

# EVERYTHING ETHICAL

## MONTHLY NEWSLETTER

- ETHICAL MPS

### Everything Ethical Newsletter – November 2024

Sign up to our emailing list to receive directly into your inbox every month.

#### Market Commentary

The Trump rally fed through to a number of investments within portfolios. US equities in general saw strong positive moves, with US Small and Mid-cap companies particularly benefitting from inflows from the expectations for lower taxes, lighter regulation and the made in America focus. We expect US small & mid-caps to continue to perform strongly in the coming year, as markets continue to broaden out from the big-tech dominance over the last year and a half.

Fixed income swung back in November after weakness the month before. A leading green bond index returned 1.88% (in sterling terms) for the month. Over the last few months, we have seen the yield curve steepen, with concerns rising over government deficits and borrowing plans. As a result, our preference here is to avoid too much duration risk, with portfolios sitting around 5 years currently. Portfolios alternative exposure dragged on portfolios. These types of investment trusts are more sensitive to the longer-end of the curve which we are becoming increasingly negative towards, which is why we have cut back at recent rebalances.

When it comes to the energy transition, there are obvious concerns over how this sector will fare under Donald Trump. There is wide consensus that offshore wind will most certainly be negatively impacted, and we expect this to come to a halt very early on in his tenor, in a similar fashion to how Biden suspended oil & gas leasing when he came into power.

It is worth looking back at Trumps last Presidency, where he vowed to revive US coal and removed the US from the Paris Climate agreement. Despite this, renewables went through a huge growth phase.

The benefits to Republican states of the Inflation Reduction Act have been well documented. The projects being made possible are creating billions in additional private investment and subsequently thousands of new jobs, and not to the detriment of older industries that some initially had political concerns with (the number of coal mining employees is actually slightly higher since the introduction of the IRA).

Many of our peers are very keen to point out the benefits of the act to US jobs and growth, but also building new industries to protect against Chinese dominance – all high up on Trumps agenda. Given the bi-partisan support, it will be hard for Trump to reach thresholds such as the 60% majority needed in the Senate to repeal the act. Even as recently as this summer, a number of Republican senators wrote to the house speaker to put their support behind preserving the IRA energy tax credits.



Reactions to the UK budget continued to feed through to the market as policies were digested. It has not been taken well by businesses, with the increase in Employer National Insurance Contributions expected to slow hiring and wage increases for employees, whilst increased costs may be passed onto consumers. This being said, consumer confidence metrics were surprisingly strong as we head towards the Christmas period and so we are more positive to the UK than Europe in the short-term.

The mood in Europe is becoming increasingly despondent, data is showing a weakening economy amidst an industrial sector that can't be competitive given energy prices. The CEO of portfolio holding ABB said that Europe is at serious risk of losing investment and industrial jobs to the US and China. This is at a time when there is an absence of political leadership, with elections scheduled for the new year in Germany and collapse of the French government around the corner. We expect the ECB to continue cutting interest rates as a result of this, as well as more fiscal spending in the economies which will further heighten concerns over debt sustainability.

### Model Portfolio transactions in the month:

Portfolios were rebalanced during the month, IMC minutes and information attached in the main body of the email.

### Performance:

Funds MPS	November 2024
Defensive	0.96%
Cautious	1.14%
Balanced	1.12%
Balanced Growth	1.26%
Growth	1.38%
Adventurous	1.16%

### MPS Stock pick feature

**Valmont Industries** is a global leader in conserving resources, creating vital infrastructure and advancing agricultural productivity. Founded in 1946, Valmont galvanises steel, to make it last a century with minimal environmental impact. They modernise irrigation to feed a growing population by utilising the latest technology, harden the electrical grid to enable the delivery of reliable power to millions of homes around the world, and they make communities safer, cleaner and more connected through their smart infrastructure technology.

### Fund House Meetings

During November we met with Redwheel, Schroders, Aviva Investors, M&G, Van Lanschot Kempen, Quilter Cheviot, Lombard Odier, Marlborough, Edentree & Sumitomo Mitsui.

### Ethical News

**Angel Trains, Hitachi Rail, and TransPennine Express** have announced the success of the UK's first intercity battery train trial in the North of England. This trial demonstrated that a single 700kW battery can reduce fuel costs by up to 50% while enabling zero-emission travel

in and out of stations, significantly cutting noise and pollution. During the trial, the battery-powered train achieved all performance requirements, reaching speeds over 75 mph and aligning with timetable standards. What's more, the battery installation matches the weight and size of a diesel engine, ensuring no impact on passenger space or track integrity.

