

# WISE INVESTMENT LIMITED - ETHICAL BALANCED

## Pershing

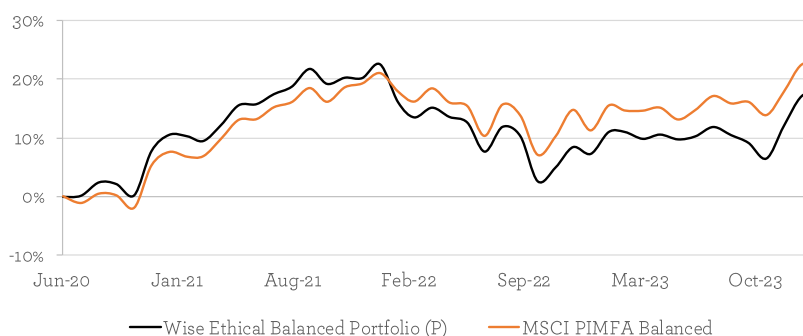
## MONTHLY FACTSHEET

all data as at 31st January 2024

### 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)



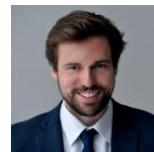
### CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	Launch
Wise Ethical Balanced Portfolio (P)	0.5%	10.5%	5.2%	6.1%	6.8%	17.8%
MSCI PIMFA Balanced	-0.2%	7.3%	4.3%	5.8%	14.5%	22.2%

### DISCRETE ANNUAL PERFORMANCE

	31/01/2023	31/01/2022	31/01/2021
	31/01/2024	31/01/2023	31/01/2022
Wise Ethical Balanced Portfolio (P)	6.1%	-4.4%	5.3%
MSCI PIMFA Balanced	5.8%	-2.0%	10.5%

### PORTFOLIO MANAGEMENT



**WILLIAM GEFFEN**  
Head of Investment  
Management

William joined Wise Investment in November 2023 and has 4 years' experience in managing equity funds. His main responsibility is the selection of suitable investments for portfolios and ensuring our investment service meets your requirements.

William successfully passed all three level of the Chartered Financial Analyst (CFA) exams gaining the qualification in 2021.

### Key Portfolio Details

<b>Launch Date</b>	30th June 2020
<b>Holdings</b>	9
<b>Historic Yield<sup>1</sup></b>	2.3%
<b>Volatility<sup>2</sup></b>	9.2%
<b>Benchmark</b>	MSCI PIMFA Balanced
<b>Model OCF<sup>3</sup></b>	0.5%
<b>Service Charge<sup>4</sup></b>	1.8%

### 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

January saw a solid start to the year of 2024 off the back of a strong year in 2023.

Global equities returned 1.31% (in sterling) largely driven by the world's largest market, the US, returning 1.64%, off the back of gathering optimism around the health of the US economy and enthusiasm for the handful of megacap tech companies that have driven US stock returns over the past year. Another notably strong geography in January was Japan which returned 4.73% despite yen slipping 3.45% vs sterling. This caps off a strong 1 year rolling performance for Japan (second only to the USA) and comes as a result of improving sentiment around Japanese corporate governance with the Tokyo exchange cracking down on poor stakeholder practices. Japanese equities have traded at a substantial discount for a long time due to the perceived poor capital discipline, often resulting in many companies trading below their net asset value or even below their net cash/working capital. The recent changes have begun to close this gap and have led to Japanese equity indices hitting (long overdue) highs not seen for 30+ years.

Elsewhere Europe returned a modest 0.35% and the UK lagged, returning -1.33%. Asia ex-Japan performed poorly returning -5.35% with the wider emerging markets buckets similarly returning -4.35%, both dragged down by worsening sentiment over Chinese equities, where despite the impressive economic performance, the Hang Seng index is back to levels it was 20 years ago. There is to believe a turnaround is near, with clear signals from the CCP that it wants to help reestablish a better investment ecosystem, along with a potential positive economic catalyst with the auspicious year of the dragon just about to begin. While emerging markets pose an appetising opportunity to adventurous investors to invest in a beaten down market, this must be done with caution and careful discretion.

