



Fund Review

Wise Funds

IFSL Wise Multi-Asset Income Fund

November 2024



For professional advisers only

Defaqto Fund Reviews

This document is designed to provide the reader with a quantitative overview of the fund reviewed. The review then goes on to examine information of a more qualitative nature, which has been obtained through an interview process with the fund manager/s.

The qualitative information covers specific areas including the fund manager's philosophy, their people, and the processes they employ. Additional information is also provided on their research capability, the resources they have at their disposal and how they manage risk. All of this information goes towards creating this comprehensive Fund Review.

Defaqto Ratings

Ratings to help advisers and their clients make better informed decisions

The Defaqto experts have created a range of ratings to help advisers find the best product or proposition for their clients.



Show at a glance how a fund or fund family performs in comparison to the rest of the market.



Demonstrate the comprehensiveness of products across a range of areas, from pensions to DFMs.



An overall assessment of service – by advisers for advisers.

Suitability ratings to support compliant advice

Defaqto have created a set of ten Risk Profiles, and four Income Risk Profiles with corresponding ratings to which funds are mapped using a robust process. This helps advisers to evidence suitability for their clients in both the accumulation and decumulation phase:



Fund Review

Wise Funds
IFSL Wise Multi-Asset Income Fund
Daniela Sesztak Investment Analyst

Executive summary



We endeavour to confirm the accuracy of the qualitative content of this document annually. The qualitative content for this review was last confirmed as accurate by Wise on 20/06/2024.

Wise's Multi-Asset Income and Growth funds are both global, multi-asset fund-of-funds that predominantly invest in other collective investments, both closed and open-ended funds, with emphasis on the former. The funds have a roughly 20 year track record and have been run to virtually the same investment philosophy since inception. (The Income Fund had a minor update in 2020 to gradually remove direct equity exposures.)

Wise Funds is an employee-owned business. The co-managers Vincent Ropers and Philip Matthews both have over 20 years investment experience each. The funds have a slight-value tilt as the managers aim to invest in out-of-favour asset classes and funds, and utilize a long-term time horizon.

Investors should have a minimum 5 year time horizon. The fund's asset allocation data is provided by Morningstar which incorrectly shows a high allocation to the Other asset class. This is caused by the fund's exposure to alternative and infrastructure investments. We correct for this in the fund's risk rating.

Investment objective

The Fund aims (after deduction of charges) to provide an annual income in excess of 3%; and income and capital growth (after income distributions) at least in line with the Consumer Price Index ("CPI"), over Rolling Periods of 5 years. The Fund may have direct or indirect exposure to multiple asset classes. At any one time, between 40 – 85% of the Fund will be directly or indirectly exposed to equities. The balance of the Fund will be exposed, in any combination to one or more of alternative asset classes,

such as infrastructure, clean energy, commodities, property and private equity; fixed interest securities; money market instruments; deposits; cash and near cash. Exposure to alternative asset classes will always be indirect. Indirect exposure will be obtained through investments in closed-ended collective investment funds and open-ended collective investment schemes, which may include those managed by the ACD and its associates (together 'collective investment vehicles').

About Wise Funds

Wise Funds are a 100% employee-owned multi-asset investment manager, founded in 1992 by Tony Yarrow, and based just outside Chipping Norton. The firm was initially set up as part of an advisory business, but was carved out into its own dedicated fund management firm in 2016. The firm's AUM (Assets Under Management) was 172.6m as at end December 2022.

They manage two funds - the Multi-Asset Growth Fund and Multi-Asset Income Fund, which were launched in 2004 and 2005 respectively. Aside from some recent tweaks to the Income fund investment philosophy, both funds have been run to the same core principles and philosophy as at inception.

Wise Funds also provides a ongoing support to a handful of charities based around Oxfordshire.



Quantitative review



The quantitative data that appears over the following pages has been generated by Defaqto using a combination of third-party and proprietary data sources and data provided by the asset manager. The information reflects the availability of data as at the dates highlighted.

All information reflects the investment solution specified in the information and classification table below.

