

# WISE INVESTMENT LIMITED ETHICAL BALANCED

## Pershing

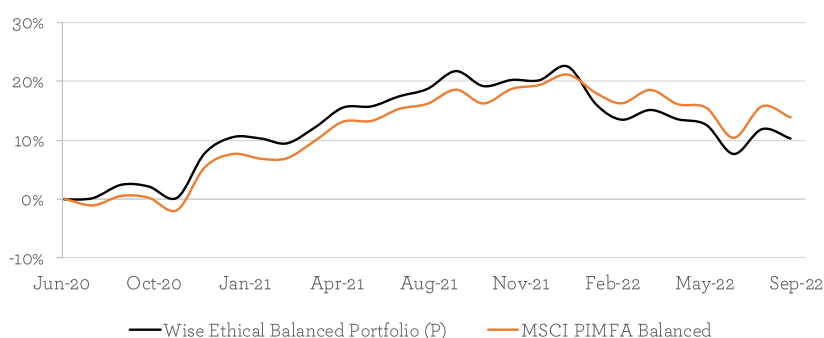
### MONTHLY FACTSHEET

all data as at 31st August 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 50%-80% is invested in 'medium' risk assets, such as shares and property, 20%-50% 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, 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	Launch
Wise Ethical Balanced Portfolio (P)	-1.4%	-2.1%	-2.8%	-9.4%	10.3%
MSCI PIMFA Balanced	-1.6%	-1.4%	-2.1%	-4.0%	13.8%

## DISCRETE ANNUAL PERFORMANCE

	31/08/2021	31/08/2020
Wise Ethical Balanced Portfolio (P)	-9.4%	18.9%
MSCI PIMFA Balanced	-4.0%	18.0%

## 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

<b>Launch Date</b>	30th June 2020
<b>Holdings</b>	9
<b>Historic Yield<sup>1</sup></b>	2.2%
<b>Volatility<sup>2</sup></b>	9.2%
<b>Benchmark</b>	MSCI PIMFA Balanced
<b>Model OCF<sup>3</sup></b>	0.8%
<b>Service Charge<sup>4</sup></b>	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

In August, global equities rose by 0.8% in sterling terms after a strong July. However, European and UK equity markets were weaker, both falling by low single digit amounts. Sterling was weaker, particularly against the euro and US dollar which helped support total returns from overseas markets. Amongst sectors, Technology stocks reversed their gains from the previous month, but it was the pan European Pharmaceutical giants such as Roche, Novartis and Astrazeneca that had the largest impact on European indices. Major European pharmaceutical companies have delivered strong and consistent returns over multiple decades which has generally been matched by underlying fundamental performance from earnings, dividends, sales revenues etc. Although, valuations have recently become a little stretched in the sector, particularly in the UK, which may mean that recent lacklustre returns may continue until the balance between price and underlying factors is redressed. There are sectors that continue to be appealing to us such as Technology and Mining where prices have fallen sharply this year and well beyond what we consider reasonable value. It is these areas that we are focussing portfolio equity exposure towards.

Listed real estate fell back after a strong performance in the previous month. UK physical property funds were also marginally lower. Pan European Real Estate also appears attractively priced with a reasonable yield and the potential for dividend growth following a recovery in earnings post-Covid. Fixed interest securities were under pressure in August with long term interest rates rising over 1% in the month. This affected both government and investment grade corporate bonds which are particularly sensitive to interest rate moves. High yield securities remained relatively unscathed as risk appetite within sub investment grade credit remained robust. There remains an attractive potential return from high yield bond securities which we have reflected in recent portfolio changes.

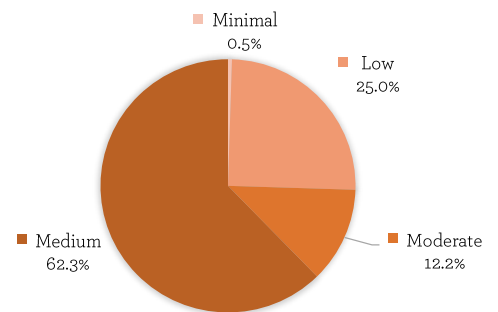
In the Ethical Balanced model portfolio, returns were lower by -1.4% in August. This was ahead of the MSCI PIMFA Balanced benchmark which returned -1.6%. Outperformance was largely due to stronger relative returns from fixed interest and global equity holdings which more than offset a weak month for UK equity exposure. Leading contribution to returns from the portfolio was the Kempen Global Listed Infrastructure fund which benefitted from its constructive allocation to Utilities where security selection is based on the businesses' current and planned operational decarbonisation.

After a strong July, August saw more muted returns with a weak domestic currency helping the performance of overseas holdings. Despite the gains in July, we remain sanguine over valuations and maintain our neutral to constructive position in select assets such as Technology and Consumer Goods in equity and high yield in terms of credit exposure. Of course, we do not rule out the possibility of asset prices falling from this point but have enough capacity to add to attractively priced assets should the opportunity present itself.

## HOLDINGS

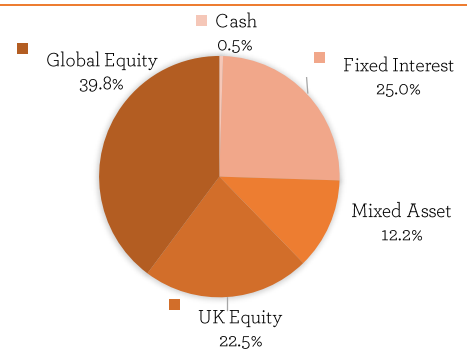
Name	Weight	OCF
Rathbone Ethical Bond Fund	12.5%	0.66%
Royal London Ethical Bond	12.5%	0.40%
BNY Mellon Sustainable Real Return	12.2%	0.81%
CT Responsible UK Income	11.0%	0.80%
Jupiter Responsible Income	11.5%	0.93%
CT Responsible Global Equity	14.9%	0.79%
EdenTree Responsible & Sustainable Global Equity	14.9%	0.81%
Kempen Global Listed Infrastructure	10.0%	0.91%
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.

