Issue date: January 2021

WISE INVESTMENT LIMITED ETHICAL BALANCED

Pershing

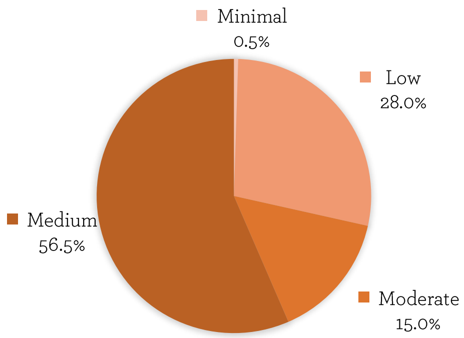
MONTHLY FACTSHEET

all data as at 31st December 2020

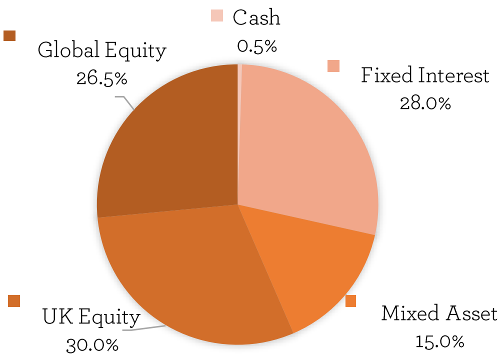
PORTFOLIO OBJECTIVES AND STRATEGY

The Wise Ethical Balanced Model Portfolio is designed for clients who are looking for a level of capital growth 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 no more than 80% is invested in 'medium' risk assets, such as shares and property. The balance of at least 20% 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. No exposure will be allocated to higher risk assets. We consider the portfolio to be suitable for those willing to adopt a balanced risk profile.

ASSET RISK



ASSET ALLOCATION



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.

Key Portfolio Details

Launch Date	30th June 2020
Holdings	10
Historic Yield[1]	2.1%
Benchmark	MSCI PIMFA Balanced
Model OCF[2]	0.7%
Service Charge[3]	2.2%

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 The Model OCF calculates the annual charges levied by the underlying fund holdings according to the model portfolio weights

3 The Service Fee incorporates 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

In December, global equities built on their performance from the month before with returns higher by just over 1.8%. This was despite strength in sterling which dampened returns from overseas markets. Asian and Emerging markets led regional returns as investors chose to load up on risk. Optimism about the vaccine and looking through to a recovery in the second half of 2021 appear to have been the main drivers. However, valuations that were already looking fairly full at the beginning of the month based on a reasonable recovery in earnings are now looking even more ebullient. This strong enthusiasm for equities at the current time is understandable - good news associated with vaccines being delivered to the public, stimulus payments making their way through legislature hurdles and central banks remaining very much focussed on providing support for their respective economies all help foster a positive attitude towards risk. However, the near-term growth required in the fundamentals, such as earnings and dividends, to support such prices appears ever more fanciful as markets climb. To us, this implies an unattractive return from equity markets going forward.

Of course, to posit that equity markets may decline at some point is hardly earth-shattering news. Market declines often require an event of some sort to trigger them and spotting these in advance and successfully acting upon them is exceptionally tricky. Indeed, working out the actual gravity of any given event as markets are falling usually takes longer than it takes prices to fall to an overly pessimistic level. It is our view, therefore, that it would be foolhardy to believe that one might be able to fully enjoy a rise in the stock market and then withdraw just before prices revert. To that end, we have gradually been reducing our equity exposure since the summer and have been adding to less volatile and more defensive investment strategies. Although this reduces the possibility of making gains from further stock market rises, it also tempers the impact of any future decline which may be far more dramatic. It also provides additional capacity to add to equities should they begin to offer more attractive value in the future.

In fixed income, UK bonds delivered attractive returns across the credit spectrum led by Gilts. Despite the confidence in risk assets, yields on bonds have remained remarkably low. Low overnight rates and ongoing central bank asset purchases are supporting not only the bond market but other investments as well. It is worth noting that the quantitative easing and low interest rate program in the UK and EU that was originally designed to help ease the effects of the Great Financial Crisis over 10 years ago is now evolving into something of a financing mechanism for dealing with the costs of the coronavirus epidemic. This may be setting a dangerous precedent with central banks becoming permanent financiers to their respective sovereign nations and the endless creation of money to facilitate borrowing. The ultimate consequences of this are not clear but inflation rising rapidly and a growing level of wealth inequality are two possible outcomes. Note that the former does not appear to have been problematic after a decade of quantitative easing although wealth dispersion does appear to have become even less balanced and further exacerbated by fiscal policy.

As a final note, physical property returns were muted in December whilst UK listed real estate captured the general rally in UK equity markets. Our views on commercial property remain consistent with previous recent commentaries.

HOLDINGS

Name	Weight	OCF
Rathbone Ethical Bond Fund	14.0%	0.66%
Royal London Ethical Bond	14.0%	0.40%
BNY Mellon Sustainable Real Return Inst	15.0%	0.85%
EdenTree Responsible & Sustainable UK Equity	9.0%	0.79%
BMO Responsible UK Income	10.0%	0.79%
Jupiter Responsible Income	11.0%	0.93%
BMO Responsible Global Equity	9.5%	0.79%
EdenTree Responsible & Sustainable Global Equity	8.5%	0.81%
Janus Henderson Global Sustainable Equity	8.5%	0.84%
Cash	0.5%	0.0%