Fund information and classification

Launch Date	03 October 2005	ISIN ¹	GB00BOLJ0160
Fund Manager	Vincent Ropers, Philip Matthews	IA sector	Mixed Investment 40-85% Shares
Domicile	GBR	Morningstar category ²	GBP Allocation 60-80% Equity
Assets	Active	Diamond Rating Type	Not rated
Investment Style	Return Focused	Diamond Rating	-
Type	OEIC		

¹This is the shareclass used for the quantitative data and analysis over the following pages

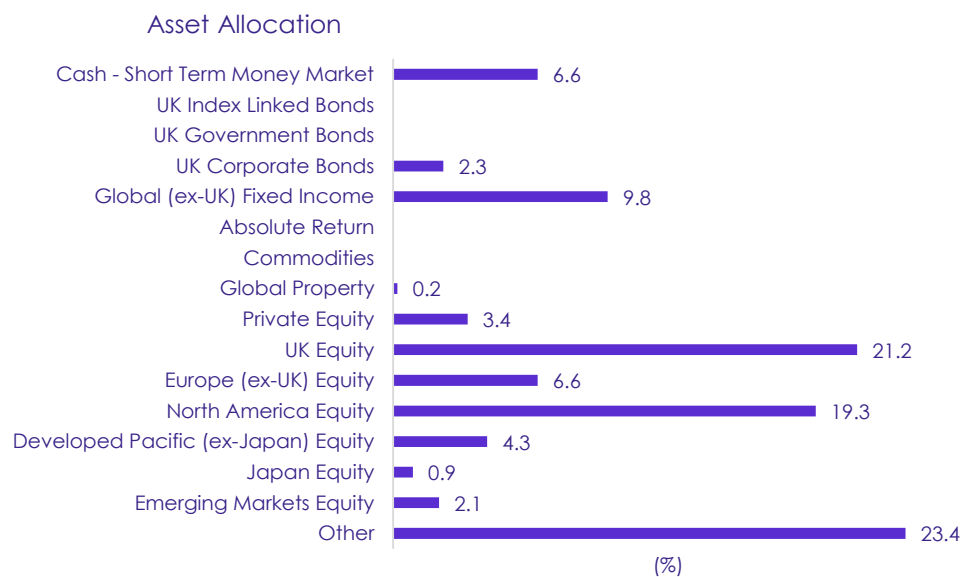
²The Morningstar Category is used in all comparative analysis, over the following pages.

Fund size and fees

AUM	£60M
Performance Date	31 October 2024
OCF Estimated	1.01%
OCF Actual	1.01%
Transaction Fee Actual	0.37%
Performance Fee (Yes/No)	No
Performance Fee Actual	n/a

Source: Morningstar, end 31 October 2024

Asset allocation



Source: Morningstar, 9 November 2024

Note

This asset allocation chart is drawn using the 16 asset classes (including 'other') that we use in Defaqto Engage.

This may differ slightly from the asset allocation described by the asset manager, due to various asset class roll-up and mapping variances.

