

Sustainable Growth (£)

Quarter 3 2024 (as at 30 September 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 long-term growth

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

Currency: sterling

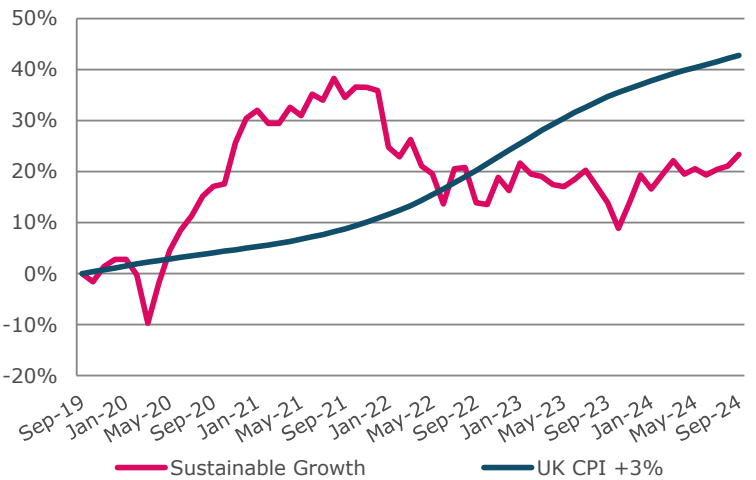
Risk Parameters: 30% maximum peak to trough drawdown, volatility in the range 14% to 18% annualised

Time Horizon: ≥ 10 years

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

Performance¹

Statistics Since Inception (January 2018)	
Total Return	34.53%
Annualised Return	4.49%
Annualised Volatility	11.41%
Maximum Drawdown	-21.25%



3 Month	YTD	1 Year	3 Year	5 Year
3.39%	3.37%	8.32%	-8.29%	23.36%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	-2.32%	2.42%	2.32%	-2.17%	0.87%	-1.02%	0.95%	0.54%	1.87%				3.37%
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%
2019	3.46%	1.81%	2.52%	2.46%	-0.91%	4.13%	3.08%	-2.01%	-0.32%	-1.61%	3.05%	1.38%	18.14%

¹ Performance data is net of all fees

Quarterly Commentary

Our sustainable strategies, which have weathered an extended period of challenging performance, rebounded impressively to post the strongest results across our range. With earnings stabilising across key thematic, valuations reset to more attractive levels, and falling interest rates easing pressure on longer duration assets, we are optimistic this upturn marks the beginning of a stronger period of performance. We are confident that underlying demand for renewables will remain firm, particularly as awareness grows around the increased power demands coming from the roll-out of data centres supporting AI, which alternative energy sources – including solar, wind and nuclear - will be needed to meet.

The strategy posted a strong quarter, gaining 3.4%, and accounting for most of the year-to-date return of to 3.4%. It was encouraging to see key sustainability themes trade more positively, and for this mandate to rebound robustly. Notable contributors included Schroder Global Sustainable Food & Water, which gained 9.6%, Aikya Global Emerging Markets, which posted 9.1%, Schroder Global Cities Real Estate, which rose 7.8%, and BlueBay Impact-Aligned Bond, up 6.2%. Positives were slightly offset by a soft quarter for 'quality-growth' style holdings, HSBC Global Sustainable Long Term Equity (see Featured Fund) and Federated Hermes Sustainable Global Equity. The only trade made in the quarter was to opportunistically increase our exposure to the electrification theme, via Polar Capital Smart Energy, adding to our position intra-quarter during a correction in associated stocks and sectors. This provided a meaningful boost to Q3 returns.



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 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
Lombard Odier Circular Economy	5.0%	Smart farming, alternative proteins & the circular bioeconomy	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
HSBC Global Sustainable Long Term Equity	6.0%	Investing in top quality businesses with a credit mindset	9
Schroder Global Cities Real Estate	5.0%	Investing in the leading cities of the future	9
Schroder Global Energy Transition	5.0%	Switching from fossil fuels to renewables	9
Schroder Global Sustainable Food & Water	5.0%	Unsexy sectors but crucial for a greener, healthier world	9
T Rowe Price Global Impact Credit	5.0%	Sustainable fixed income with pulleys & levers	9
Vontobel Global Environmental Change	8.0%	Mitigating climate change & air & water pollution	9
Cash	2.0%	Money waiting to be invested	
OCF: 0.79%²		Equity Beta: 0.77³	Yield: 0.80%
			Bond Duration: 4.88yrs⁴

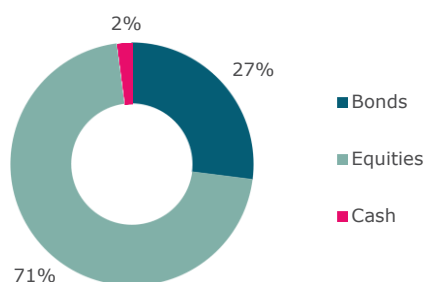
² Weighted ongoing charge figure - not including Affinity fees

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

HSBC Sustainable Long Term Equity: applies a low turnover global sustainable equity strategy, with a well-differentiated, fundamentally driven approach. The very clear and intuitive focus is on companies which are 'expressions of resilient growth and long-term sustainability', and investments in such businesses are made with an intended 10 year holding period. The fund aims to make a positive environmental, social and governance impact, by investing in equities issued by companies that actively contribute to UN Sustainable Development Goals, while also delivering compelling financial returns. The team believe sustainability is a necessary condition for the long-term investor, and don't separate 'ESG' and fundamental analysis.

A key source of differentiation in the fund's approach and the mindset of the team, is that fund manager Darryl Lucas comes from a credit background, and a major emphasis on avoiding downside risk is instilled throughout the approach. The investment process leverages a credit analysis framework to uncover 'the true economic reality' of a business. Rigorous stress testing informs position sizing, aiming to deliver a robust and diversified portfolio, despite a relatively concentrated book of circa 25 positions.

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