

Responsible Income (£)

Quarter 4 2024 (as at 31 December 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

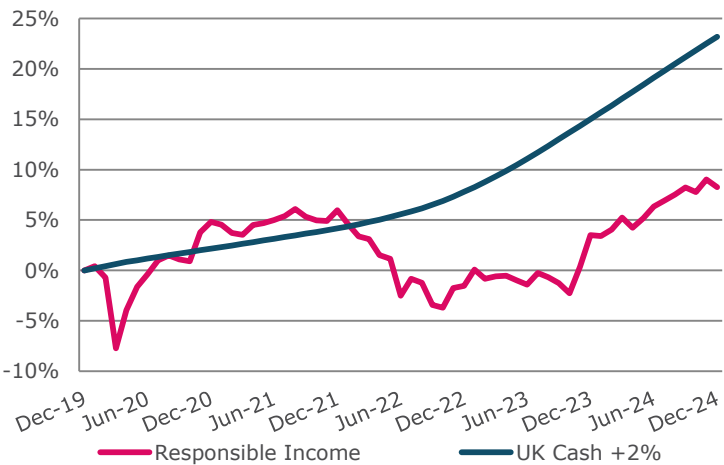
Time Horizon: ≥ 3 years

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

Performance¹

Statistics Since Inception (January 2012)

Total Return	51.95%
Annualised Return	3.27%
Annualised Volatility	4.29%
Maximum Drawdown	-9.26%



3 Month	YTD	1 Year	3 Year	5 Year
0.04%	4.63%	4.63%	2.18%	8.28%

	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%	-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%
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

Financial market dynamics in the fourth quarter revolved heavily around the US election, with some volatility in the October build-up, an enthusiastic 'Trump rally' in November, followed by faltering momentum in December, as bond pushed yields pushed higher. This was initially weathered successfully by equity markets, but the extent and persistence of the move in yields – from 3.6% on US 10-year Treasuries in mid-September, to 4.6% by mid-December – eventually weighed heavy on both stocks and bonds. Duration is arguably becoming attractive again at these levels, but the appeal of many areas of fixed income is lessened by very tight credit spreads.

The strategy was flat in the quarter, leaving the full year return at 4.6%. Contributors over the period included Polar Capital Global Absolute Return, which gained 2.5%, along with multi-asset funds Latitude Horizon, up 2.9%, and Troy Trojan, up 1.5%. Top performers in 2024 included Guinness Global Equity Income, up 14.7%, and PIMCO GIS Capital Securities, which gained 9.6%. Detractors in Q4 included Nuveen Global Real Estate, down 4.7%, hurt by rising yields, and Ruffer Diversified Return International, which lost 2.9%. Fiera Emerging Markets was another negative in the quarter, lower by 2.2%, but still posting a robust 9.0% return for the full year. Our main emerging market debt allocation (see [Featured Fund](#)) also made a positive contribution.

Trading was very light in Q4, trimming the aforementioned Polar Capital fund to help finance the purchase of Nuveen. These moves had a negative impact over the very recent period but are being made with a longer-term horizon in mind.

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: 4.08% Bond Duration: 2.61yrs ⁴			

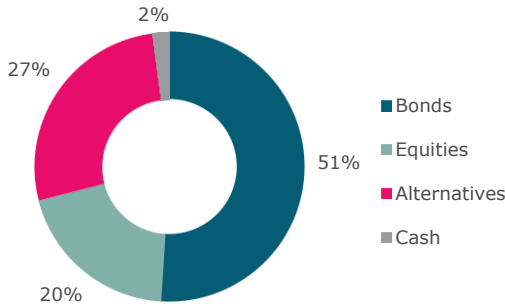
² Weighted ongoing charge figure - not including Affinity fees

⁴ Sensitivity to interest rate changes – applied only to bonds

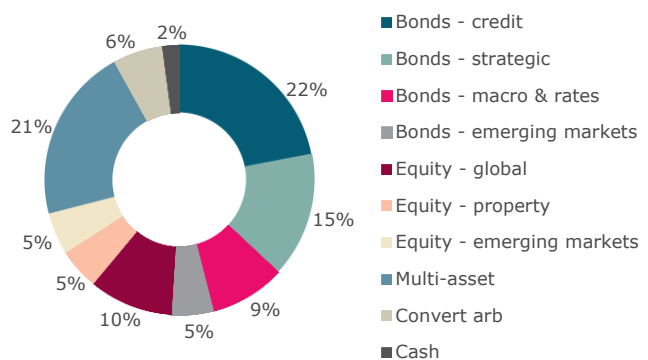
³ A measure of an investment's sensitivity to global listed equities

⁵ Sustainable Finance Disclosure Regulation – article classification

Asset Class



Category Breakdown



Featured Fund

M&G Emerging Markets Bond: offers a flexible, unconstrained approach to investing in hard and local currency sovereign and corporate emerging market bonds. Emerging market debt (EMD) has continued to increase in prominence and recognition as an asset class over recent years, helped by its attractive growth potential, valuable diversification benefits and with developing economies on course to represent half of global GDP over the coming decade. The fund has a broad and deep addressable universe, accounting for approximately a quarter of the global bond market, spanning more than 80 countries. This necessitates an experienced, active manager who has the resources and expertise to determine relative value opportunities and manage credit risk, across this wide spectrum. M&G have this, with fund manager Claudia Calich supported by a large team of dedicated and experienced EM professionals, as well as the ability to draw from M&G's broader credit analyst team.

The fund takes a slow and steady approach to EMD, with much lower volatility than some peers, making it a natural fit for a cautious mandate, but has still been able to grind out a valuable contribution with very low correlation to equity markets. Claudia and team see a positive growth and inflation picture for much of EM, and find value in local currencies, remaining overweight. They believe Brazil could be among the countries which surprise to the upside in 2025.

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