

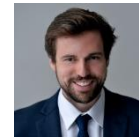
WISE INVESTMENT LIMITED - DEFENSIVE Pershing



MONTHLY FACTSHEET

all data as at 31st December 2024

PORTFOLIO MANAGEMENT



WILLIAM GEFFEN
Head of Investment
Management

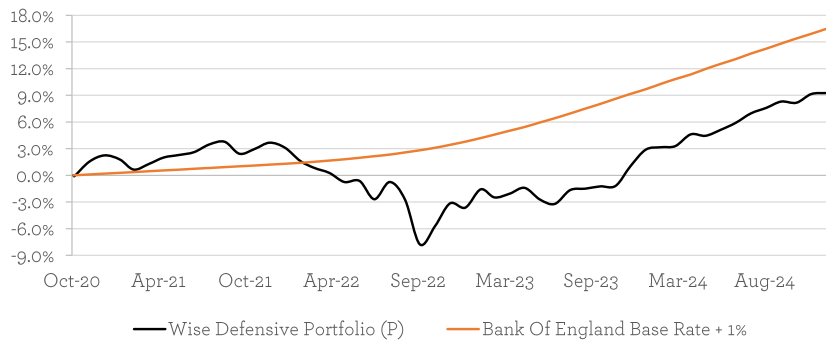
William joined Wise Investment in November 2023 and has 4 years' experience in managing equity funds. His main responsibility is the selection of suitable investments for portfolios and ensuring our investment service meets your requirements.

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

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	8
Historic Yield ¹	4.2%
Volatility ²	5.2%
Benchmark	BoE Base Rate + 1.0%
Model OCF ³	0.3%
Service Charge ⁴	1.6%

CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	Launch
Wise Defensive Portfolio (P)	0.1%	0.9%	3.2%	6.2%	6.0%	9.2%
Bank Of England Base Rate + 1%	0.5%	1.5%	3.0%	6.2%	15.0%	16.5%

DISCRETE ANNUAL PERFORMANCE

	31/12/2023	31/12/2022	31/12/2021
	31/12/2024	31/12/2023	31/12/2022
Wise Defensive Portfolio (P)	6.2%	6.8%	-6.5%
Bank Of England Base Rate + 1%	6.2%	5.7%	2.5%

Contact Details

Wise Investments Ltd
The Great Barn
Chalford Park Barns
Chipping Norton
OX7 5QR
Switchboard: 01608 695100
Website: 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 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

December saw a rather subdued end to the year for investors, with no sign of the so-called “Santa Rally”. Instead, equities were broadly down (with the world index down around 1%). The exceptions were Japan and Emerging Markets (both up about 1%). This was largely due to turbulence from bond markets with yields rising over concerns on excess government borrowing. US and UK bonds suffered, with the UK Gilt index down -2.5% and corporate bonds also down about -0.5%. This in turn also pulled down property which suffers when borrowing costs rise, leaving the UK listed real estate index down 4%.

Looking back on the year as a whole 2024 was a strong year for investors, particularly those investing in global equities, which returned handsomely - fuelled by better-than-expected economic growth and the anticipation of further interest rate cuts as post-covid inflation begins to come under control.

This rally was chiefly led by the world’s largest market, the US, and a small handful of publicly traded mega technology stocks that have benefitted from rising enthusiasm for emerging technologies, particularly AI.

UK equities, while lagging the US, have had decent returns since the beginning of 2024 but a valuation gap persists between UK businesses and their international peers. Recent momentum combined with new political stability creates a compelling opportunity for investors.

Similarly, Japanese equities had a good 2024 overall despite a fit of rather violent volatility in August. This is driven by increasing foreign investor interest after a series of corporate reforms were implemented to revitalise what has been a sluggish market over the past decade.

Emerging markets have been mixed, with the likes of India on a rapid surge, while China deals with a temporary self-imposed economic slowdown and dampened capital markets. The question of tariffs also looms large over these markets with the new incoming US republican administration, although it remains to be seen whether this is more a negotiating position, threat or genuine policy.

Finally European equities had a rather poor 2024 and continue to lag the global market, dragged by poor economic outlook, particularly in the German industrial sector.

While equities remain the best investment to drive long term wealth growth, we must be mindful of the volatility they produce as the price for this return. This is perhaps especially true during periods of increased enthusiasm and risk seeking behaviour in markets like we are currently seeing.

As such we continue to look for opportunities within markets, such as specific sectors (e.g. healthcare) or geographies that we believe offer good value to investors and can help provide superior risk adjusted returns.

Volatility can also be managed through exposure to bond portfolios that, due to the rises in interest rates, can now offer a reasonable return for investors while providing ballast against their more turbulent equity market exposure.

The defensive model returned +0.10%, behind the +0.50% return for the benchmark (BoE Base rate +1%). This underperformance was mostly due to a rise in interest rates impacting bond funds, as well as the small 5% position in the CT property growth and income fund which returned -2.6%.

We made no changes to portfolio positioning this month.

We maintain a strategy of sticking to shorter dated bonds and securities, preferring to take on modest credit risk where prudent to boost return while looking to avoid the volatility that comes from holding longer dated bonds due to their relatively poor yield.

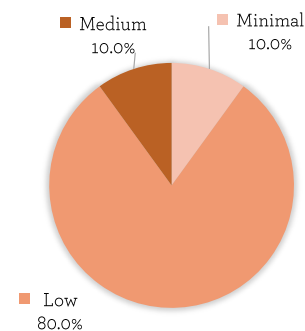
The model remains in line with the benchmark on a 1yr rolling basis, with both the model and the “BOE base rate +1%” returning 6.2%.

HOLDINGS

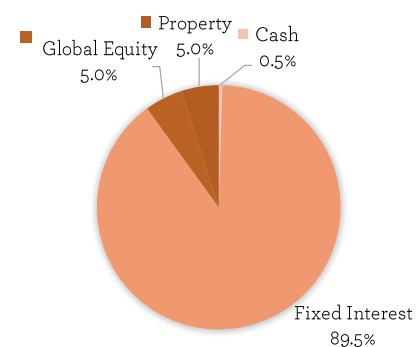
Name	Weight	OCF
Premier Miton UK Money Market	9.5%	0.17%
L&G Short Dated Sterling Corporate Bond	15.0%	0.14%
M&G UK Inflation Linked Corporate Bond	15.0%	0.45%
TwentyFour Monument Bond	10.0%	0.39%
TwentyFour Absolute Return Credit	40.0%	0.36%
CT Property Growth & Income	5.0%	1.07%
Fidelity Index World	5.0%	0.12%
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



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.

