

# Sustainable Balanced (£)

Quarter 1 2025 (as at 31 March 2025)



**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:** investing in companies and projects with the intention to generate a positive social and/or environmental impact, alongside risk-adjusted returns

**Target Outcome:** UK CPI +1% to 3% p.a. over a rolling 5 year period

**Currency:** sterling

**Risk Parameters:** 17% maximum peak to trough drawdown, volatility in the range 8% to 13% annualised

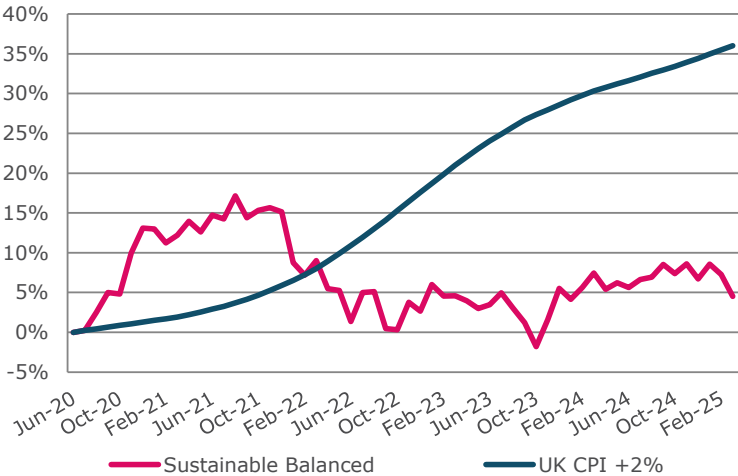
**Time Horizon:** ≥ 5 years

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

## Performance<sup>1</sup>

### Statistics Since Inception (July 2020)

Total Return	4.50%
Annualised Return	0.93%
Annualised Volatility	7.49%
Maximum Drawdown	-16.18%



3 Month	YTD	1 Year	3 Year	5 Year
-2.06%	-2.06%	-2.74%	-4.13%	N/A

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	1.75%	-1.19%	-2.59%										-2.06%
2024	-1.32%	1.43%	1.71%	-1.90%	0.79%	-0.57%	0.97%	0.27%	1.48%	-1.06%	1.15%	-1.75%	1.11%
2023	3.28%	-1.38%	0.03%	-0.58%	-0.92%	0.43%	1.45%	-1.80%	-1.80%	-2.97%	3.44%	3.89%	2.82%
2022	-5.56%	-1.43%	1.69%	-3.24%	-0.21%	-3.70%	3.59%	0.11%	-4.41%	-0.18%	3.47%	-1.10%	-10.87%
2021	-0.10%	-1.55%	0.88%	1.57%	-1.18%	1.86%	-0.40%	2.53%	-2.34%	0.81%	0.29%	-0.45%	1.83%
2020							0.24%	2.26%	2.44%	-0.17%	4.91%	2.82%	13.08%

<sup>1</sup> 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 (see [Featured Fund](#)).

Against this backdrop, the strategy was down 2.1% in the first quarter, with losses from ‘green stocks’ – endured mostly in March – partly insulated by robust performance from sustainable fixed income holdings, and an elevated cash position. For much of the quarter, sustainable thematic had held up well, even in the face of a vigorous ‘anti-ESG’ agenda, spurred on by the new Trump administration. However, exposure to electrification (and other energy infrastructure) detracted, as markets continued to digest the *DeepSeek* news, due to a possible interpretation being that fewer additional (AI-focused) data centres may ultimately be required.

Trading in the quarter saw us exit a dedicated food and water-focused fund, and allocating to a second emerging market equities strategy.



As part of Affinity Private Wealth’s association with Durrell Wildlife Conservation Trust (DWCT), we have committed to donating a portion of the investment management fees earned in this strategy, managed by APW Investors Limited (APWIL), to DWCT.

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# Asset Allocation



Fund Name	Weighting	Description	SFDR <sup>5</sup>
Aikya Global Emerging Markets	8.0%	High quality, sustainable franchises at attractive valuations	9
BlueBay Impact-Aligned Bond	9.0%	Financing highly sustainable businesses	9
BlueOrchard Emerging Markets Impact Bond	8.0%	Financing sustainable corporations in emerging markets	9
Ninety One Global Environment	6.0%	Investing in the trend towards decarbonisation	9
Federated Hermes Sustainable Global Equity	9.0%	Targeting reduced CO2, waste and water footprint	9
PIMCO Climate Bond	9.0%	Investing in the journey to net zero	9
HSBC Global Sustainable Long Term Equity	8.0%	Investing in top quality businesses with a credit mindset	9
Polar Capital Emerging Market Stars	5.0%	Stock selection driven by people, profits & sustainability	8
T Rowe Price Global Impact Credit	8.0%	Sustainable fixed income with pulleys & levers	9
Vontobel Global Environmental Change	5.0%	Mitigating climate change & air & water pollution	9
Wellington Global Impact Bond	5.0%	Expanding sustainability through public debt markets	9
Blackrock Sterling Liquidity	18.0%	Money market fund, as an alternative to cash	8
Cash	2.0%	Money waiting to be invested	
<b>OCF: 0.57%<sup>2</sup>    Equity Beta: 0.44<sup>3</sup>    Yield: 1.53%    Bond Duration: 3.77yrs<sup>4</sup></b>			

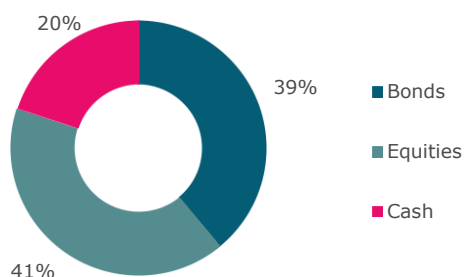
<sup>2</sup> Weighted ongoing charge figure - not including Affinity fees

<sup>4</sup> Sensitivity to interest rate changes – applied only to bonds

<sup>3</sup> A measure of an investment's sensitivity to global listed equities

<sup>5</sup> Sustainable Finance Disclosure Regulation – article classification

## Asset Class



## Themes



## Featured Fund

**PIMCO Climate Bond:** delivers fixed income exposure for this mandate. Keeping true to our sustainable focus, we have purposely avoided investing in traditional ESG bond strategies, which principally use screening metrics to select the 'least bad' issuers from an impact perspective. Instead, we focused on approaches more aligned with our criteria to invest in companies contributing to the 17 UN SDGs – including this climate-focused offering from one of the world's premier bond managers. The fund offers a global, multi-sector credit solution aiming to help foster the transition to a net zero carbon economy, whilst seeking risk-adjusted returns comparable to an investment grade portfolio. The manager invests beyond green bonds, widening the opportunity to drive projects aligned to climate solutions and industry leaders of environmental action. The portfolio includes unlabelled green bonds, issued by companies or municipalities that are exposed to low carbon products, alongside 'climate leaders' who are driving best practice in mitigating carbon emissions across their value chain. Holdings may finance renewable energy, green buildings, bank lending to support a low carbon economy or even food companies focused on plant-based products. Importantly, PIMCO actively engages with issuers on climate change mitigation and readiness, as they believe allocating capital toward issuers willing to improve the sustainability of their business practices can generate a greater impact than simply excluding issuers with poor ESG metrics.

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