

# WISE INVESTMENT LIMITED - BALANCED

## Pershing



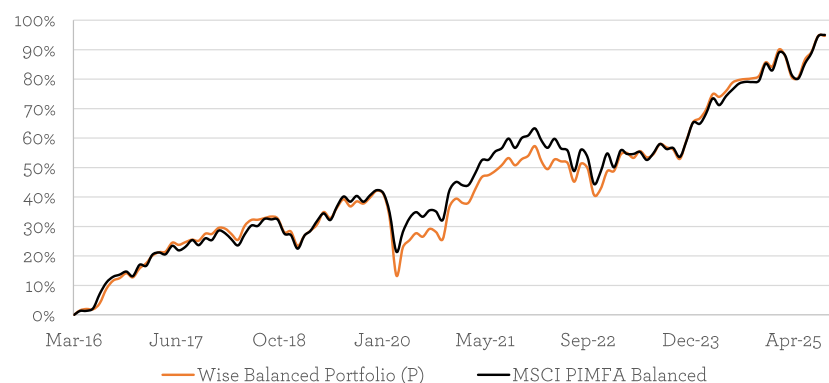
### MONTHLY FACTSHEET

all data as at 31st August 20:

### 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 to be 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)



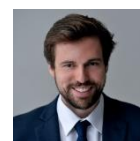
### CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	5yr	Launch
Wise Balanced Portfolio (P)	0.0%	4.3%	3.6%	8.1%	30.1%	50.7%	94.7%
MSCI PIMFA Balanced	0.2%	5.2%	3.7%	8.9%	27.1%	44.0%	95.0%

### DISCRETE ANNUAL PERFORMANCE

	31/08/2024	31/08/2023	31/08/2022	31/08/2021	31/08/2020
	31/08/2025	31/08/2024	31/08/2023	31/08/2022	31/08/2021
Wise Balanced Portfolio (P)	8.1%	14.8%	4.8%	-2.3%	18.6%
MSCI PIMFA Balanced	8.9%	14.6%	1.8%	-4.0%	18.0%

### 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>	12
<b>Historic Yield<sup>1</sup></b>	3.6%
<b>Volatility<sup>2</sup></b>	7.6%
<b>Benchmark</b>	MSCI PIMFA Balanced
<b>Model OCF<sup>3</sup></b>	0.4%
<b>Service Charge<sup>4</sup></b>	1.7%

### 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

August was a decent month for investors. In equity markets, the US continued its steady recovery from the April lows post “Liberation Day”, however weakness in the US dollar (-2% vs GBP) meant it was effectively flat for the month. Global equities rose 0.5% in sterling terms, due to strong performances from Japan (up 4.8%) and Europe (up 1.3%). The UK market also rose 1.1%, while emerging markets struggled, down -0.8%.

In fixed income, markets were less buoyant, with Gilts returning -1.1% and Corporate bonds returning -0.4% as the yield curves rose. High Yield bonds returned 0.7%, benefitting more from the tightening of credit spreads.

Finally, in real estate, directly held property dropped -0.1% while the listed liquid real estate dropped a further -2.5% due to higher borrowing costs.

Looking forward, we see a great deal of uncertainty. The US market is richly valued, largely bolstered by strong enthusiasm for AI investment and the dominance of a handful of very successful Megacap tech stocks. While some enthusiasm is justified, the market does seem vulnerable to runaway expectations of AI growth and profitability leaving it fragile to potential demand shock.

This is also coupled to aggressive expectations for interest rate cuts from the Federal Reserve (egged on by the US president himself) that seem unrealistically fast given latent inflation, high government deficit spending, tariff uncertainty and generally hot economic conditions. Indeed, the narrative coming from the Fed has continued to be cautious, with aggressive cuts only likely in a recessionary scenario.

Similarly in the UK the Gilt market is looking increasingly fraught, relying on foreign investors who are taking a dim view on the government’s finances. The BoE, like the Fed, is also cautious with its rate cuts given persistent inflation, meaning that lower government borrowing costs aren’t likely for the foreseeable.

This all leads us to favour a more defensive footing, with moderated exposure to US equities and a preference for lower duration + higher quality bonds.

The Balanced model returned 0.0%, behind the benchmark (PIMFA Balanced) return of 0.2%.

This underperformance was largely driven by our positions in UK and Global Equities, with the Fidelity World Index fund returning -0.4% and the JOHCM UK Equity Income returning -0.9%.

The bond funds generally performed well with the likes of the Vontobel TwentyFour Absolute Return Credit fund returning 0.4% and the TwentyFour Asset Backed Opportunity fund returning 0.6%.

We made no changes to the portfolio in August and maintain our global approach, using mostly passive global index funds (like Fidelity Index World) to drive returns, while moderating volatility with low volatility bond funds. We also look to take tactical positions in undervalued markets like the modest 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.

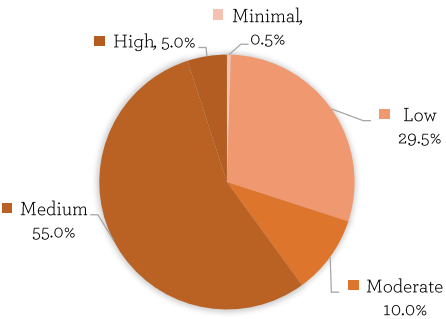
The Balanced model remains ahead of its benchmark on a 3yr and 5yr basis, returning 30.1% and 50.7% respectively (vs 27.1% and 44.0% for the benchmark). Worth noting also, is that this outperformance hasn’t been achieved through excess risk taking, rather, it has in fact been achieved with significantly less volatility than the benchmark, protecting investors from excessive price movements while simultaneously generating a higher return.

## HOLDINGS

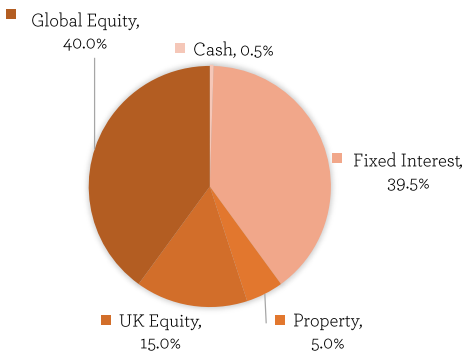
Name	Weight	OCF
Fidelity Index World	25.0%	0.12%
TwentyFour Absolute Return Credit	19.5%	0.35%
JOHCM UK Equity Income	10.0%	0.67%
L&G All Stocks Gilt Index Trust	5.0%	0.15%
TwentyFour Monument Bond	5.0%	0.39%
TwentyFour Asset Backed Opportunities	5.0%	0.71%
Man Dynamic Income	5.0%	0.81%
CT Property Growth & Income	5.0%	1.11%
Invesco UK Enhanced Index	5.0%	0.23%
Fundsmith Equity	5.0%	0.94%
Invesco Global Ex UK Enhanced Index	5.0%	0.23%
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



### 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.