**Octopus Energy's first-ever offshore wind tariff** has delivered significant savings to customers from Grimsby to Skegness. The 'Fan Club' tariff has been running for one year, saving customers an average of nearly £200 annually, with the top 5% of users saving close to £400. The 'Fan Club' works by offering a 50% discount on electricity bills when local offshore wind turbines are generating power. Customers are notified through the Octopus Energy app, allowing them to schedule energy-intensive tasks, like laundry, during peak wind times for maximum savings. The company also offers similar tariffs in three onshore wind locations: Market Weighton, Halifax, and Caerphilly. Additionally, Octopus has used its tech platform 'Winder' to identify more locations for future 'Fan Clubs.'

A rewilding programme at a country estate could see the reintroduction of beavers and an increase in bats, turtle doves, bees and butterflies as part of a biodiversity scheme. **Castle Howard in North Yorkshire has turned 5% of its 9,000 acres into a habitat bank**, which will allow organisations that want to offset their carbon footprint or are required to meet biodiversity targets to buy "nature credits". Castle Howard estate chief executive, Jasper Hasell, said the scheme, launched by The Environment Bank, would see 440 acres of low-yielding farmland returned to nature.

In a landmark move for professional football, **Arsenal Football Club has become the first and only club globally to have its net zero target approved by the Science Based Targets initiative (SBTi)**. Arsenal is aiming to achieve net zero emissions by 2040, aligning the club with some of the most ambitious companies in the world and setting a new benchmark for sustainability in top-level football.

**A five-year plan to help build Scotland's hydrogen economy and deliver an ambition for the technology to provide nearly a sixth of Scotland's energy needs by 2030 has been published.** Backed by more than £100 million of funding, the draft Hydrogen Action Plan sets out the strategic approach the Scottish Government will take with industry to help make Scotland become a leading nation in the production of reliable, competitive and sustainable hydrogen. The five-year capital investment programme will focus on supporting regional renewable hydrogen production hubs and renewable hydrogen projects. The first tranche of investment will be a £10 million Hydrogen Innovation Fund, to be launched next year to drive technological progress and advance innovation and cost reduction within the emerging sector.

### Winners & Losers

**Winning this month was Scottish bumble bees.** The bumblebee population has made an impressive comeback in a developed area by increasing to 116 times what it was two years ago thanks to a nature restoration group. Rewilding Denmarkfield, a 90-acre project based just north of Perth, has been working to restore nature to green spaces in an increasingly built-up area for the past two years. Weekly pollinator surveys using the BeeWalk method, a national recording scheme run by the Bumblebee Conservation Trust to monitor the abundance of bumblebees on transects across the country, enabled Rewilding Denmarkfield to quantify after just two years of nature restoration work in the same fields, the bee population increasing to 4,056. The diversity of bumblebee also doubled, according to the charity, from five to ten different species.

**Losing this month is UK skiers.** The Nevis Range, near Fort William has said the effects of climate change on snow conditions has forced it to delay the start of its winter season until



February 2025, instead of December, running through to April each year. The resort has said that recent years had seen “dramatic shifts” in winter weather patterns and damaging storms due to climate change.

### Disclaimer

Please remember that the value of investments and the income arising from them may fall as well as rise and is not guaranteed. All information contained in this document has been prepared by King & Shaxson Asset Management. All opinions and estimates constitute our judgement as of the date of publication and do not constitute general or specific investment advice. Nothing in this document constitutes an offer to buy or sell securities of any type or should be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment or to engage in any other transaction. The information contained in this document is for general information purposes only and should not be considered a personal recommendation or specific investment advice.

Please remember the performance data presented is just a snapshot in time in and is not intended for, or to be relied upon, by retail investors. Note that the value of investments and the income arising from them, may fall as well as rise and is not guaranteed. You may not get back the amount invested, especially in the early years. Investors should be aware of the underlying risk associated with investing in shares of small-cap stocks and emerging markets. These can prove to be more volatile than in more developed stock markets. Derivative instruments may be used from time to time for the purpose of efficient portfolio management. ESG and Impact investing, will by its very nature, have no or very limited exposure to some key sectors of stock markets and a higher exposure to a number of positive themes. It is therefore important to understand that both performance and the risks associated can differ versus a portfolio that does not include ethical exclusions. As the portfolios are housed on number of platforms there will be some variances in cost and performance depending on the platforms ability to hold certain share classes and their policy on execution, and the data is to provide a guide but each platform will vary.

King and Shaxson Asset Management Ltd. (Reg. No. 3870667) has its registered office at 155 Fenchurch Street, London, EC3M 6AL. The Company is registered in England and Wales and is part of the PhillipCapital Group. King and Shaxson Asset Management Ltd. (FCA Reg. No. 823315) is authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN