# Responsible Income (£)

Quarter 1 2025 (as at 31 March 2025)

Signatory of: PRI Principles for Responsible Investment

affinity PRIVATE WEALTH

**Investment Philosophy:** we are active, unconstrained managers, investing globally and believing risk should be a choice, not a fate. Our portfolios are designed to be outcome oriented and therefore better aligned to client needs. We focus on behaviour not labels; meaning what matters is how assets respond to the changing environment, not what they are called. We are a diverse group of contrarian thinkers, committed to learning and constant improvement.

## Mandate

**Investment Objective**: to provide an income stream, whilst minimising the risk of significant capital impairment

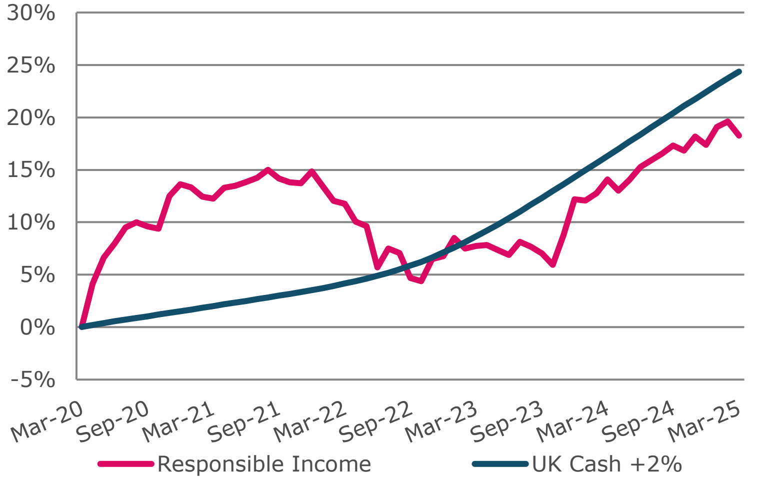
**Target Outcome:** cash +1% to 3% p.a. over a rolling 3 year period

**Currency:** sterling

**Risk Parameters:** 8% maximum peak to trough drawdown, volatility in the range 4% to 8% annualised

**Time Horizon:** ≥ 3 years

**Style:** diversified, global, multi asset (bonds, equities, alternatives, currencies and cash)




**Performance[1]**

| **Statistics Since Inception (January 2012)** | |
|---|---|
| Total Return | 53.09% |
| Annualised Return | 3.27% |
| Annualised Volatility | 4.28% |
| Maximum Drawdown | -9.26% |

| 3 Month | YTD | 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|
| 0.75% | 0.75% | 3.65% | 5.81% | 18.26% |

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2025** | 1.48% | 0.42% | -1.13% | | | | | | | | | | **0.75%** |
| **2024** | -0.09% | 0.63% | 1.16% | -0.95% | 0.90% | 1.09% | 0.55% | 0.57% | 0.65% | -0.42% | 1.14% | -0.68% | **4.63%** |
| **2023** | 1.63% | -0.92% | 0.24% | 0.07% | -0.45% | -0.42% | 1.16% | -0.42% | -0.59% | -1.03% | 2.71% | 3.11% | **5.09%** |
| **2022** | -1.25% | -1.21% | -0.26% | -1.54% | -0.38% | -3.60% | 1.71% | -0.41% | -2.20% | -0.31% | 2.03% | 0.24% | **-7.07%** |
| **2021** | -0.28% | -0.77% | -0.17% | 0.94% | 0.16% | 0.30% | 0.37% | 0.67% | -0.73% | -0.33% | -0.06% | 0.99% | **1.09%** |
| **2020** | 0.41% | -1.12% | -7.08% | 4.13% | 2.39% | 1.28% | 1.40% | 0.46% | -0.38% | -0.19% | 2.83% | 1.01% | **4.82%** |

[1] Performance data is net of all fees

## Quarterly Commentary

After US equities and the Magnificent 7 dominated equity market returns in 2023 and 2024, the first quarter of 2025 featured a substantial rotation away from previous market leaders, and towards European equities, value stocks and fixed income. Sentiment in the US soared in the wake of Trump's election victory, on expectations of tax cuts, deregulation and fiscal expansion. However, there has since been something of a reality check, with trade wars, DOGE cuts and geopolitical sabre-rattling front and centre. US 10-Year Treasury yields peaked at circa 4.8% in January before moderating significantly, as markets moved to price in lower growth, providing a tailwind for bonds.

With powerful inflationary and deflationary forces coming into play, it is incredibly difficult to anticipate how these will shake out, but we see a reasonable range for US 10-year Treasury yields as being circa 3.5–4.5%, and we have been modulating duration accordingly. We do not see corporate credit as very attractive at prevailing spreads, however this is somewhat offset by the considerable yields on offer.

The strategy was up 0.8% across the first quarter. Leading contributors in Q1 included our allocations to multi-asset strategies - particularly those with a value-focused or contrarian approach (see Featured Fund) - in addition to strategic bond funds, and bank financials. The main detractors were our positions in equities – focused on staples and defensives, and emerging markets – as well as exposure to listed real estate.

There were no trades through the quarter.

