

# WISE INVESTMENT LIMITED - ETHICAL BALANCED

## Pershing

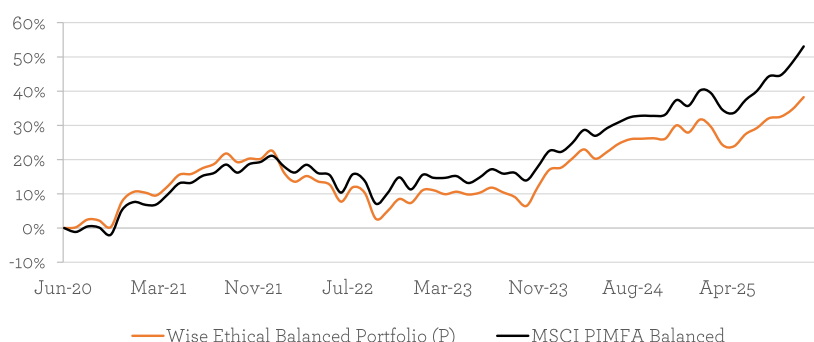
## MONTHLY FACTSHEET

all data as at 31<sup>st</sup> October 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 3 to 6-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)



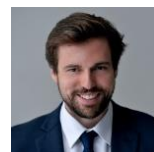
## CUMULATIVE PERFORMANCE

	1m	3m	6m	1yr	3yr	5yr	Launch
Wise Ethical Balanced Portfolio (P)	2.7%	4.7%	11.6%	9.6%	31.7%	37.9%	38.3%
MSCI PIMFA Balanced	3.3%	6.1%	14.5%	15.0%	38.8%	56.1%	53.0%

## DISCRETE ANNUAL PERFORMANCE

	31/10/2024	31/10/2023	31/10/2022	31/10/2021	31/10/2020
	31/10/2025	31/10/2024	31/10/2023	31/10/2022	30/11/2021
Wise Ethical Balanced Portfolio (P)	9.6%	18.5%	1.3%	-12.7%	20.0%
MSCI PIMFA Balanced	15.0%	16.9%	3.3%	-7.1%	21.0%

## 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	11
Historic Yield <sup>1</sup>	2.8%
Volatility <sup>2</sup>	7.2%
Benchmark	MSCI PIMFA Balanced
Model OCF <sup>3</sup>	0.5%
Service Charge <sup>4</sup>	1.8%

## 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.

<sup>1</sup> The Historic Yield is the weighted average yield of the model based on the model's current constituents

<sup>2</sup> 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

<sup>3</sup> The Model OCF calculates the annual charges levied by the underlying fund holdings according to the model portfolio weights

<sup>4</sup> 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

October was another strong month for investors. In equity markets, the US continued its steady run from the April lows post "Liberation Day" returning 4.0% for the month. This propelled global equities to a 4.9% return in sterling terms. Other developed markets saw decent returns however not as strong as the US, with the UK market rising just 3.8%. Emerging markets had another blockbuster month, with the index seeing 6.8% return, largely propelled by strength in Chinese equities.

In fixed income, markets were also very buoyant, with Gilts returning 2.9% and Corporate bonds returning 2.1% as the yield curves lowered significantly following a better-than-expected UK CPI (Inflation) figure. High Yield bonds returned just 0.4%, having a much lower duration than corporate bonds and more exposure to slightly wider credit spreads.

Finally, in real estate, directly held property was flat while the listed liquid real estate rose 1.6% due to a more buoyant market in listed property investment trusts and anticipation of lower borrowing costs.

Looking forward, we continue to see a great deal of uncertainty. The US market returns are increasingly driven by increasing valuations (as opposed to underlying business growth), largely due to strong investor enthusiasm for AI investment and the dominance of a handful of very successful Mega cap tech stocks. While some enthusiasm is justified, the market does seem vulnerable to runaway expectations of AI growth and profitability leaving it fragile to potential demand shock. Indeed, significantly higher-than-average valuations are not in themselves reason to expect a pull back, but they do embed a fragility in the market, and when an inevitable (but unpredictable) shock occurs, it means there is ample room for stock prices to fall before finding support from the fundamentals of their underlying businesses.

This is also coupled to aggressive expectations for interest rate cuts from the Federal reserve (egged on by the US president himself) that seem unrealistically fast given latent inflation, high government deficit spending, tariff uncertainty and generally hot economic conditions. Indeed, the narrative coming from the Fed has continued to be cautious, with aggressive cuts only likely in a recessionary scenario.

Similarly in the UK the Gilt market is looking increasingly fraught, relying on foreign investors who are taking a dim view on the government's finances. The BOE, like the Fed, is also cautious with its rate cuts given persistent inflation, meaning that lower government borrowing costs aren't likely for the foreseeable.

This all leads us to maintain our more defensive footing, with moderated exposure to US equities and a preference for lower duration and higher quality bonds.

The Ethical Balanced model returned 2.7%, behind the 3.3% return for the PIMFA Balanced benchmark.

This underperformance was largely driven by the UK positions with the Aegon Ethical Equity returning just 2.2%.

Our fixed income positions also underperformed due to having a much lower duration than the benchmark bond positions. This has largely had a positive impact on our portfolios over the past year or two, however in a month that saw a dramatic drop in UK yields, this positioning will not provide the large returns that longer dated bonds did.

For example, our largest bond holding, the Vontobel-TwentyFour Sustainable Short Term Bond fund returned 0.65% while the MSCI Gilt and MSCI Corporate bond benchmarks returned 2.1% and 2.9% respectively.

We made no changes to the portfolio in October, and 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 and Royal London Sustainable Leaders Trust funds 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).

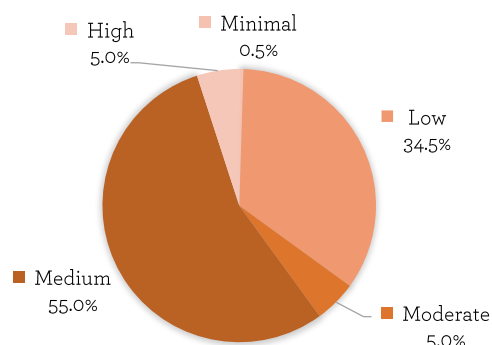
We also have a modest 5% position in Schroder Global Cities Real Estate fund as we continue to see value in this down beaten asset class as shown by the depressed prices in commercial properties and large net asset value discounts in listed real estate trusts.

## HOLDINGS

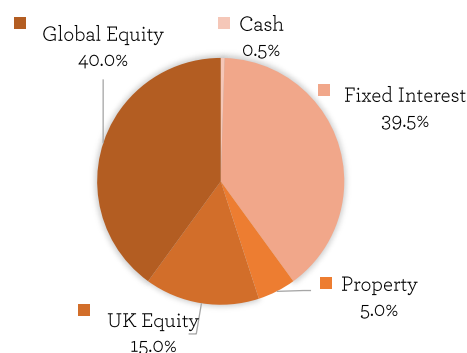
Name	Weight	OCF
Vanguard ESG Developed World Equity Index	30.0%	0.20%
TwentyFour Sustainable Short term bond	24.5%	0.36%
Royal London Sustainable Leaders Trust	10.0%	0.76%
TwentyFour Sustainable Global Corporate Bond	5.0%	0.40%
TwentyFour Monument Bond	5.0%	0.38%
TwentyFour Asset Backed Opportunities	5.0%	0.70%
Schroder Global Cities Real Estate	5.0%	0.93%
Aegon Ethical Equity	5.0%	0.77%
JOHCM Regnan Sustainable Water and Waste	5.0%	0.85%
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 3 to 6 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.

