

Responsible Income (£)

Quarter 3 2024 (as at 30 September 2024)



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

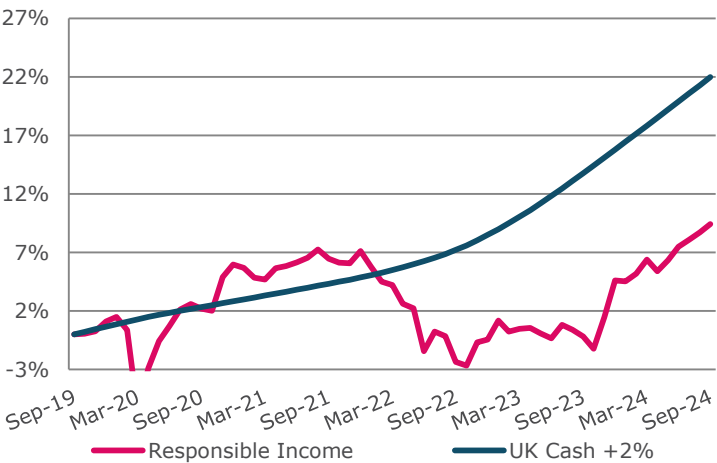
Time Horizon: ≥ 3 years

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

Performance¹

Statistics Since Inception (January 2012)

Total Return	51.89%
Annualised Return	3.33%
Annualised Volatility	4.32%
Maximum Drawdown	-9.26%



3 Month	YTD	1 Year	3 Year	5 Year
1.78%	4.59%	9.63%	2.76%	9.42%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	-0.09%	0.63%	1.16%	-0.95%	0.90%	1.09%	0.55%	0.57%	0.65%				4.59%
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%
2019	2.29%	0.59%	0.92%	0.78%	-0.36%	1.66%	1.30%	0.09%	0.39%	0.05%	0.22%	0.82%	9.07%

¹ Performance data is net of all fees

Quarterly Commentary

Bonds rallied on renewed anticipation of interest rate cuts, and defensive market segments – especially those seen as ‘bond proxies’, such as utilities – also outperformed. US 10-year Treasuries gained 3.9%, as yields declined on softening US economic data and in anticipation of Fed monetary easing. The Bloomberg Global Aggregate index, a broader measure of fixed income, rose 7.0%, albeit this equates to a much more modest 0.8% in sterling terms.

Over the third quarter the strategy gained 1.8%, taking year-to-date returns to 4.6%. Key contributors over the period included PIMCO GIS Capital Securities, which gained 5.0%, and Vontobel TwentyFour Strategic Income, up 4.0% – both benefitting from further strength in bank financials. Another strong performer was Aegon Global Diversified Income, which rose 4.0%. Only two funds were negative contributors in Q3; Baillie Gifford Worldwide Responsible Global Dividend, which lost 4.3%, and Fiera Emerging Markets, which was down 3.6% but remains a very strong performer on the year, up over 11%.

Trading included trimming and subsequently exiting the aforementioned Baillie Gifford fund, feeling the fund’s quality-growth universe was fully valued. In terms of purchases, we added to existing positions in Royal London Short Duration Global High Yield and Pictet Strategic Credit, and allocated to Latitude Horizon (see Featured Fund) and Ruffer Diversified Return International. In short, we slightly reduced our equity beta, marginally extended our duration, and increased our diversification via two well-proven multi-asset strategies.

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
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	8.0%	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	6
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	2.0%	Money market fund, as an alternative to cash	8
Cash	3.0%	Money waiting to be invested	
OCF: 0.73%² Equity Beta: 0.28³ Yield: 4.30% Bond Duration: 2.58yrs⁴			

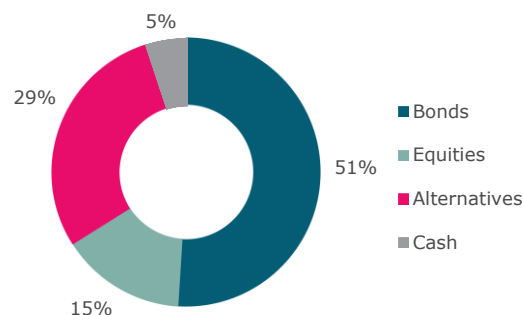
² Weighted ongoing charge figure - not including Affinity fees

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

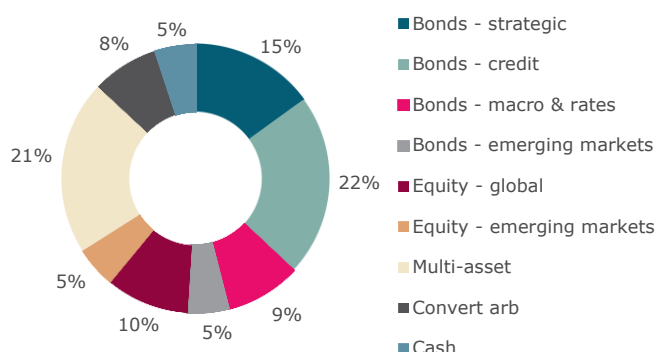
⁴ Sensitivity to interest rate changes - applied only to bonds

⁵ Sustainable Finance Disclosure Regulation - article classification

Asset Class



Category Breakdown



Featured Fund

Latitude Horizon: is a balanced multi-asset fund with a very simple objective, which is to target long-term returns equal or better than inflation +4%. Latitude's philosophy is that a simple and consistent long-term strategy is the single most important feature of an investment process. PM Freddie Lait spent considerable time designing the approach to be as simple and effective as possible, while avoiding superfluous complexity or cost. The result is that Latitude manage only one core strategy for all clients, aiming simply to protect capital and to increase the real purchasing power for investors ahead of inflation. This objective is achieved by following a rigorous and well-defined process, investing consistently throughout market cycles, and avoiding excessive concentration risk.

On the equity side of the book, the fund holds a diversified portfolio of high-quality businesses, wherever possible in industries with structural tailwinds, maintaining a strong discipline around valuation. The other half of the fund is comprised of non-equity investments which the team believe can efficiently reduce risk while generating incremental returns. This is currently made up of a mixture of short-dated government bonds (mostly UK and US), longer-dated inflation-linked bonds, and cash, and at other times may include precious metals exposure. The outcome of the approach has been a steady, consistent track record, with only modest drawdowns in the pandemic period and 2022 bear market.

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