## Asset Allocation

| Fund Name | Weighting | Description | SFDR[5] |
|---|---|---|---|
| Aegon Global Diversified Income | 8.0% | A portfolio of high quality, multi-asset income | 8 |
| BlueBay Global Sovereign Opportunities | 9.0% | Uncorrelated returns from global macroeconomic trading | 8 |
| Fiera Emerging Markets | 5.0% | Quality emerging market companies paying a dividend | 8 |
| Guinness Global Equity Income | 5.0% | Defensive businesses steadily growing their dividends | 8 |
| Goldman Sachs Global Dynamic Bond Plus Portfolio | 6.0% | Diversified strategic bond fund with low duration | 8 |
| Latitude Horizon | 5.0% | Multi-asset approach combining global value stocks with fixed income | 6 |
| M&G Emerging Markets Bond | 5.0% | Flexible, defensive emerging market fixed income fund | 6 |
| Nuveen Global Real Estate Carbon Reduction Fund | 5.0% | Property companies set to outperform in a carbon-conscious future | 9 |
| PIMCO GIS Capital Securities | 5.0% | Dedicated expertise in fixed income from financials | 8 |
| Pictet Strategic Credit | 9.0% | Strategic bond fund backed by insightful top-down thinking | 6 |
| Polar Capital Global Absolute Return | 6.0% | Robust arbitrage strategy utilising convertible bonds | 8 |
| Royal London Short Duration Global High Yield | 8.0% | Clipping high yield coupons while keeping duration risk low | 8 |
| Ruffer Diversified Return International | 5.0% | Macro-led multi-asset investing with a keen eye on downside risk | 8 |
| Troy Trojan | 8.0% | Steady, resilient, well-proven multi-asset strategy | 8 |
| Vontobel TwentyFour Strategic Income | 9.0% | Strategic multi-credit fund with a 'glass half full' approach | 8 |
| BlackRock Sterling Liquidity | 1.0% | Money market fund, as an alternative to cash | 8 |
| Cash | 1.0% | Money waiting to be invested | |

**OCF: 0.74%[2]** **Equity Beta: 0.33[3]** **Yield: 4.22%** **Bond Duration: 2.61yrs[4]**

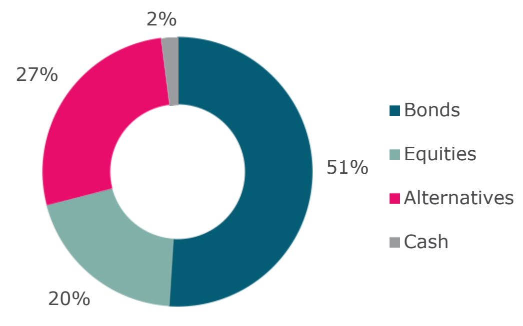
[2] Weighted ongoing charge figure - not including Affinity fees

[3] A measure of an investment's sensitivity to global listed equities

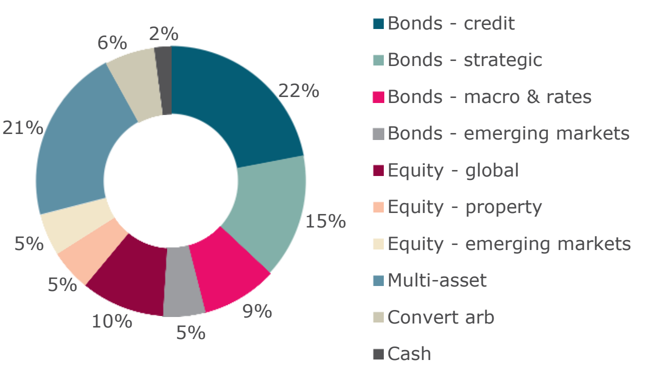
[4] Sensitivity to interest rate changes – applied only to bonds

[5] Sustainable Finance Disclosure Regulation – article classification

## Asset Class




## Category Breakdown




## Featured Fund

**Ruffer Total Return International:** is a global, multi-asset, absolute return strategy, focused on delivering positive returns across all market conditions. The fund applies a dynamic, unconstrained, 'go-anywhere' approach which the Ruffer team has gradually refined since 1998. Unusually, Ruffer resisted the opportunity (and distraction) that comes with launching other strategies and their singular focus has helped produce an enviable long-term track record. The team tends to lean towards contrarianism, or at least challenging consensus, and – upending the typical investment process – building portfolios to protect against key risks first and foremost, before thinking about reward.

We reallocated to the fund in the second half of 2024 – mindful of stretched US equity valuations, market positioning and the risk of inflation re-inflecting higher. Ruffer build portfolios which emphasises "resilience over optimisation", positioned to benefit from tail risk, and have often thrived in challenging markets. The fund navigated the first quarter impressively, having been positioned for rising volatility, weakness in growth stocks, yen strength and outperformance of value. Allocations to gold miners, banks and select China equities – notably Alibaba – have also helped the fund's strong start to 2025. At a high level, the team remain cautious, viewing US equities and credit as being priced for perfection, and Ruffer's approach and positioning make for a valuable diversifier in the portfolio.

## Contacts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