

Sustainable Growth (£)

Quarter 1 2025 (as at 31 March 2025)

Signatory of:
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: investing in companies and projects with the intention to generate a positive social and/or environmental impact, alongside long-term growth

Target Outcome: UK CPI +2% to 4% p.a. over a rolling 5 year period

Currency: sterling

Risk Parameters: 30% maximum peak to trough drawdown, volatility in the range 14% to 18% annualised

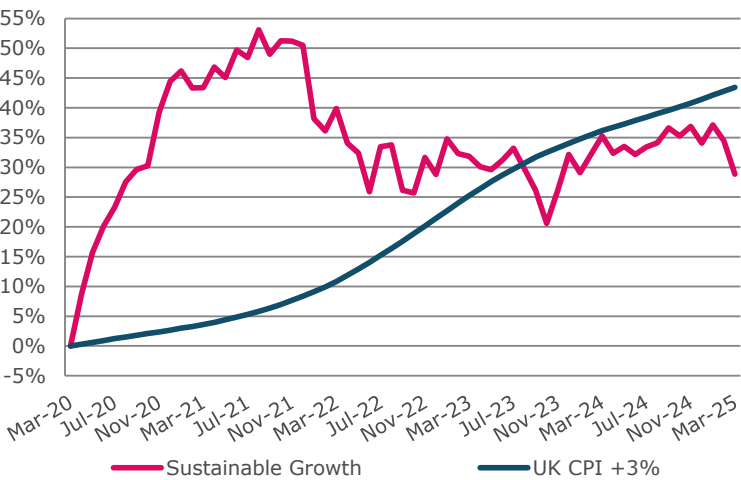
Time Horizon: ≥ 10 years

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

Performance¹

Statistics Since Inception (January 2018)

Total Return	26.88%
Annualised Return	3.34%
Annualised Volatility	11.24%
Maximum Drawdown	-21.25%



3 Month	YTD	1 Year	3 Year	5 Year
-3.89%	-3.89%	-4.75%	-7.88%	28.86%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	2.28%	-1.96%	-4.16%										-3.89%
2024	-2.32%	2.42%	2.32%	-2.17%	0.87%	-1.02%	0.95%	0.54%	1.87%	-1.00%	1.20%	-2.05%	1.44%
2023	4.63%	-1.81%	-0.36%	-1.33%	-0.38%	1.24%	1.52%	-2.62%	-2.76%	-4.41%	4.61%	4.80%	2.62%
2022	-8.17%	-1.51%	2.76%	-4.14%	-1.25%	-4.93%	6.03%	0.23%	-5.71%	-0.34%	4.71%	-2.16%	-14.41%
2021	1.20%	-1.93%	0.01%	2.42%	-1.21%	3.18%	-0.84%	3.15%	-2.70%	1.51%	0.02%	-0.46%	4.24%
2020	-0.01%	-2.98%	-9.46%	8.71%	6.45%	3.83%	2.62%	3.46%	1.64%	0.45%	6.88%	3.76%	26.87%

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 Chinese tech companies. Indeed, it was the worst quarter for US equities relative to global indices since 2009. After sentiment in the US reached near-euphoric levels in the wake of Trump's election victory, on expectations of tax cuts, deregulation and fiscal expansion, Q1 brought something of a reality check. As investor attention moved to trade wars, DOGE cuts and geopolitical sabre-rattling, markets moved to price in lower growth, providing a tailwind for bonds.

The strategy lost 3.9% in Q1, which was disappointing but consistent with a challenging backdrop for higher risk assets, which saw the Russell 2000 and the Nasdaq drop 12.2% and 13.0% respectively, in GBP terms. For much of the quarter, sustainable themes had held up well, even in the face of a vigorous 'anti-ESG' agenda. 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. Key detractors included our dedicated electrification allocation, global quality 'green stocks', as well as several multi-thematic equity funds. These were partially offset by gains from sustainable fixed income holdings, emerging market debt (see [Featured Fund](#)), and a value-oriented strategy. Trading in the quarter saw us exit a dedicated food and water-focused fund, add to long-term quality equity exposure, and introduce a UK-based sustainable strategy with a European bias.



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	5.0%	Financing highly sustainable businesses	9
BlueOrchard Emerging Markets Impact Bond	8.0%	Financing sustainable corporations in emerging markets	9
Federated Hermes Sustainable Global Equity	8.0%	Targeting reduced CO2, waste and water footprint	9
HSBC Global Sustainable Long Term Equity	8.0%	Investing in top quality businesses with a credit mindset	9
Lombard Odier Circular Economy	5.0%	Smart farming, alternative proteins & the circular bioeconomy	8
Nuveen Global Real Estate Carbon Reduction Fund	5.0%	Property companies set to outperform in a carbon-conscious future	9
Ninety One Global Environment	8.0%	Investing in the trend towards decarbonisation	9
PIMCO Climate Bond	9.0%	Investing in the journey to net zero	9
Polar Capital Emerging Market Stars	5.0%	Stock selection driven by people, profits & sustainability	8
Polar Capital Smart Energy	8.0%	Investing in decarbonisation, electrification and power efficiency	9
T Rowe Price Global Impact Credit	5.0%	Sustainable fixed income with pulleys & levers	9
TT Environmental Solutions Fund	5.0%	Pure-play strategy focusing on tackling problems head on	9
Vontobel Global Environmental Change	8.0%	Mitigating climate change & air & water pollution	9
Cash	5.0%	Money waiting to be invested	
OCF: 0.73%² Equity Beta: 0.73³ Yield: 0.58% Bond Duration: 4.88yrs⁴			

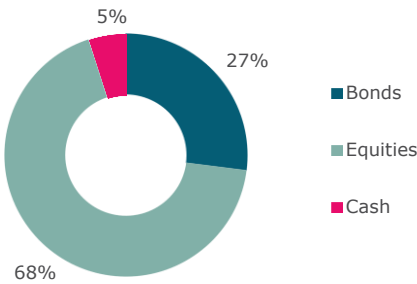
² Weighted ongoing charge figure - not including Affinity fees

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

BlueOrchard Emerging Markets Impact Bond: is an SFDR article 9 emerging markets impact bond fund, dedicated to generating lasting positive impact for communities and the environment, while also targeting attractive returns. The fund invests in emerging and frontier debt issues which engage or contribute directly towards the UN SDGs. Driven by a UN initiative, BlueOrchard was founded in 2001, as the first commercial manager of global microfinance debt. The company has since evolved into a leading global impact investment manager, with seven offices on four continents, and investing across more than 100 countries. According to BlueOrchard they have so far been able to provide support to more than 300 million people in emerging economies, and disbursed more than \$11bn. This fund offers access to a fully liquid, impact investing strategy, supported by a rigorous investment and impact assessment process. The team utilises BlueOrchard's broad network to identify, assess and selectively invest in the most compelling debt instruments, within its investment universe – primarily financial institutions, supranational and sovereigns. In addition to extensive fundamental analysis, each position in the fund is selected on the basis of the firm's proprietary ESG and impact framework, 'B.Impact'. The strategy has been a steady, positive contributor over recent years and a valuable diversifier. Development banks remain a central component of the portfolio, which is well spread across Asia, (emerging) Europe, South America and also supranational organisations.

Contacts



Russell Waite

E: russellwaite@affinitypw.com

T: +44 1534 828482 **M:** +44 7797 741093

Ben Stott

E: benstott@affinitypw.com

T: +44 1534 828483 **M:** +44 7797 727705



www.affinitypw.com

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