

Sustainable Balanced (£)

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: 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

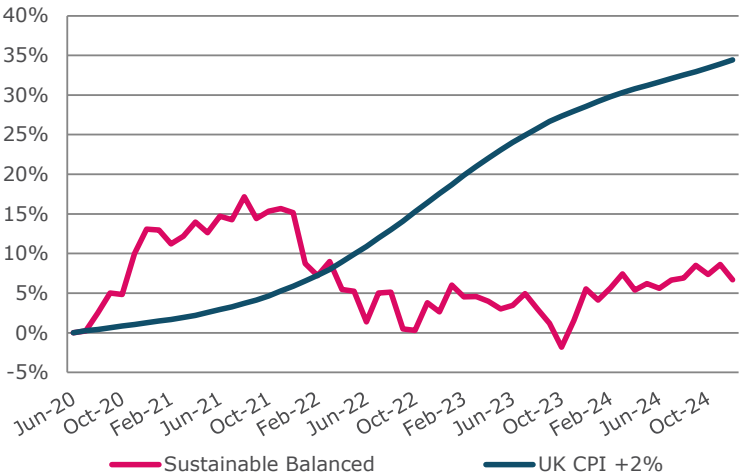
Time Horizon: ≥ 5 years

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

Performance¹

Statistics Since Inception (July 2020)

Total Return	6.70%
Annualised Return	1.45%
Annualised Volatility	7.52%
Maximum Drawdown	-16.18%



3 Month	YTD	1 Year	3 Year	5 Year
-1.67%	1.11%	1.11%	-7.34%	N/A

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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%

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. Unfortunately, Sustainable strategies posted another disappointing year, giving back gains in Q4 under pressure rising yields and fears around an incoming 'anti-ESG' Presidency. For context, the iShares Global Clean Energy ETF dropped 15.7% between November 5th and year-end, and was down more than 20% for the full year.

Reflecting the material headwinds felt by sustainable themes after the US election result, and the subsequent move higher in yields, the strategy lost 1.7% in the fourth quarter, leaving the mandate up only 1.1% for 2024. Contributors included T Rowe Global Impact Credit, which gained 5.5%, and Federated Hermes Sustainable Global Equity, which rose 0.7%. Key detractors in Q4 were Schroder Global Sustainable Food & Water, which fell 13.5%, and Schroder Global Energy Transition, down 11.6%, which we exited in December. While there was no other trading in the quarter, we have sought to gradually increase the portfolio's balance and resilience across the course of the year.

In terms of full year performance, the aforementioned Federated Hermes fund returned a solid 13.7%, while Vontobel Global Environmental Change posted a gain of 6.8%. The strategy also enjoyed credible returns from sustainable fixed income allocations, however substantial losses from Schroder Global Energy Transition, Regnan Global Equity Impact Solutions and Schroder Global Sustainable Food & Water negated these.



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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Fund Name	Weighting	Description	SFDR ⁵
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
Lord Abbett Climate Focused Bond	6.0%	Clean & efficient energy, water, low carbon transport	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
Schroder Global Sustainable Food & Water	5.0%	Unsexy sectors but crucial for a greener, healthier world	9
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	12.0%	Money market fund, as an alternative to cash	8
Cash	2.0%	Money waiting to be invested	
OCF: 0.61%² Equity Beta: 0.49³ Yield: 1.36% Bond Duration: 4.12yrs⁴			

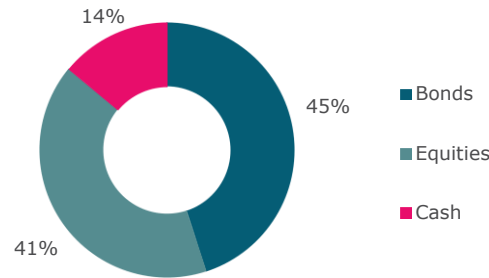
² Weighted ongoing charge figure - not including Affinity fees

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



Themes



Featured Fund

Ninety One Global Environment: is a global equity fund focused on investing in businesses helping to tackle one of the biggest challenges facing the planet – the need to decarbonise. The strategy aims to produce compelling long-term returns via a concentrated portfolio of 25-30 high quality environmental solutions companies. The team, led by experienced fund manager Deirdre Cooper, seek investment opportunities throughout the value chain of renewable energy, resource efficiency and electrification; focusing on companies with structural growth and competitive advantage. They believe such companies can deliver sustainable multi-year growth through addressing critical climate challenges. While some sustainable equity peers focus largely on creating low-carbon portfolios, excluding heavy emitters, the Ninety One team emphasise the need to engage with such companies over an extended period. It is critical for investors to encourage the big polluters to run down their high-carbon assets, and ideally to transform themselves into companies playing a positive role.

The backdrop for strategies focused on the energy transition has been very challenging in recent years, but the fund has been able to protect capital through this period, having previously demonstrated the ability to generate compelling upside. The Ninety One team are very excited about the opportunity set following a substantial de-rating in several of their key areas of focus, with industrials and utilities recently representing two-thirds of the book.



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