

WISE INVESTMENT LIMITED ETHICAL BALANCED

Pershing

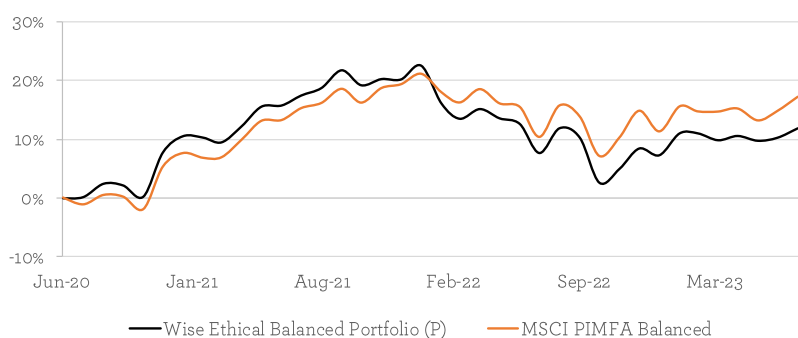
MONTHLY FACTSHEET

all data as at 31st July 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	3yr	Launch
Wise Ethical Balanced Portfolio (P)	1.4%	1.2%	0.8%	0.0%	11.7%	11.9%
MSCI PIMFA Balanced	2.1%	1.7%	1.4%	1.3%	18.5%	17.2%

DISCRETE ANNUAL PERFORMANCE

	30/06/2022	30/06/2021	30/06/2020
Wise Ethical Balanced Portfolio (P)	2.4%	-8.3%	17.5%
MSCI PIMFA Balanced	4.0%	-4.3%	15.2%

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	11
Historic Yield¹	2.2%
Volatility²	9.4%
Benchmark	MSCI PIMFA Balanced
Model OCF³	0.7%
Service Charge⁴	2.1%

Contact Details

Wise Investments Ltd
The Great Barn
Chalford Park Barns
Chipping Norton
OX7 5QR
Switchboard: 01608 695100
Website: 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.

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

Global equities were higher in July generally ranging from low to mid-single digit returns. Asian and Emerging Markets led but have been the laggards in global equity markets so far in 2023. The dominant factor in investment performance this year (and our day-to-day lives for that matter) has been inflation. Years of accommodative interest rates and injections of capital into the financial system has finally had the effect that many of us had given up on as the inevitable side effect of monetary stimulus. Namely rapidly rising prices. Surging inflation led to a scramble by central banks to raise overnight interest rates. This is because their mandates often explicitly or implicitly require them to maintain a low, steady rate inflation. Consequently, overnight rates have moved from at or near zero at the beginning of 2022 to somewhere between 4% to just over 5% across the Eurozone, UK and the US by mid-2023.

Interest rates are a crude but effective tool and have weighed on returns from fixed interest securities this year. Within fixed interest, the strongest performing sector year to date has been in the more risk sensitive (as opposed to interest rate sensitive) area of high yield bonds. In terms of the economy, there is a time lag between an interest rate decision and application and the impact it has on inflation. This is partly due to the speed of transmission of higher interest rates into economic activity. By way of some examples, those with fixed rate mortgages will have their payments unaffected until their fixed period expires and the timing of repricing for key inflation constituents such as household energy prices only happens at certain points. Some UK economic measures such as house prices and unemployment rates are starting to show a slowdown in the economy suggesting that we may be seeing a peak in this recent round of rate rises before the end of the year.

Real estate equities were higher in July and have delivered a choppy return profile this year after an awful 2022. Again, interest rates, have been instrumental in negative sentiment towards the sector along with demand expectations and impending capital costs. Although these are realistic issues, we feel pricing is overly pessimistic making us constructive on prospective returns.

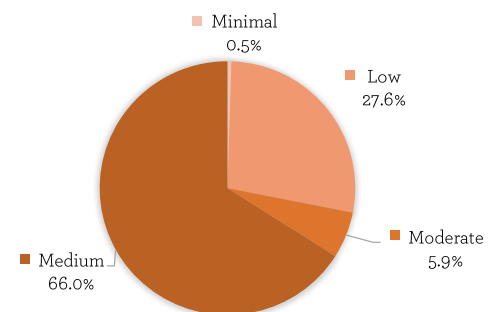
In the Ethical Balanced model portfolio, returns were higher by 1.4% in July. This was behind the MSCI PIMFA Balanced index that was 2.1% higher. Underperformance came mainly from global equity exposure where funds failed to capture the returns of the broader market as some of the key sectors for sustainable and responsible investing such as Healthcare and Technology sub-sectors lagged. Contribution to returns were led by Aegon Ethical Equity and CT Responsible UK Income where real estate exposure and other financial management businesses in both funds delivered strong returns.

In terms of opportunity, we see short dated fixed interest securities as comparatively attractive, offering yields to maturity over 2 to 3 years that challenge the prospective returns from global equity markets. UK equities also appear relatively good value particularly in the Non-Cyclical Consumer space such as household goods, beverages and tobacco (although the latter has a rather tarnished reputation). Shares of companies in these sectors tend to be affected by interest rates in a similar way to fixed interest securities as they tend to have steady long term cash flows. That is, as interest rates rise, they tend to underperform and vice versa. Now that UK (and other central bank rates) might be in the final stages of their tightening cycle, this could provide the backdrop to a recovery in these equity sub-sectors. Finally, real estate equities continue to offer value and remain a key positive relative position in the portfolio.

HOLDINGS

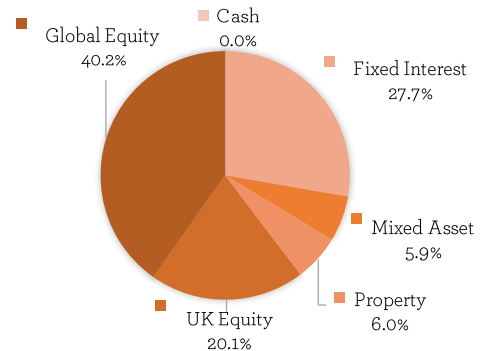
Security	Weight	OCF
Rathbone Ethical Bond Fund	12.6%	0.66%
EdenTree R&S Short Dated Bond	15.0%	0.38%
BNY Mellon Sustainable Real Return	5.9%	0.97%
Schroder Global Cities Real Estate	6.0%	0.93%
CT Responsible UK Income	10.0%	0.80%
Aegon Ethical Equity	10.0%	0.77%
CT Responsible Global Equity	14.9%	0.79%
Janus Henderson Global Sustainable Equity	10.2%	0.85%
Kempen Global Listed Infrastructure	9.9%	0.91%
L&G MSCI World SRI Index	5.0%	0.25%
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.