In fixed income, yields rose slightly as the US federal reserve dampened expectations of a March rate cut due to continued economic strength and inflation not yet fully back to desired levels for a meaningful period of time. Other central banks like the UK's BOE indicated similarly although driven more so by elevated inflation rather than economic strength.

The rise in yields led to better performance from short-dated cash equivalents, which returned 0.41% and high yield bonds (being less rate-sensitive) which returned 0.73%. Inflation Linked Gilts performed worst, returning -5.24%, followed by standard Gilts returning -2.27% and corporate bonds returning -0.87%.

Real estate also suffered a degree due to rising rates with the more sensitive listed liquid index returning -2.2% and the less sensitive (less frequently priced!) direct property index returning -0.36%.

The Ethical Balanced model returned 0.54% ahead of -0.23% for the benchmark (PIMFA Balanced). This was driven by exposure to global equities that are more tilted to the growth and quality factors associated with ethical funds. Our position in shorter dated fixed income securities also helped avoid the negative returns of longer dated (higher duration) bonds over the month due to rising yields.

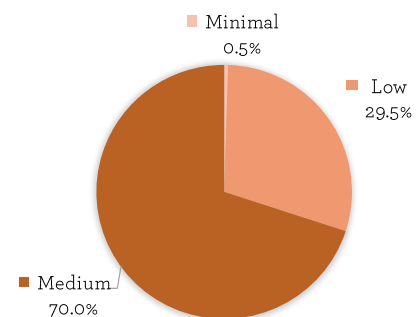
We haven't made any significant changes to the Ethical Growth model portfolio this month. We continue to have lower duration and credit risk in the bond portion of the portfolio, favouring higher quality and shorter dated securities and a solid core of global equity exposure via the low fee passive Vanguard ESG developed world all cap equity index fund as well as the Fundsmith sustainable equity fund. We also maintain a modest 15% position in the Aegon ethical equity fund to capture the discount we see in the UK market as well as a modest 5% position in Schroder Global Cities Real Estate fund as we continue to see value in this down beaten asset class as shown by the depressed prices in commercial properties and large net asset value discounts in listed real estate trusts.

We have undergone various changes to model portfolios recently with the change in Head of IM role in November, with a new focus on addressing markets on a more global basis, rather than the disproportionate focus on the UK within our PIMFA benchmarks. Additionally, we are now utilising more low fee passive index funds in order to better capture global equity exposure while also reducing underlying fees paid by clients. Both these changes, we hope will help boost long term returns and client outcomes. Most of these changes were implemented in late November and early December.

## HOLDINGS

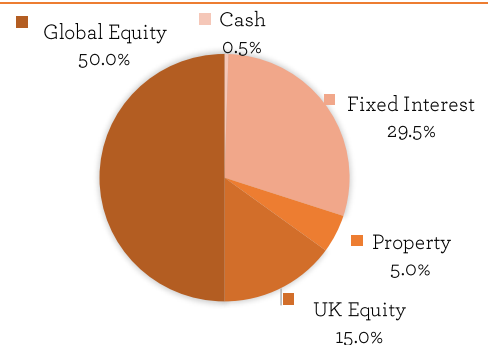
Name	Weight	OCF
EdenTree R&S Short Dated Bond	10.0%	0.38%
Rathbone Ethical Bond Fund	5.0%	0.66%
TwentyFour Sustainable Short term bond	14.5%	0.36%
Aegon Ethical Equity	15.0%	0.77%
Fundsmith Ethical	15.0%	0.96%
Vanguard ESG Developed World Equity Index	35.0%	0.20%
Schroder Global Cities Real Estate	5.0%	0.93%
Cash	0.5%	0.00%

## RISK ALLOCATION



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.

