

# WISE INVESTMENT LIMITED ETHICAL GROWTH

Formerly WISE INVESTMENT LIMITED ETHICAL  
Pershing

## MONTHLY FACTSHEET

all data as at 31st May 2022

### PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Ethical Growth Model Portfolio is designed for clients who are looking for a total return in line with the MSCI PIMFA Growth 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 invested mostly 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 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.

### PERFORMANCE SINCE LAUNCH (using month-end data)



### CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	Launch
Wise Ethical Growth Portfolio (P)	-0.6%	0.2%	-6.0%	-1.3%	23.6%	22.2%
MSCI PIMFA Growth	-0.1%	0.5%	-1.8%	4.6%	24.0%	26.1%

### DISCRETE ANNUAL PERFORMANCE

	31/05/2021	31/05/2020	31/05/2019
	31/05/2022	31/05/2021	31/05/2020
Wise Ethical Growth Portfolio (P)	-1.3%	21.0%	3.5%
MSCI PIMFA Growth	4.6%	18.4%	0.1%

### 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	26th June 2018
Holdings	10
Historic Yield <sup>1</sup>	1.9%
Volatility <sup>2</sup>	12.9%
Benchmark	MSCI PIMFA Growth
Model OCF <sup>3</sup>	0.8%
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 May, global equities declined slightly by just over -0.3% in sterling terms with the US equity markets offsetting positive returns from other regions. Technology companies continue to weigh on US equity valuations with large caps such as Microsoft and Google down as much as 10% during the month, despite staging a recovery in the closing week. The US equity market has a large exposure to Technology oriented businesses which had been viewed as winners in a world that required people to distance themselves from one another. During the pandemic there was a rapid uptake of technological products and services by businesses and individuals to facilitate work and leisure activities in a physically compromised world. Consequently, this accelerated the earnings growth of these businesses in the last couple of years. However, prices of these companies also accelerated, far outstripping (what we believed to be) a reasonable assessment of long-term earnings and therefore we chose to maintain a low and gradually diminishing exposure to such companies. Since October of last year, the enthusiasm for Technology stocks has waned with the US Technology Services sector down by over -33% in 7 months. This rapid reassessment of value has given us cause to look more closely at the sector and the possibility of rebuilding our exposure as it begins to look oversold.

In UK Commercial Property, listed securities were generally weaker whilst physical property funds delivered a low positive return. The future of open-ended property funds remains undecided with the Bank of England and Financial Conduct Authority consultation paper on the liquidity management of these funds yet to reach a conclusion. In the meantime, Janus Henderson's physical property fund has finally been sold to an undisclosed buyer after being suspended for four months whilst the sale process was conducted. Such uncertainty around liquidity coupled with a question over the long-term existence of these vehicles makes it difficult for us to consider investing in this area currently.

Fixed interest was generally weaker with UK Government Index Linked Bonds leading the retreat. Linkers were down almost -9% on the month. A number of factors aligned that drove inflation proofed securities lower. These were rising nominal interest rates, declining inflation expectations from record levels and the long maturity of many index-linked securities (making them more sensitive to general interest rate moves). The long-term inflation assumptions priced into index linked securities continue to look excessive, in our view, and therefore we would continue to be wary of this area. That said, the pace of the sell off in UK Government Bonds (as in other sovereign markets) has been spectacular by historical standards and therefore we wouldn't rule out a pause and possibly some recovery in the short term.

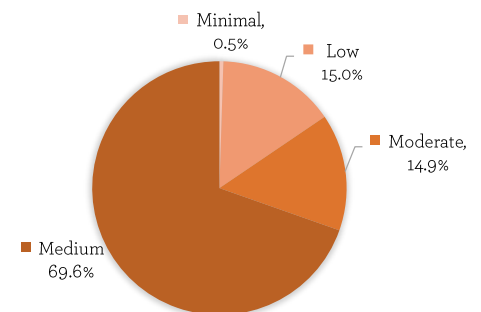
In the Ethical Growth model portfolio, returns were -0.6% in May, significantly behind the MSCI PIMFA Growth benchmark which delivered -0.1%. Against the index, negative relative performance was driven mainly by weaker returns from UK equities relative to the benchmark. This was compounded by the high quality, growth company bias of our Alternatives exposure which also underperformed its respective benchmark. Ethical or, more broadly, Sustainable strategies tend to have a technology bias to their exposure as companies in this sector often fit with the mandate of maintaining a portfolio made up of businesses with a low or positive environmental impact, positive social outcomes and strong governance. As noted above, Technology as a sector has been under some pressure since late last year.

There were some changes made to the portfolio in May. Notably, the substantial underweight towards global equities was decreased albeit the portfolio remains slightly underweight to global equities. UK equity exposure was marginally reduced to neutral versus the benchmark and fixed interest exposure was also dialled down. Having made small, gradual changes to our portfolio allocation over the last 12 months, recent volatility is creating a variety of interesting opportunities across asset classes and sectors. Having made some asset allocation shifts during the month we are now focussing on specific security exposure to ensure portfolios are positioned appropriately for the future.

## HOLDINGS

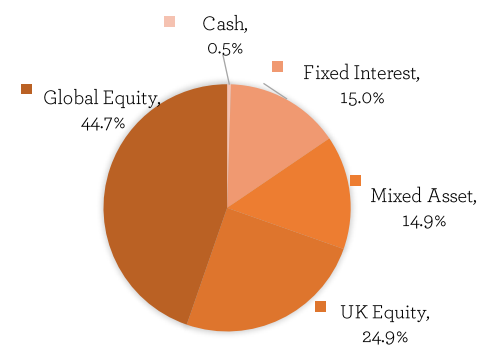
Security	Weight	OCF
Rathbone Ethical Bond	7.5%	0.65%
Royal London Ethical Bond	7.5%	0.40%
BNY Mellon Sustainable Real Return	14.9%	0.81%
EdenTree Responsible & Sustainable UK Equity	5.0%	0.79%
BMO Responsible UK Income	12.4%	0.80%
Jupiter Responsible Income	7.5%	0.93%
BMO Responsible Global Equity	14.9%	0.80%
EdenTree Responsible & Sustainable Global Equity	14.9%	0.81%
Kempen Global Listed Infrastructure	14.9%	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.