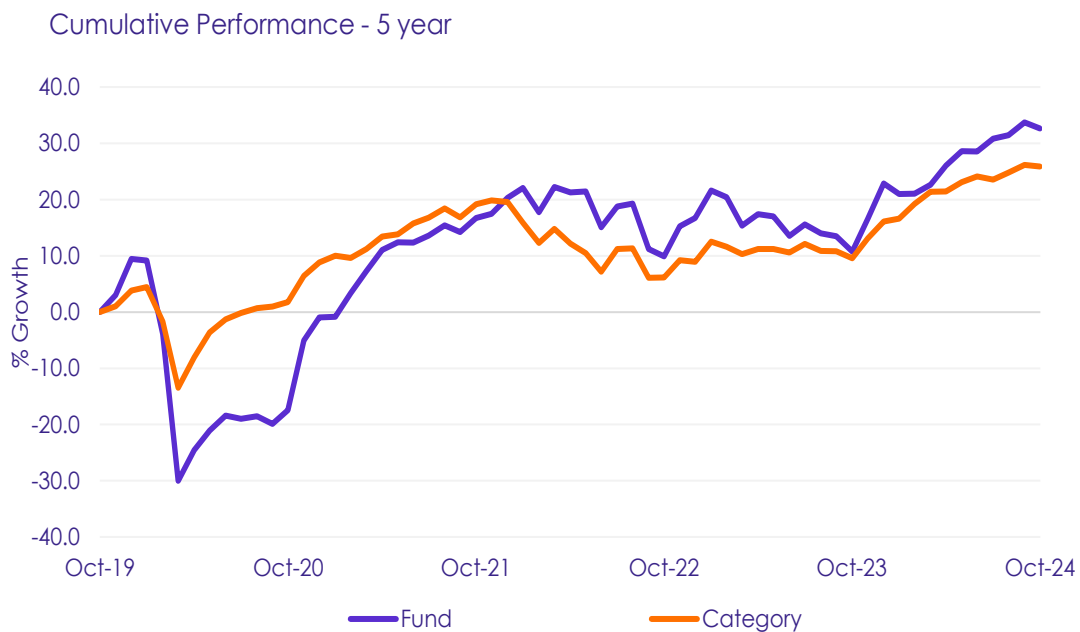
Top 10 holdings

Total Number of Equity Holdings	4
Total Number of Bond Holdings	-
Assets in Top 10 Holdings (%)	53.6%

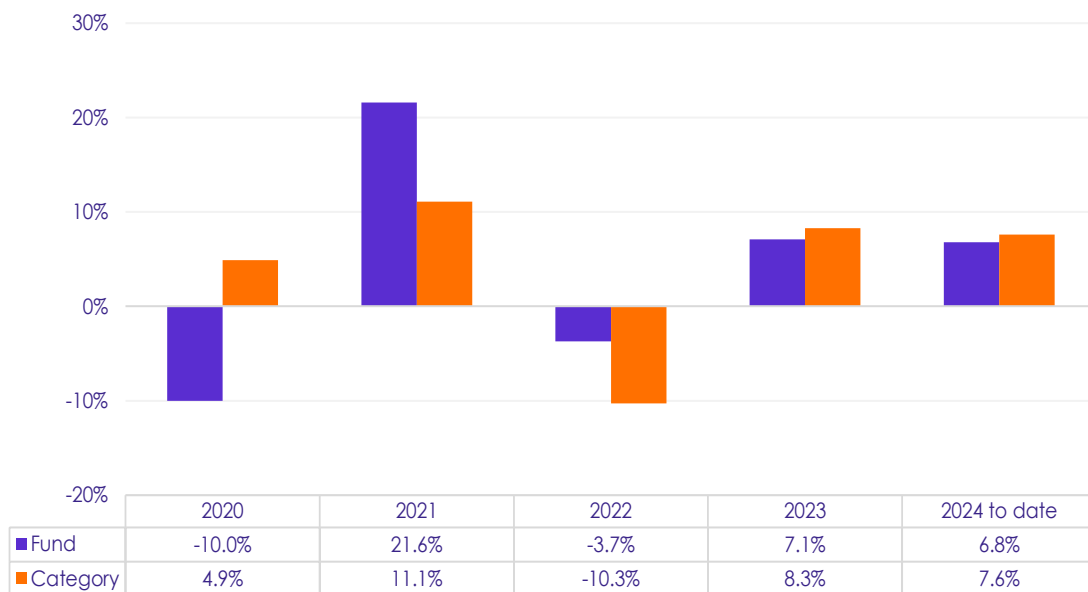
Name	Country	% of assets
Vontobel TwentyFour StratInc AQG GBP	Luxembourg	6.3
TwentyFour Income Ord	Guernsey	6.2
Schroder Global Equity Income Z Inc	United Kingdom	6.1
HICL Infrastructure PLC Ord	United Kingdom	5.8
Ecofin Global Utilities & Infra Ord	United Kingdom	5.8
BlackRock Energy and Resources Inc	United Kingdom	5.2
International Public Partnerships Ord	Guernsey	4.8
Middlefield Canadian Income Ord	Jersey	4.7
Aberforth Smaller Companies Ord	United Kingdom	4.6
Man GLG Income Professional Inc D	United Kingdom	4.1

