Issue date: October 2020

WISE INVESTMENT LIMITED ETHICAL GROWTH

Formally WISE INVESTMENT LIMITED ETHICAL

Pershing

MONTHLY FACTSHEET

all data as at 30th September 2020

PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Ethical Growth Model Portfolio is designed for clients who are looking for a level of capital growth in line with the MSCI PIMFA Growth 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 invested mostly in 'medium' risk assets, such as shares and property and can include up to 20% in 'high' risk assets such as shares in specific countries and industries. The Portfolio can also invest in 'lower' or 'minimal' risk assets such as higher quality company debt and cash. We therefore consider the portfolio to be suitable for those willing to adopt a medium risk profile.

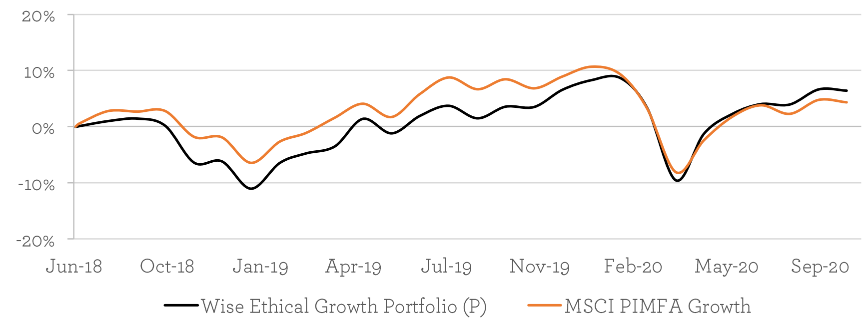
PORTFOLIO MANAGEMENT

ROBERT BLINKHORN

Head of Investment Management

Robert joined Wise Investment in July 2017 and has 17 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.

PERFORMANCE SINCE LAUNCH



Key Portfolio Details

Launch Date	26th June 2018
Holdings	11
Historic Yield[1]	1.8%
Volatility[2]	13.8%
Benchmark	MSCI PIMFA Growth
Model OCF[3]	0.8%
Service Fee[4]	1.4%

CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	Launch
Wise Ethical Growth Portfolio (P)	-0.2%	2.3%	17.7%	2.7%	6.5%
MSCI PIMFA Growth	-0.4%	0.5%	13.5%	-3.8%	4.3%

DISCRETE ANNUAL PERFORMANCE

	30/09/2019 30/09/2020	30/09/2018 30/09/2019
Wise Ethical Growth Portfolio (P)	2.7%	3.4%
MSCI PIMFA Growth	-3.8%	5.5%

Contact Details

Wise Investments Ltd
The Long 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. 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 standard non-tiered annual fees levied by Wise Investments Ltd and custodian fees

(P) refers to the assets being held in custody at Pershing Securities Limited

WISE INVESTMENT
PLANNING FOR LIFE

MONTHLY COMMENTARY

In September, global equities were flat in sterling terms with weakness in the pound boosting returns from declining foreign equity markets. Consequently, without the benefit of foreign currency adjustments, UK equities delivered the lowest return from regional equity markets in sterling terms . Amongst global equity industry sectors, Industrial Services were the weakest. The sector covers a broad range of business types such as oil transfer and storage, infrastructure and waste management. However, these businesses tend to be connected by their sensitivity to economic conditions and/or commodity prices which often determines the spending patterns and general behaviour of their end customers. They also tend to be smaller companies that specialise in particular niche products or services. Performance of Industrials in September suggests that the core of economies continues to be significantly impacted by the measures taken to stem the transmission of the Covid-19 virus. Uncertainty has led investors to severely discount businesses in this space, particularly those involved in supplying services and equipment to oil companies (which currently have their own idiosyncratic challenges in terms of commodity prices and the longer term viability of their main product line in light of the continuing rise of renewable alternatives).

Generally speaking, however, equity markets are currently trading at unattractively high levels in our view. The US market appears to have drawn the highest premium from investors. This is not least because of its weighting towards the Tech sector, which has grown to dominate the US stock markets in the last 10 years due to giants such as Apple, Amazon, Microsoft and Alphabet (owner of Google). Capital has been channelled towards businesses that have not only remained strong throughout the pandemic but have become even more profitable and dominant because of it. Thus, in one sense, the strong performance of the Tech sector is understandable - but for long term investors there is also the question of valuation to consider.

Take the Global Telecommunications Equipment sector as an example, whose largest component is Apple at around 70% of the index. Our modelling shows that earnings from this sector need to grow by around 140% to justify the current price. Clearly this is entirely possible, in fact one might say it is virtually a certainty given long enough. However, the critical question in estimating an appropriate price today is precisely how long it might take to get there. Over the last two decades, annual earnings growth has ranged between almost doubling to halving year on year. However, the average growth rate for the sector as a whole over this period has been just over 8%. At this rate we estimate that it would take a little over 11 years to reach an earnings level that justifies the current price. This suggests a bit of a stretch to us bearing in mind that experts forecast earnings growth in the sector to remain flat for the at least the next 12 months and there is no evidence to suggest future earnings are to be consistently higher going forward than previously experienced.

Of course, experts can be wrong and there could be a significant step change in the fortunes of businesses involved in telecommunications. However, we tend to prefer the more usual explanation for prices disconnecting wildly from current and probable near-term fundamentals – namely the over enthusiasm of investors.

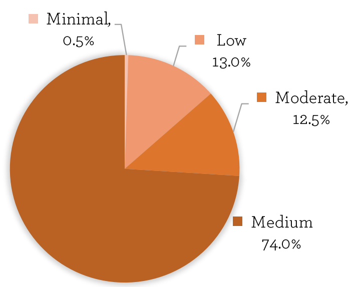
Elsewhere, property related securities were weaker. Daily rates of positive tests for Covid-19 have increased and the UK Government has begun reversing some of the easing measures brought in during the summer after the lockdown in the first half of the year.

Fixed interest returns were also higher with the exception of some more speculative securities. A decline in longer term interest rates spurred quality bonds as investors revised the effects of resurging infections on the longer-term health of the economy.

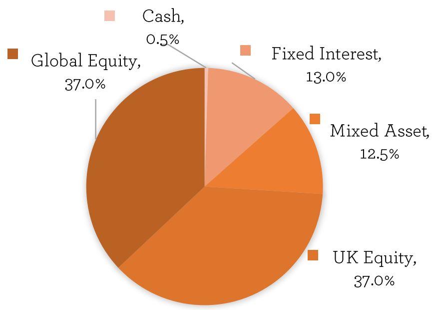
HOLDINGS

Rathbone Ethical Bond	6.5%
Royal London Ethical Bond	6.5%
BNY Mellon Sustainable Real Return	12.5%
EdenTree Amity UK	10.0%
BMO Responsible UK Income	13.0%
Jupiter Responsible Income	14.0%
BMO Responsible Global Equity	5.5%
EdenTree Amity International	12.5%
Janus Henderson Global Sustainable Equity	5.5%
Jupiter Ecology	13.5%
Cash	0.5%

ASSET RISK



ASSET ALLOCATION



IMPORTANT INFORMATION