

# WISE INVESTMENT LIMITED - ETHICAL BALANCED

## Pershing

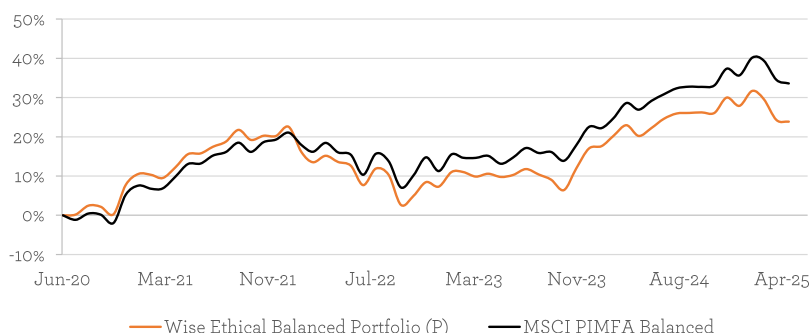
## MONTHLY FACTSHEET

all data as at 30th April 2025

## 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 to be 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)



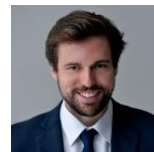
## CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	Launch
Wise Ethical Balanced Portfolio (P)	-0.3%	-5.9%	-1.8%	3.0%	9.0%	23.9%
MSCI PIMFA Balanced	-0.7%	-4.7%	0.4%	5.3%	15.1%	33.6%

## DISCRETE ANNUAL PERFORMANCE

	30/04/2024	30/04/2023	30/04/2022
Wise Ethical Balanced Portfolio (P)	3.0%	8.7%	-2.6%
MSCI PIMFA Balanced	5.3%	10.2%	-0.8%

## 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	11
Historic Yield <sup>1</sup>	2.8%
Volatility <sup>2</sup>	5.0%
Benchmark	MSCI PIMFA Balanced
Model OCF <sup>3</sup>	0.5%
Service Charge <sup>4</sup>	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

April saw some of the highest market volatility in recent memory.

While March saw some drawdowns across the board from anticipated tariffs, markets were clearly pricing in a fairly gradual and targeted approach to tariffs. This was blown out the water on the 2<sup>nd</sup> of April ('Liberation Day') when he announced widespread tariffs coming into effect also immediately. These so called "reciprocal tariffs" were in fact based on the balance of trade between the US and other countries, with the rough calculus being half the % current account difference with a minimum of 10%. This sent markets into a panic, with the US market drawing down 10%+ off the back of an already poor run in March. In typical Trump style, on the 8<sup>th</sup> of April he then tweeted (or rather shared a "Truth" on TruthSocial) saying that tariffs would be paused for 90 days except for the tariffs on China sending US markets flying up nearly 10% in a single day and other markets on a similar path. Since then, there has been a steady walking back of tariff policy along with several indications of various trade deals.

This episode is far from over, and if one thing can be assured, its that Trump clearly enjoys the attention and the power he wields over \$tns in market value. While the talk of a breakdown in US exceptionalism may be a bit over exaggerated, it is clear this attitude is very destructive to the smooth running of markets. Markets can tolerate and adapt to a good deal of pain and bad news so long as its quantifiable and signalled well in advance. What markets abhor is uncertainty and sudden changes to outlook, which this US administration seems to be delivering in spades. Often the best thing a US administration can do is nothing – or at least very little and quietly. Constantly messing with fragile parts of the economy like trade and supply chains only creates paralysis in key investment decisions for businesses and capital allocators, destroying masses of value no matter the actions actually taken.

Taking a step back, overall the US market dropped -3.5% in the month, compared to our own UK market, only down -0.2% and Europe and Japan, actually up 1.2% and 1.7% respectively (all in GBP Sterling terms). Emerging Markets were down -2.1% largely due to the escalation of tariffs threats between the US and China.

