

# WISE INVESTMENT LIMITED ETHICAL BALANCED

## Pershing

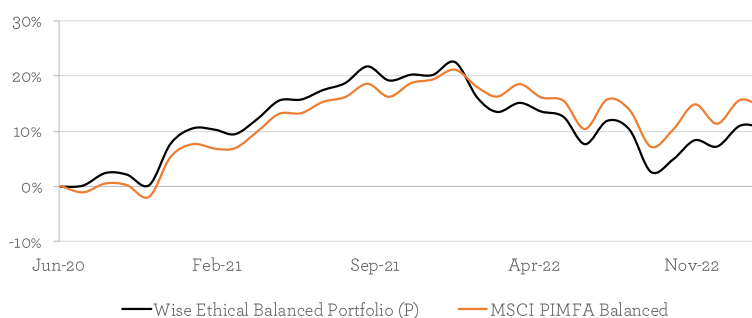
### MONTHLY FACTSHEET

all data as at 28th February 2023

## 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)	0.0%	2.4%	0.6%	-2.2%	11.0%
MSCI PIMFA Balanced	-0.7%	-0.1%	0.8%	-1.3%	14.7%

## DISCRETE ANNUAL PERFORMANCE

	28/02/2022	28/02/2021
	28/02/2023	28/02/2022
Wise Ethical Balanced Portfolio (P)	-2.2%	3.7%
MSCI PIMFA Balanced	-1.3%	8.7%

## 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>	10
<b>Historic Yield<sup>1</sup></b>	1.9%
<b>Volatility<sup>2</sup></b>	9.9%
<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

Equity markets reversed some of the strong gains they achieved in the first month of the year with global equities lower by -0.8% for February. Regionally the picture was mixed with UK equities higher by 1.8% at one end and Asian and Emerging Market equities each lower by mid-single digits at the other. Large cap oil stocks (Shell & BP) which make up a sizeable proportion of the UK equity market largely drove returns domestically as the oil price stabilised around \$80 per barrel whilst Chinese banks weighed heavily on Asian and Emerging Markets with the wax and wane of sentiment around China's reopening and its generally deteriorating relationship with the US.

Prevailing value in UK equities as a whole has diminished in our view as large sectors such as Energy and Financials have rallied from the beginning of October last year. Some attractive areas remain in the UK equity market, but these tend to be in the smaller industrial sectors. Global equities have lagged the UK in this recent rally partly due to their greater weighting towards Technology stocks which have, until recently, delivered a more sedate recovery. We still see some value in Global equities led by what we believe is an overly pessimistic view of Technology companies which, as a group, experienced dramatic falls in their share prices last year. Year-to-date, performance of Technology stocks has been incredibly strong which we expect to continue and therefore we maintain a constructive position towards the sector across the portfolios.

The UK listed real estate sector was marginally lower over the month by -0.6%. Physical property funds collectively declined by -0.1%. As with the Technology sector above, stock prices in the listed real estate sector have been under substantial pressure as investors have priced in the impact of rising interest rates and a slowing economy on the asset values of commercial properties. However, as with Technology stocks, we think these expectations may be overdone. Although there are undoubtedly ongoing challenges for the commercial property market, these factors seem to be more than priced in. This suggests to us some price recovery going forward.

Fixed interest assets across the risk spectrum declined with the more interest rate sensitive securities such as UK Government Bonds, leading prices lower. Interest rates across the yield curve moved around 0.4% higher sending the UK Gilt market down by -3.3% with the more volatile index linked market (due to its overall longer maturity profile) lower by -4.7%. High yield corporate bonds, which are more sensitive to risk appetite than small changes in interest rates, were relatively unscathed, lower by just -0.6%. Corporate bonds rated just below investment grade continue to look attractive with yields to maturity in the region of around 8%. This has been reflected, where appropriate, across the portfolios.

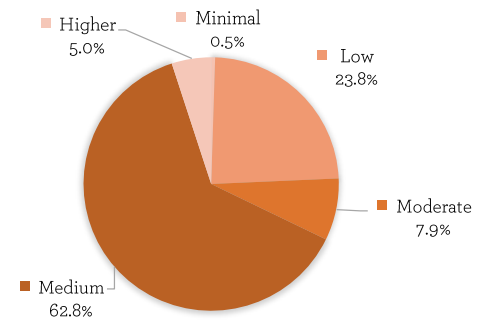
In the Ethical Balanced model portfolio, returns were flat in February. This was ahead of the MSCI PIMFA Balanced benchmark which returned -0.8%. Outperformance was driven by global equity exposure where a rally in equity markets in the afternoon and late evening on the last day of January fed into fund prices on the first day of February. Leading performance in the underlying holdings was Janus Henderson Global Sustainable Equity and specialist sector fund Janus Henderson Sustainable Future Technologies. Both funds staged a strong performance in late January/early February as investors interpreted comments from the US Federal Reserve that the current cycle of rate rises was slowing.

As noted last month, although we still see value in some sectors, equity markets, more broadly, have lost a significant amount of the appeal we identified in September last year as global fears over rising interest rates and an economic recession were topped off by a poorly received UK Budget. This led to severe asset price falls where we chose to add to risk assets such as equities. Much of the potential return we recognised at that time has now been realised and after a strong start to the year, equity markets have rolled over from the middle of this month. Given the generally full values, we feel that security selection within markets has become more relevant now than it has been for some time and differentiation from broad indices will be the driver of positive relative returns from this point.

## HOLDINGS

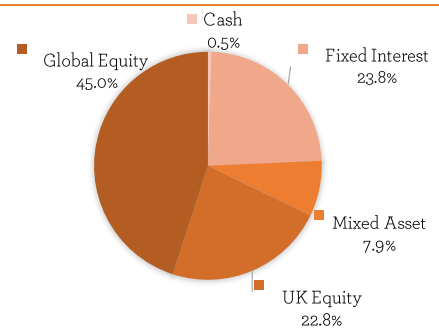
Name	Weight	OCF
Rathbone Ethical Bond Fund	11.9%	0.66%
Royal London Ethical Bond	11.9%	0.40%
BNY Mellon Sustainable Real Return	7.9%	1.01%
CT Responsible UK Income	11.4%	0.80%
Aegon Ethical Equity	11.4%	0.77%
CT Responsible Global Equity	15.0%	0.79%
Janus Henderson Global Sustainable Equity	15.0%	0.85%
Kempen Global Listed Infrastructure	10.0%	0.91%
Janus Henderson Sustainable Future Technologies	5.0%	0.87%
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.

