

WISE INVESTMENT LIMITED - INCOME

Pershing

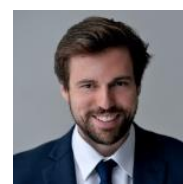
MONTHLY FACTSHEET

all data as at 31st December 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.

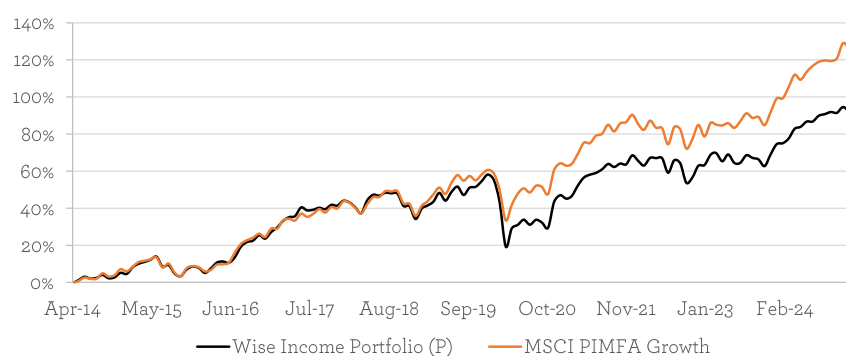
PORTFOLIO MANAGEMENT

**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.

PERFORMANCE SINCE LAUNCH (using month-end data)



Key Portfolio Details

Launch Date	9th April 2014
Holdings	11
Historic Yield ¹	4.0%
Yield Target	3.5%+
Volatility ²	8.2%
Benchmark	MSCI PIMFA Growth
Model OCF ³	0.7%
Service Charge ⁴	2.0%

CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	5yr	Launch
Wise Income Portfolio (P)	-1.2%	0.2%	2.9%	10.2%	14.1%	21.6%	92.2%
MSCI PIMFA Growth	-1.1%	3.2%	4.4%	13.7%	18.9%	40.9%	126.4%

DISCRETE ANNUAL PERFORMANCE

	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
	31/12/2024	31/12/2023	31/12/2022	31/12/2021	31/12/2020
Wise Income Portfolio (P)	10.2%	6.9%	-3.1%	14.6%	-7.1%
MSCI PIMFA Growth	13.7%	11.4%	-6.1%	15.9%	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

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 Income model returned -1.2%, marginally behind the -1.1% return for the benchmark (PIMFA Growth).

The positions in the bond funds did well, while property, global equity and UK equity positions produced slightly negative returns. The position in the BNY Mellon Infrastructure fund was the biggest underperformer, returning -3.6%, due to the sharp rise in yields, which has a negative effect on bond proxies like infrastructure.

We made no changes to the portfolio this month. Strategically, we continue to 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.

However, in terms of tactical positioning, we have a solid 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, and a 5% into a position in the Teviot UK smaller companies fund to take advantage of the attractive valuations and dynamics of that part of the domestic market – an area where other larger institutional investors are unable to access due to liquidity constraints.

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.

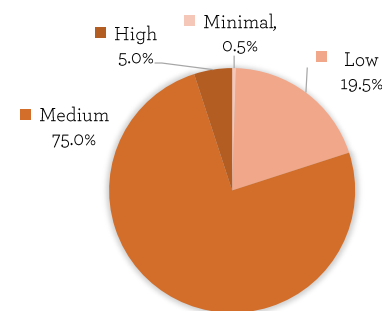
Additionally, we retain positions in the CT property fund and BNY Mellon Infrastructure income funds, as we continue to see value in these down beaten asset class as shown by the large net asset value discounts in listed real estate trusts and infrastructure companies.

The income model remains a bit behind its benchmark on a 1yr and 3 yr basis, returning 10.2% and 14.1% respectively (vs 13.7% and 18.9% for the MSCI PIMFA Growth benchmark) however it is worth noting that this return has been achieved with significantly lower volatility than the benchmark, protecting investors from excessive price movements and maintaining their income-earning power.

HOLDINGS

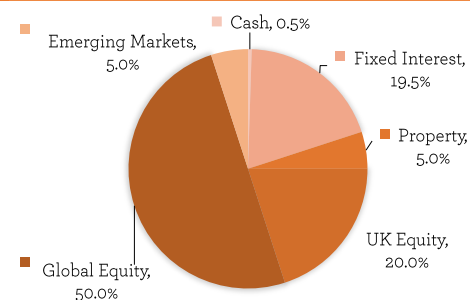
Name	Weight	OCF
TwentyFour Asset Backed Opportunities	10.0%	0.71%
TwentyFour Corporate Bond	9.5%	0.36%
JOHCM UK Equity Income	15.0%	0.66%
VT Teviot UK Smaller Companies	5.0%	0.90%
BNY Mellon Global Income	10.0%	0.82%
BNY Mellon Global Infrastructure Income	10.0%	0.53%
WS Evenlode Global Income	15.0%	0.54%
Guinness Global Equity Income	15.0%	0.79%
CT Property Growth & Income	5.0%	1.07%
Artemis Global Emerging Markets	5.0%	0.86%
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.

