

# WISE INVESTMENT LIMITED - ETHICAL BALANCED

## Pershing

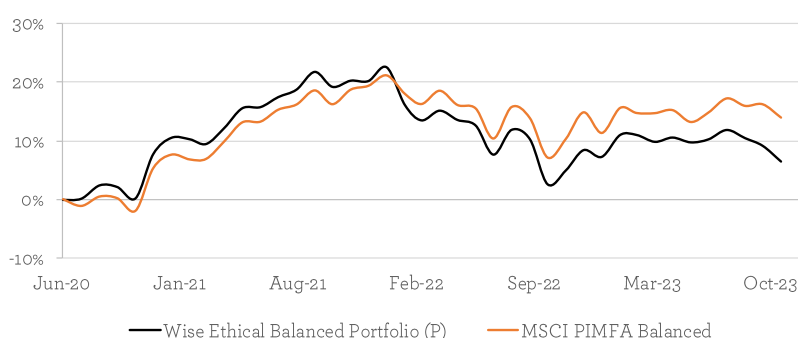
## MONTHLY FACTSHEET

all data as at 31st October 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) | -2.4% | -4.8% | -3.7% | 1.4% | 6.2%  | 6.5%   |
| MSCI PIMFA Balanced                 | -1.9% | -2.8% | -1.1% | 3.3% | 16.2% | 13.9%  |

### DISCRETE ANNUAL PERFORMANCE

|                                     | 31/10/2022 | 31/10/2021 | 31/10/2020 |
|-------------------------------------|------------|------------|------------|
|                                     | 31/10/2023 | 31/10/2022 | 31/10/2021 |
| Wise Ethical Balanced Portfolio (P) | 1.4%       | -12.7%     | 20.0%      |
| MSCI PIMFA Balanced                 | 3.3%       | -7.1%      | 21.0%      |

### 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 successfully passed all three level of the Chartered Financial Analyst (CFA) exams gaining the qualification in 2006.

### Key Portfolio Details

|                                   |                     |
|-----------------------------------|---------------------|
| <b>Launch Date</b>                | 30th June 2020      |
| <b>Holdings</b>                   | 11                  |
| <b>Historic Yield<sup>1</sup></b> | 2.7%                |
| <b>Volatility<sup>2</sup></b>     | 9.5%                |
| <b>Benchmark</b>                  | MSCI PIMFA Balanced |
| <b>Model OCF<sup>3</sup></b>      | 0.7%                |
| <b>Service Charge<sup>4</sup></b> | 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](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.

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 lower in October by almost -2.5% with UK equities down more than most other markets, losing over -4% for the month. Large cap banks such as HSBC, Barclays and NatWest were the most significant contributors to negative returns from the UK equity market. Investors speculated over whether banks would be able to maintain revenues if interest rates have indeed peaked with competitive and political pressure requiring them to increase funding costs, adding to their woes. Both factors squeeze margins and with the prospect of sluggish economic growth share prices in the banking sector have suffered. In addition, Natwest Group have also been battling specific issues around the removal of banking services from Nigel Farage and poor communication on the matter subsequently. This has forced the resignation of Natwest's CEO, Alison Rose and caused further disquiet amongst shareholders.

There are potentially attractive returns from the Banking sector going forward with compelling share price to asset ratios and yields. However, both dividends and earnings also look as though they are either at or nearing cyclical peaks so one also needs to be wary of the possibility of some degradation in the absolute fundamentals especially considering the above factors.

Listed UK Real Estate was also lower albeit by roughly half that of the broader UK equity market. We have written at length in these commentaries on our positive view of listed real estate valuations despite the many challenges for the sector. Our position here remains unchanged.

Finally, in fixed income, markets were broadly lower with weakness from both rising interest rates and declining risk appetite. This affected securities across the risk spectrum from UK Gilts to high yield. Although, it is worth noting that shorter maturity bonds delivered positive returns as near-term interest rates actually declined i.e. rates over 1-3 years as opposed to overnight rates set by the Bank of England. We continue to be constructive on particular parts of the fixed income market such as short maturity investment grade and the high end of sub investment grade credit. This area is currently benefitting from relatively high rates whilst having limited sensitivity to changes in both interest rate and sentiment towards risk compared to equivalent longer-term bonds.

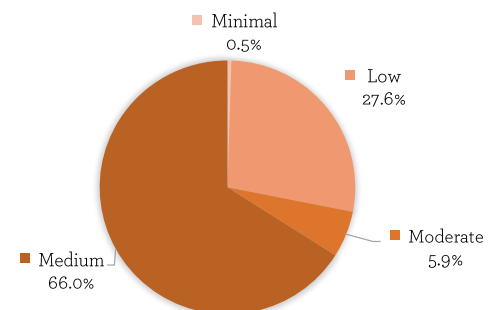
In the Ethical Balanced model portfolio, returns were lower by -2.4%. This was behind the MSCI PIMFA Balanced index that was lower by -1.9%. Whilst short-dated investment grade credit strategies such as Edentree Responsible and Sustainable Short Dated Bond had as positive month, this was more than offset by equity exposure. Leading the contribution to negative returns was CT Responsible Global Equity that was pulled lower by Health Technology holdings.

Weak performance from assets in October has improved our expectation of future returns across asset classes having been a little more cautious at the beginning of August. This led to us reducing exposure to equities and longer dated government bonds in particular. With this improvement in valuations, we will look to identify which areas we believe offer attractive returns and allocate accordingly.

## HOLDINGS

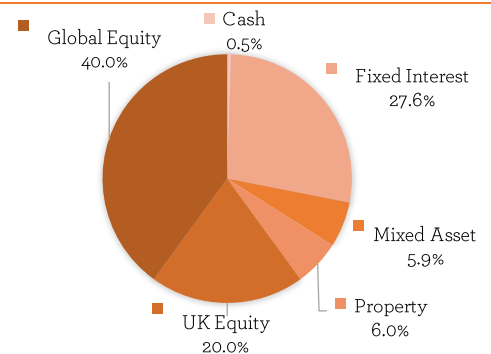
| Security                                  | Weight | OCF   |
|---|--------|-------|
| Rathbone Ethical Bond Fund                | 12.6%  | 0.66% |
| EdenTree R&S Short Dated Bond             | 15.0%  | 0.38% |
| BNY Mellon Sustainable Real Return        | 5.9%   | 0.97% |
| Schroder Global Cities Real 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.