Source: Morningstar, 9 November 2024

Performance

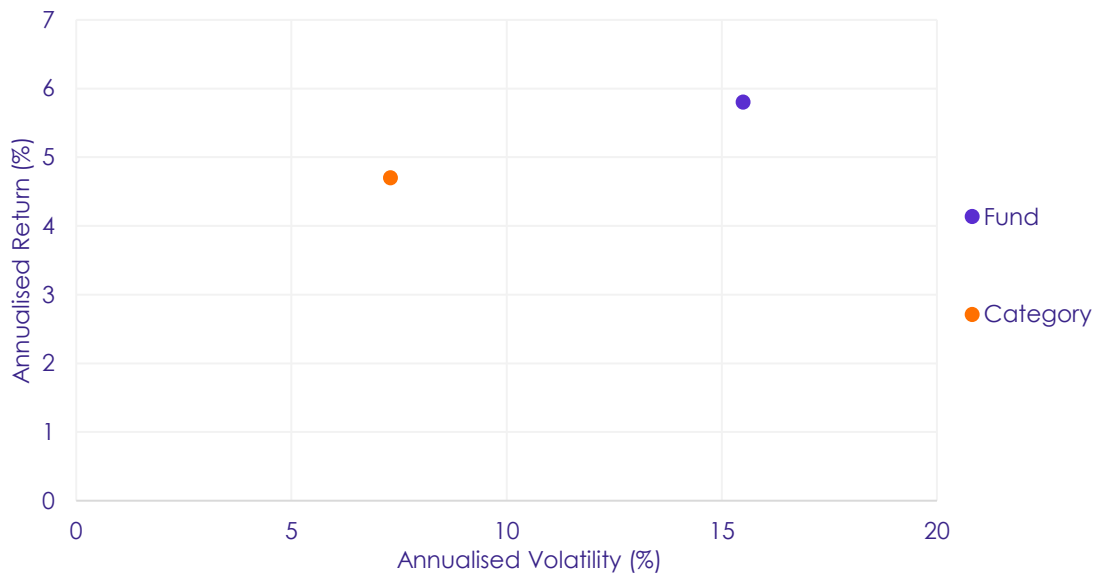


Annual Performance



Risk

Risk vs Return- 5 year



Source: Morningstar, end 31 October 2024

Drawdown

Last 60 Months	
Max Drawdown	-44.0%
Positive Months	35
Negative Months	25
Worst Month	-24.5%

Source: Morningstar, end 31 October 2024

Liquidity

Days to liquidate holdings	% of portfolio
1 - 7 days	57.0
8 - 30 days	43.0
31 - 180 days	
181 - 365 days	
365+ days	

Source: Wise Funds, end 7 June 2024



Philosophy

Vincent and Philip run these funds as flexible, multi-asset, fund-of-funds. The managers invest in both investment trusts and open-ended funds, with emphasis on the former.

The managers have a value bias and incorporate both top-down and bottom-up views. Generally they aim to invest in assets that are valued below their intrinsic value. This is assessed using a mixture of bottom up manager selection, and top down views gathered from their manager meetings, broker research and information obtained from trading.

They aim to generate returns over the long-term by incorporating a long-term view, and maintaining long-term relationships with the managers they invest in. Wise state foremost that they invest in people, and aim to invest with experienced managers who are responsible stewards of capital. Investors should have a 5 year investment horizon.

Both the Income and Growth funds are run to a very similar philosophy, with the Income fund aiming to generate an income alongside capital growth from its investments. The Income fund aims for a minimum 3% yield in its objective. The fund frequently achieves a yield greater than this, but the managers wish to avoid unduly increasing the risk exposure of the fund in a low yield environment. The Income fund currently holds direct equity invest-

ments, however, since a strategic review in 2020, these are being wound down when valuations permit with an aim to remove entirely. The Growth fund only contains investments in collectives.

While turnover is not aimed for explicitly, the funds have low turnover in the region of 15%. The income fund currently shows turnover around 30%, but this is a consequence of the strategic review mentioned above and selling down of direct equity investments.

People

Vincent Ropers, Co-Portfolio Manager

Vincent joined the Wise Funds team as Co-Portfolio Manager in April 2017.

He started his career in 2004 and brings experience in multi-asset research and portfolio management, previously at Goldman Sachs, Fidelity International, and Ignis Asset Management (which became Standard Life Investments). He is a graduate from ESCP Europe in Paris and holds the Investment Management Certificate.

Philip Matthews, Co-Portfolio Manager

Philip joined the Wise Funds team in September 2018 as Co-portfolio manager.

He started his career at Jupiter in 1999, during this period he has managed retail and institutional equity portfolios. His portfolios focussed on income generation and he has experience investing into UK companies across the market cap spectrum. In 2013 he joined Schroders, where he managed their UK Alpha Plus portfolio and UK Growth Investment Trust.