Fixed income also saw dramatic moves. There was (and remains) a great deal of attention on the US 10yr yield, as the US government will need to reissue a great deal of debt soon and, at current yields, will have to do so at a rather steep cost. One rational put forward for the dramatic move in tariffs, was to simultaneously raise large amounts of taxes to help reduce the deficit and creditworthiness of the government while also pushing the Federal reserve to cut rates due to a deteriorating economic outlook. Bond markets however seemed to shrug this off pushing yields higher in spite and the Federal reserve decided to maintain rates at their current levels (perhaps as Tariffs might be inflationary, especially if businesses pass the added cost through to consumers).

UK fixed income however was fairly insulated from these moves and served as a useful hedge, with UK Gilts rising 1.9% and corporate bonds up 1.4%.

In high yield, credit spreads going into this episode had also been tight but widened dramatically as markets began to anticipate a possible self-inflicted recession. These spreads did come back in as the tariff threat eased but high yield ended the month down -0.2%.

Finally, property almost entirely insulated from tariffs and global trade saw another decent month, up around 0.3% for directly held property and 3.3% for liquid listed UK real estate.

The Ethical Balanced model returned -0.3%, ahead of the -0.7% return for the PIMFA Balanced benchmark.

The Global Equity exposure performed poorly off the back of concerns over US tariffs and global trade with the Vanguard ESG Developed World All Cap Equity Index fund and the Fundsmith Stewardship fund returning -2.1% and -1.7% respectively. Our UK exposure did well this month with Aegon Ethical fund up 2.4% after a poor month in March. The AB International Healthcare fund also had another poor month, returning -4.8%.

We made no portfolio changes in April bar a fortunately timed rebalance early in the month.

We continue to favour a strategy of strong core global equity exposure via the low fee passives like the Vanguard ESG Developed World All Cap Equity Index fund. This more volatile exposure is moderated by high quality and shorter dated bonds in the fixed income portion of the portfolio.

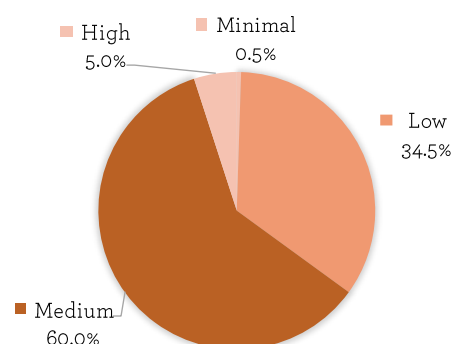
Tactically, we maintain our position in the Aegon Ethical Equity fund to capture the substantial discount we see in the UK market. We also maintain a 5% position in the AB International Healthcare fund to take advantage of the attractive valuations in the healthcare sector – a sector that also has enjoyed 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 have 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.

## HOLDINGS

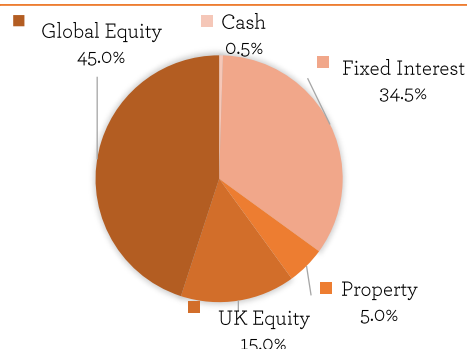
Name	Weight	OCF
TwentyFour Asset Backed Opportunities	5.0%	0.71%
TwentyFour Sustainable Global Corporate Bond	5.0%	0.40%
TwentyFour Monument Bond	5.0%	0.39%
TwentyFour Sustainable Short term bond	19.5%	0.36%
Schroder Global Cities Real Estate	5.0%	0.93%
Aegon Ethical Equity	10.0%	0.77%
Fundsmith Stewardship	10.0%	0.96%
JOHCM Regnan Sustainable Water and Waste	5.0%	0.85%
Vanguard ESG Developed World Equity Index	30.0%	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.

