

# WISE INVESTMENT LIMITED ETHICAL BALANCED

## Pershing

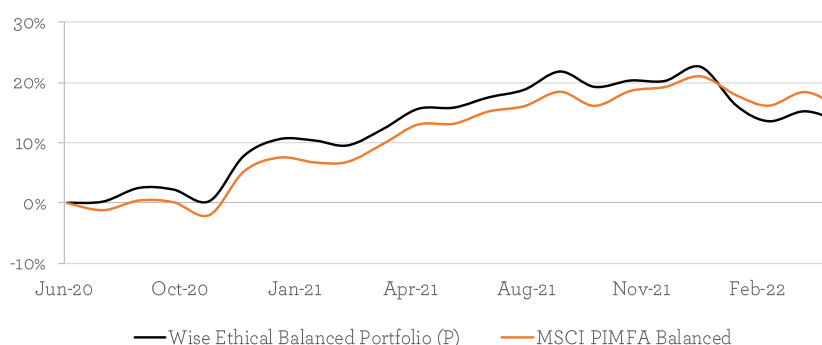
### MONTHLY FACTSHEET

all data as at 30th April 2022

## PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Ethical 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 exclusively investing in a focussed list of ethical and sustainability-oriented funds (unit trusts, investment trusts and OEICs). These funds will have specific objectives of providing capital to businesses whose operations and activities either meet specific ethical standards or are engaged in improving the long-term sustainability of the earth's resources. The portfolio will have diversification across geography, asset class and investment style. The 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 no more than 80% is invested in 'medium' risk assets, such as shares and property. The balance of at least 20% 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 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	Launch
Wise Ethical Balanced Portfolio (P)	-1.4%	-2.2%	-5.6%	-1.7%	13.6%
MSCI PIMFA Balanced	-2.0%	-1.6%	-2.2%	2.6%	16.0%

## DISCRETE ANNUAL PERFORMANCE

	30/04/2021	30/04/2022
Wise Ethical Balanced Portfolio (P)	-1.7%	-1.7%
MSCI PIMFA Balanced	2.6%	2.6%

## PORTFOLIO MANAGEMENT



### ROBERT BLINKHORN

Head of Investment Management

Robert joined Wise Investment in July 2017 and has 20 years' experience in managing private client multi asset class portfolios. His main responsibility is the selection of suitable investments for portfolios and ensuring our investment service meets your requirements. Robert is a member of the CFA Society of the UK and has successfully passed the examinations for all three levels of the Chartered Financial Analyst qualification.

## Key Portfolio Details

Launch Date	30th June 2020
Holdings	10
Historic Yield <sup>1</sup>	2.1%
Volatility <sup>2</sup>	8.8%
Benchmark	MSCI PIMFA Balanced
Model OCF <sup>3</sup>	0.7%
Service Charge <sup>4</sup>	2.2%

## 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.

<sup>1</sup> The Historic Yield is the weighted average yield of the model based on the model's current constituents

<sup>2</sup> 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

<sup>3</sup> The Model OCF calculates the annual charges levied by the underlying fund holdings according to the model portfolio weights

<sup>4</sup> 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

In April, global equities declined by almost 4% in sterling terms with US equity markets leading the fall. Technology companies have borne the brunt of investor selling this year as investors rotate away from large cap growth businesses. The trigger for the change in sentiment appears to be linked to interest rate policy changes and inflation (particularly commodity inflation) where more cyclical and asset heavy businesses in the Industrial sector along with Mining and Oil companies have led performance. Consequently, many of the sectors that have traded at a premium to what we, at Wise, believe to be reasonable value are now starting to look more palatable. The greater weighting of UK markets towards cyclical and commodity related businesses has meant that it has performed relatively well against other global equity markets. Again, although we would not regard equity markets as particularly cheap, the poor performance of global shares versus UK listed shares is causing us to reflect on our absolute and relative weightings in these markets in each of the portfolios.

In UK Commercial Property, listed securities were generally weaker whilst physical property funds delivered a low positive return. Open ended funds investing substantially in physical property are still awaiting the conclusions of a regulator review which may lead to a radical overhaul of the terms upon which investors can buy and sell units. Prospective returns from listed securities continue to look lacklustre according to our models with prices continuing to look marginally unattractive indicating a negative prospective total return.

Fixed interest was weaker with UK Government Index Linked Bonds leading the retreat. Although short term inflation expectations have remained robust, longer-term expectations softened slightly in April with yields rising across the index linked bond maturity range. The longer dated nature of UK Government issued inflation proofed debt means that their capital return is more susceptible to a given change in the market yield. Corporate debt was also unable to avoid losses in April caught by both rising government bond yields and a weakening sentiment towards credit. That said, the additional yield on corporate bonds in lieu of the extra risk relative to government bonds has moved back to more historical norms in the lower investment grade and upper high yield space, creating some potential value.

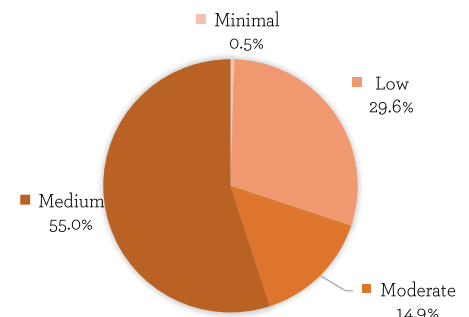
In the Ethical Balanced model portfolio, returns were lower by -1.4% in April, significantly ahead of the MSCI PIMFA Balanced benchmark which returned -2%. Against the index, positive relative performance was achieved by being underweight global equities along with strong returns from one of the global equity funds held in the portfolio, Kempen Global Listed Infrastructure. The Kempen fund benefitted from exposure to companies that manage oil and gas pipelines and Utilities that have responsible environmental objectives.

In summary, there has been a significant rotation in equity markets this year which has acutely impacted overseas markets. Going into 2022, our view had been that equity prices had run too far and therefore had kept our overall equity exposure in the portfolios low (or zero, where appropriate). Although, we do not believe global equities currently represent incredible value, the pull back is making us reconsider this underweight position or at least the extent of it.

## HOLDINGS

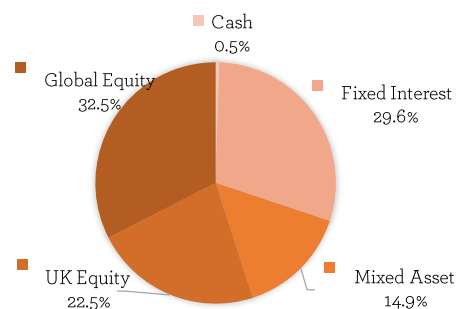
Name	Weight	OCF
Rathbone Ethical Bond Fund	14.8%	0.65%
Royal London Ethical Bond	14.8%	0.40%
BNY Mellon Sustainable Real Return Inst	14.9%	0.81%
EdenTree Responsible & Sustainable UK Equity	6.5%	0.79%
BMO Responsible UK Income	8.5%	0.80%
Jupiter Responsible Income	7.5%	0.93%
BMO Responsible Global Equity	13.0%	0.80%
EdenTree Responsible & Sustainable Global Equity	8.0%	0.81%
Kempen Global Listed Infrastructure	11.5%	0.91%
Cash	0.5%	0.0%

## 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.