John Newton, Business Development & Compliance Man-

ager

John joined the Wise Funds team in November 2015 as the business development manager.

John started his investment career in 2004, accumulating experience from HSBC Asset Management and BNY Mellon where he gained sales experience working with both direct and intermediaries including independent financial advisers and fund selectors.



WISE FUNDS

Wise Funds Org Chart



John Newton
Business Development &
Compliance Manager

Portfolio Management Team



Vincent Ropers
CEO & Co-portfolio Manager



Philip Matthews
Co-portfolio Manager



Joanna Scavuzzo-Blake
Office Manager

Process

Vincent and Philip utilise a flexible investment process that draws in their top-down macro views, bottom-up manager selection and shorter-term technical views. The managers aim to take advantage of their small size to remain nimble and responsive to investment opportunities.

Their analysis of macro views is comprised across a range of factors, including valuations and yields, growth, inflation, politics, events/catalysts and sentiment. Bottom-up analysis of managers comprises manager assessment, asset class backdrop, market knowledge, industry trends and competitor analysis. Over the last year Vincent and Philip conducted approximately 140 manager visits and company engagements for the fund. One benefit of the covid-19 pandemic is that almost all manager meetings can now be conducted remotely, so manager access is now improved.

The fund's value bias and contrarian investment philosophy is built into the investment process by consideration of long-term views and manager relationships, and analysis of sentiment and investment flows to identify assets and investment themes that are out of favour.

Vincent and Philip conduct their own trades, which allows a further insight into short-term sentiment and investment flows. As it was phrased in our meeting, this enables them to "see clusters of value as they emerge." As a result, they will add or trim their long-term investment trust holdings based on this information and current discounts/premiums in the market. However, it should also be noted that if a high conviction investment view is held on a particular asset class, and their favoured investment trust is trading at a small premium, this won't necessarily prevent the managers from investing.

Positions are typically built over time, with an initial 1%

weighting that may eventually grow into 5-6% based on the conviction of the holding. Liquidity risks are also taken into account when building a position and the managers monitor how long it might take to sell a position based upon 30% of an investment's daily trading volume.

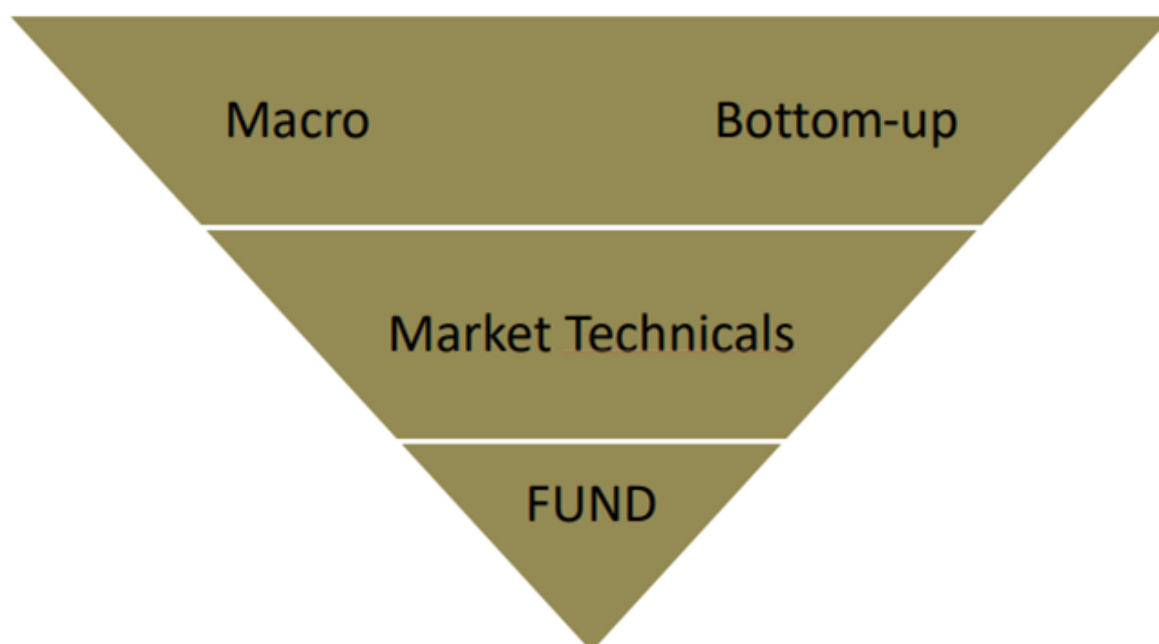
Diversification is used as part of portfolio construction and to ensure a consistent dividend from the fund. Both the Income and Growth funds aim to have roughly 30-40 holdings, and roughly 40% of commonality between the two.

