

Sustainable Growth (£)

Quarter 2 2025 (as at 30 June 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 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

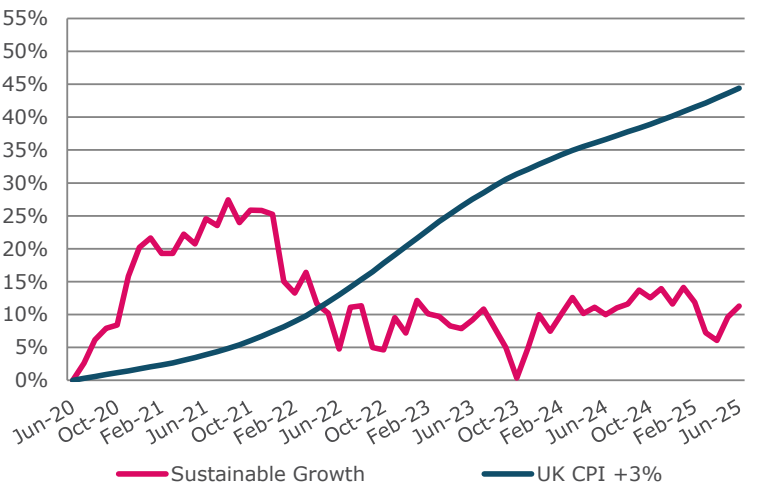
Time Horizon: ≥ 10 years

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

Performance¹

Statistics Since Inception (January 2018)

Total Return	31.68%
Annualised Return	3.74%
Annualised Volatility	11.13%
Maximum Drawdown	-21.25%



3 Month	YTD	1 Year	3 Year	5 Year
3.78%	-0.26%	1.20%	6.23%	11.30%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	2.28%	-1.96%	-4.16%	-1.08%	3.34%	1.52%							-0.26%
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

Across what was an extremely turbulent quarter, global equities suffered one of the sharpest corrections of recent decades, only to finish at new highs. The announcement of severe US tariffs kicked off a precipitous sell-off, with equity indices dropping more than 10% in two trading days, before a dramatic about-turn from the Trump. Global equities, using the MSCI ACWI, ultimately gained 4.7% in Q2, but were up just 0.6% for the first half, in sterling terms.

This strategy delivered a robust 3.8% return in Q2, recovering losses from a tough first quarter. Having weathered serious headwinds for a prolonged period – elevated inflation and interest rates, political and societal pushback on energy transition and ‘all things ESG’, and de-ratings in key sectors – it is possible we are through the worst. Key sustainability segments have begun to trade more positively in recent months, despite cuts to renewables subsidies in the US. Indeed, we believe it possible that – as Carlyle recently argued – “the energy transformation is on the cusp of reaccelerating”, driven by growing energy security concerns, ever-rising power demand, and ‘the electrification of everything’.

Leading contributors were at the ‘dark green’ end of the spectrum, and included Polar Capital Smart Energy (up 16.5% in the quarter), Lombard Odier Circular Economy, Vontobel Global Environmental Change, and TT Environment Solutions. We are in the process of introducing physical gold into the strategy - via the more sustainably managed Royal Mint Responsibly Sourced Physical Gold ETC - and also adding to our European equity exposure (see [Featured Fund](#)).



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	5.0%	Investing in top quality businesses with a credit mindset	9
Lombard Odier Circular Economy	5.0%	Smart farming, alternative proteins & the circular bioeconomy	8
LO TargetNetZero Europe Equity	5.0%	Investing in climate leaders, avoiding carbon-intensive laggards	8
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
The Royal Mint Responsibly Sourced Physical Gold ETC	5.0%	Responsibly sourced bullion stored securely in Wales	n/a
Vontobel Global Environmental Change	8.0%	Mitigating climate change & air & water pollution	9
Cash	8.0%	Money waiting to be invested	
OCF: 0.67%² Equity Beta: 0.63³ Yield: 0.54% Bond Duration: 4.82yrs⁴			

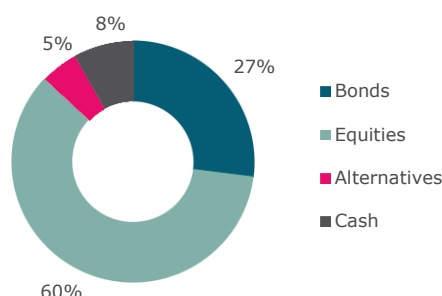
² Weighted ongoing charge figure - not including Affinity fees

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 Breakdown



Themes



Featured Fund

Lombard Odier TargetNetZero Europe Equity: is one of the latest additions to our approved list, and to the Sustainable Growth strategy. Designed to align portfolios with a sub-2°C climate trajectory, the strategy takes a 'passive-plus' approach - embedding forward-looking climate data into core equity allocations while maintaining broad exposure to the MSCI Europe benchmark.

Rather than simply avoiding high emitters, it actively invests in climate transition leaders across all sectors - recognising that real change must also come from within the most carbon-intensive industries. Backed by Lombard Odier's highly regarded science-based sustainability research and investment expertise, the strategy uses an optimiser to balance climate impact, diversification, and risk control. We see the solution as a compelling way to decarbonise portfolios without compromising on market representation.

The fund is managed by a team of portfolio managers and analysts specialising in systematic equities, including Jérôme Collet, Nicolas Mieszkalski, and Alexey Medvedev, PhD, and supported by Dr Thomas Hohne-Sparborth, who heads up sustainability research. With a steady track record and strong year-to-date returns, the strategy has been one of our top performers since allocation, offering consistent beta and complimenting some of our more thematic allocations.

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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