

WISE INVESTMENT LIMITED - ETHICAL BALANCED

Pershing

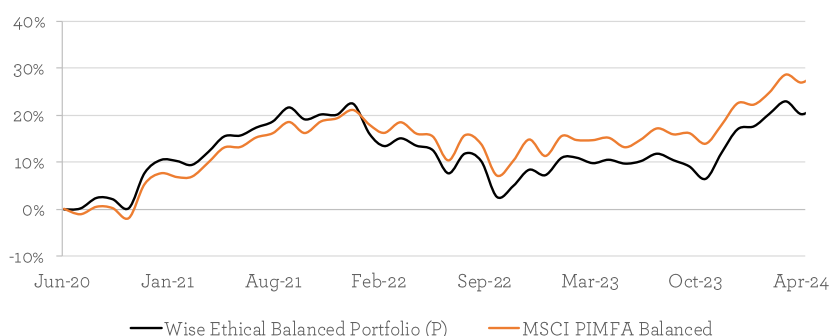
MONTHLY FACTSHEET

all data as at 31st May 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)



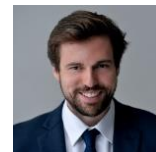
CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	Launch
Wise Ethical Balanced Portfolio (P)	1.7%	1.6%	9.2%	11.5%	5.7%	22.4%
MSCI PIMFA Balanced	1.8%	3.5%	9.6%	14.2%	14.1%	29.2%

DISCRETE ANNUAL PERFORMANCE

	31/05/2023	31/05/2022	31/05/2021
	31/05/2024	31/05/2023	31/05/2022
Wise Ethical Balanced Portfolio (P)	11.5%	-2.5%	-2.7%
MSCI PIMFA Balanced	14.2%	-2.0%	2.0%

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

Launch Date	30th June 2020
Holdings	9
Historic Yield¹	2.2%
Volatility²	9.2%
Benchmark	MSCI PIMFA Balanced
Model OCF³	0.5%
Service Charge⁴	1.9%

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

May was a good month for investors, resuming a steady “bull run” that started in back in October 2023 initially spurred by the hope of upcoming central bank rate cuts and now sustained by a steady stream of news pointing to unexpectedly strong economic growth, particularly in the US.

Global equities rose 2.7%, in sterling, with European equities (excluding the UK market) leading with a 3.5% return. The world’s largest market, the USA, also had a strong month returning 3% and our local UK market also continued its recent rally, returning 2.4%, only slightly lagging the global market. Elsewhere, the Japanese market retreated 0.3% as its currency depreciated just over 1% and EM (emerging markets) also retreated, returning -1.1%.

In Fixed income, yields lowered slightly off the back of slightly lower than expected inflation figures, buoying the bond market. As a result, UK Gilts (government bonds) returned 0.8%, UK corporate bonds returned 0.9% and inflation linked bonds returned, 1.2%. High yield bonds also returned 0.9%.

The property sector had a good month, boosted by lower yields. This inverse relationship with yield moves is driven by two factors. First, lower yields mean lower borrowing costs, and as real estate tends to be bought with a fair amount of debt, lower rates mean lower debt payments and more money for owners. Secondly there is an element of opportunity cost. If you can get say 5% for short term bonds, but then this drops to 4%, you can expect other assets, like real estate, to have their “yields” drop too as the yard stick moves – boosting prices.

In any case, with a slight drop in yields, direct property returned 0.6% and liquid real estate (listed real estate trusts) moved up 3.4%. The amplified move in the liquid real estate index (vs direct) reflects the often-higher debt levels in liquid real estate vehicles, as well as its greater susceptibility to market flows and investor sentiment.

The Ethical Balanced model returned 1.67%, marginally behind the 1.77% return for the benchmark (PIMFA Balanced). This slight underperformance was mainly driven by the position in the Fundsmith Sustainable Equity Fund which returned -0.41% vs 2.7% for its MSCI World benchmark. Our holding in Aegon UK equity was a notable outperformer, returning 4.93% pulling back some of the ground lost earlier this year.

We haven’t made any significant changes to the Ethical Balanced model portfolio this month and we continue favour a strategy of strong core 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. This is more volatile exposure is moderated by high quality and shorter dated bonds in the fixed income portion of the portfolio.

In terms of tactical positions, we have a 5% position in the AB international healthcare fund to take advantage of the attractive valuations in the healthcare sector – a sector that also has enjoyed strong long-term returns due to the high quality nature of many healthcare businesses and the steady secular growth trends they are exposed to (e.g aging populations).

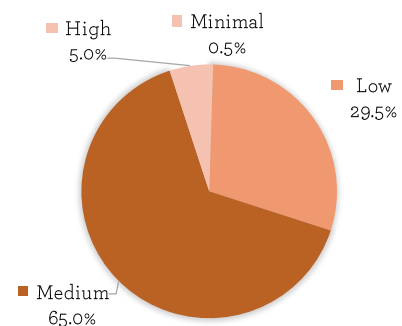
We also maintain a modest 10% position in the Aegon ethical equity fund to capture the discount we see in the UK market as well as a modest 5% position in Schroder Global Cities Real Estate fund as we continue to see value in this down beaten asset class as shown by the depressed prices in commercial properties and large net asset value discounts in listed real estate trusts.

The Ethical Balanced model remains behind its benchmark on a 1yr and 3 yr basis, returning 11.46% and 5.67% respectively (vs 14.18% and 14.11% for the benchmark).

HOLDINGS

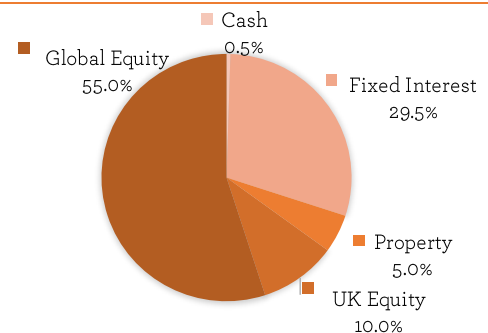
Name	Weight	OCF
EdenTree R&S Short Dated Bond	10.0%	0.38%
Rathbone Ethical Bond Fund	5.0%	0.66%
TwentyFour Sustainable Short term bond	14.5%	0.36%
Schroder Global Cities Real Estate	5.0%	0.93%
Aegon Ethical Equity	10.0%	0.77%
Fundsmith Ethical	15.0%	0.96%
Vanguard ESG Developed World Equity Index	35.0%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