While the Income fund holds some direct equity, these are in the process of being sold off when market valuations are appropriate. This reduction is the result of a strategic review the fund managers undertook in 2020. For the remaining direct holdings, these are analysed using the same philosophy as the funds collective positions. Namely, holding onto talented managers, in businesses with a strong franchise, with strong balance sheets, sensible valuations and robust yield.

Formally, the managers conduct a weekly meeting to discuss fund performance and their investment views and a broader monthly meeting.

The weekly meeting will include a review of the macro-economics and market events of the week, an analysis of the contributors to performance, a recap of any manager meetings conducted, a schedule of upcoming meetings and voting.

For the monthly meeting, a performance pack is produced for each fund, with individual fund holdings and performance attribution discussed in more detail. Broad asset allocation changes are also discussed helped by a macro-economics analysis, as well as updates on valuations, positioning data and investment flows.



Risk management

Risk is seen as the permanent loss of capital, rather than focusing on an individual metric such as volatility or VaR. In particular, during times of high volatility the managers stated they find the most attractive valuations and investment opportunities.

Given the small investment team, the risk management process is primarily conducted by Vincent and Philip. Firstly the managers conduct pre-trade analysis as part of their investment thesis, secondly with further review at their weekly meeting, and finally a more in-depth ex-post analysis undertaken at the monthly meeting.

Liquidity risk is considered on an ongoing basis (see Process above), and the managers won't invest in an investment vehicle that is inappropriate for the underlying asset. For example, the funds won't ever invest in direct property or infrastructure via an open-ended fund.

FactSet and Financial Express software is used to support the managers' risk analysis.

About Defaqto

Defaqto is a leading financial information, ratings and fintech business that supports financial institutions, intermediaries and consumers to make smarter financial decisions.

Maintaining the UK's largest financial product database, Defaqto uses proprietary research methodology to develop independent ratings, reviews, insights, and technology that raises industry standards, powers consumer choice, and helps the industry to meet evolving consumer needs.

If you would like more information, please contact sales@defaqto.com or call 01844 295 546.

© Defaqto Limited 2024. All rights reserved.

No part of this publication may be reprinted, reproduced or used in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system without the express written permission of Defaqto. This Fund Review is for the professional use of professional financial advisers only, and is solely made to and directed at such financial advisers. It is intended to be used by them only to inform them in the independent financial advice they give to their clients, and then only if those financial advisers are not acting as agents for their clients or, at least, will not be acting as agents for their clients in purchasing an interest in the investment or fund which is the subject of this Fund Review (Purchasing the Investment).

This Fund Review is not for the use of, and is not made to, or directed at, the clients of professional financial advisers or anyone who may be considering purchasing the investment. No such clients or such other persons should rely on this Fund Review, and Defaqto shall not be liable in any respect whatsoever to such clients or other persons if they do so. This Fund Review was prepared by, and remains the copyright of, Defaqto.

Defaqto makes no warranties or representations regarding the accuracy or completeness of the information or views contained in this Fund Review. The views contained herein simply represent the views of Defaqto at the date of publication and both those views and the information set out herein may change without reference or notification to any recipient of this Fund Review.

Defaqto does not offer investment advice or make recommendations regarding investments and nothing in this Fund Review constitutes, is intended to constitute, or should be taken as, a recommendation or advice that any investment activity be undertaken by any person. Readers of this Fund Review must make their own independent assessment of whether it is appropriate to purchase the investment. Defaqto is not acting as financial adviser or in any fiduciary capacity in relation to any transaction in any investment. Nothing in this Fund Review constitutes, is intended to constitute, or should be taken as, financial promotion, any incentive or any inducement to engage in any investment activity whatsoever, including to purchase the investment. It is not the purpose or intention of this Fund Review to persuade or incite anyone to engage in any such investment activities.