%, behind the benchmark (PIMFA Balanced) return of 1.77%. While positioned well, timing differentials for when global funds price were quite extreme this month with large movements on the first and last day. The benchmark doesn’t have this issue, meaning some performance was taken away and given to the prior and following months, whereas the benchmark reflects it now. This is perhaps shown best by the return for the Fidelity World Index holding which returned 0.99% while its benchmark MSCI world returned 2.7% despite near identical composition. That said, our holding in Fundsmith lagged even further, returning -0.3%, a 3% differential to the benchmark. Notably though, the JOHCM UK income fund continues to shine returning over 4%.

We haven’t made any significant changes to the Balanced model portfolio this month. We continue favour a strategy of strong core global equity exposure moderated by higher quality and shorter dated bonds in the fixed income portion of the portfolio.

In terms of tactical positioning, we have a 5% position in the Janus Henderson Global Life Sciences fund to take advantage of the attractive valuations in the healthcare sector – a sector that has also enjoyed strong long-term returns due to the high quality nature of many healthcare businesses and the steady secular growth trends they are exposed to (e.g aging populations).

We also maintain a 10% 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 and 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.

The Balanced model remains ahead of its benchmark on a 1yr and 3 yr basis, returning 14.63% and 19.33% respectively (vs 14.18% and 14.11% for the benchmark). Worth noting also, is that this outperformance hasn’t been achieved through excess risk taking, rather, it has in fact been achieved with significantly less volatility than the benchmark, protecting investors from excessive price movements while simultaneously generating a higher return.

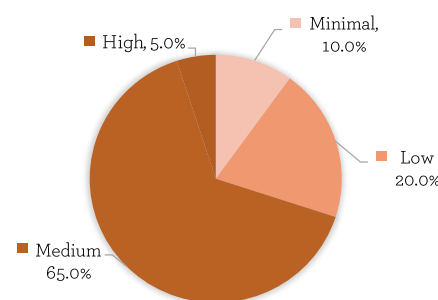
## IMPORTANT INFORMATION

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.

## HOLDINGS

Name	Weight	OCF
Premier Miton UK Money Market	9.5%	0.16%
TwentyFour Absolute Return Credit	20.0%	0.36%
CT Property Growth & Income	5.0%	1.03%
JOHCM UK Equity Income	10.0%	0.69%
Fundsmith Equity	15.0%	0.94%
Fidelity Index World	35.0%	0.12%
Janus Henderson Global Life Sciences	5.0%	0.76%
Cash	0.5%	0.00%

## RISK ALLOCATION



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

## ASSET ALLOCATION

