

# EVERYTHING ETHICAL

## MONTHLY NEWSLETTER

– ETHICAL MPS

### Everything Ethical Newsletter – September 2025

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#### Market Commentary

August ended with equity markets on the back foot, and with September being a historically weak month for equities, there was some concern this would play out once again. There was an increasing focus on deteriorating economic data, whilst political and geopolitical tensions remained high across the globe. Nonetheless, equity markets in the US set several new record highs during the month, buoyed by the first Federal Reserve (Fed) rate cut since 2024.

AI was once more a strong driver behind equity market returns, and portfolio's exposure to semiconductors and electrification benefitted strongly from this. Robeco Smart Energy was once again a strong performer, climbing +5.99% in the month. In general, companies exposed to the AI supply chain rallied strongly, such as Schneider Electric (+14.06%) and Prysmian (+13.60%), who benefit from the build out of AI related infrastructure such as datacentres.

Clean energy has also continued to climb, buoyed by the risk on sentiment. This includes moves into some of the more speculative areas, such as pre-profit companies or technologies such as hydrogen. A leading index returned +6.66% in the month. Whilst only held in the fixed income sleeve, Orsted (the world's largest wind farm operator) was buoyed by a US judge overruling Trump's stop work order on their 80% complete wind farm off of Rhode Island. Policy clarity alongside increasing rate cut expectation are both tailwinds for the sector.

Portfolios infrastructure exposure was weak in September, with RM Alternative Income fund returning -2.20%, with major detractors coming from the portfolios solar and battery storage exposure. The fund has been capitalising on recent gains and rotating away from the UK given the upcoming fiscal risk. Concerns have eased in recent weeks with expectations the UK chancellor will seek to address the fiscal deficit with tax increases, nonetheless risks remain and we have previously reduced exposure to the asset class on similar concerns. The asset class provides diversification against an uncertain macro backdrop, so on top of the positive contribution to tackling certain environmental or social issues, there are important diversification benefits.

Fixed income was a positive contributor to performance for the month. Longer dated bonds funds such as T Rowe Price Global Impact Credit (+1.02%) outperformed short dated bond funds such as AXA Short Duration Green Bond fund (+0.37%).

The healthcare sector continued its recovery in September, with pharmaceuticals in particular getting a boost on positive tariff and drug pricing agreements between companies and the US government. The Polar Capital Healthcare Opportunities fund returned +6.11% for the month, outperforming benchmarks and peers.



Markets enter October with the US government shutdown as a spending bill could not be agreed. This has put pressure back on the US dollar and also saw gold climb to record highs in response. For investors and policymakers, the delay of key economic data releases is the near-term issue, whilst a prolonged shutdown can have larger socio-economic impacts if people are unable to pay for rent and food given hundreds of thousands of government employees have been furloughed.

### Model Portfolio transactions in the month:

There were no changes to portfolios during the month.

### Performance:

| Funds MPS       | September 2025 |
|-----------------|----------------|
| Defensive       | 0.43%          |
| Cautious        | 0.65%          |
| Balanced        | 0.82%          |
| Balanced Growth | 0.95%          |
| Growth          | 1.11%          |
| Adventurous     | 1.48%          |

### MPS Stock pick feature

In developing countries, the water crisis is acute: billions lack safely managed drinking water, waterborne disease burdens are high, and climate change amplifies scarcity and flood risks with wide-ranging social and economic consequences. Affordability constraints, infrastructure gaps, and governance challenges compound these risks, underscoring the need for reliable, equitable water utility services. **SABESP provides integrated water supply, sewage collection, and sewage treatment services across hundreds of municipalities in the State of São Paulo**, directly advancing access, quality, and reliability of basic water services at scale. This operational footprint and service model maps to a funds Water solution, addressing health, equity, and climate resilience outcomes. Through utility provision in Brazil, SABESP's activities align with a pathway to improve health, reduce inequality, and enhance adaptation to water-related shocks.

### Fund House Meetings

In September we met with GIB AM, Gravis, Stewart Investors, Guinness AM, Marlborough, Rathbones, Triodos, WHEB, Impax & First Trust.

### Ethical News

**Portfolio holding Schneider Electric**, the global leader in the digital transformation of energy management and automation, and Climeworks, a global leader in carbon removal, announced a major agreement to remove 31,000 tons of carbon dioxide from the atmosphere by 2039. This represents Schneider Electric's first purchase of high-durability carbon removal and Climeworks' largest-ever portfolio agreement to date. Climeworks will remove 31,000 tons of CO<sub>2</sub> through three high-durability solutions: Direct Air Capture and Storage, Bioenergy with Carbon Capture and Storage, and Enhanced Rock Weathering. Each of these solutions can store CO<sub>2</sub> for thousands of years.

Scotland's largest **Energy Transition Skills Hub** officially opened in Aberdeen on Monday 29th September. It is set to support 1,000 people with the skills they need to work in low-carbon energy industries within the next five years.

**The electricity demand of Great Britain has been fully covered by the output of clean-energy sources for a record 87 hours in 2025 to date**, new analysis from Carbon Brief shows. This is up from just 2.5 hours in 2021 and 64.5 hours in all of 2024, ahead of the government's clean-power target for 2030. The target aims for 95% of the electricity generated in the country in 2030 to come from low-carbon sources, as well as for 100% of national demand to be met without fossil fuels.

**China, the world's biggest source of planet-warming gases, has for the first time committed to an absolute target to cut its emissions.** In a video statement to the UN in New York, during the month, President Xi Jinping said that China would reduce its greenhouse gas emissions across the economy by 7-10% by 2035, while "striving to do better". The announcement comes at a time the US is rolling back on its commitments, with President Donald Trump calling climate change a "con job".

While new EV sales in the US are expected to slow drastically when federal purchase incentives up to \$7,500 disappear at the end of the month, **the market for used electric vehicles has never been hotter.** Pre-owned electric cars and trucks in America are now almost as cheap as used gas-powered vehicles, on average, and are selling even faster, according to Cox Automotive, a services and technology company.

**Sweden will oppose a push by Germany** to water down the EU's 2035 deadline to effectively ban combustion engines in new vehicles, arguing that such a move would punish those carmakers that have made major investments in the green transition.

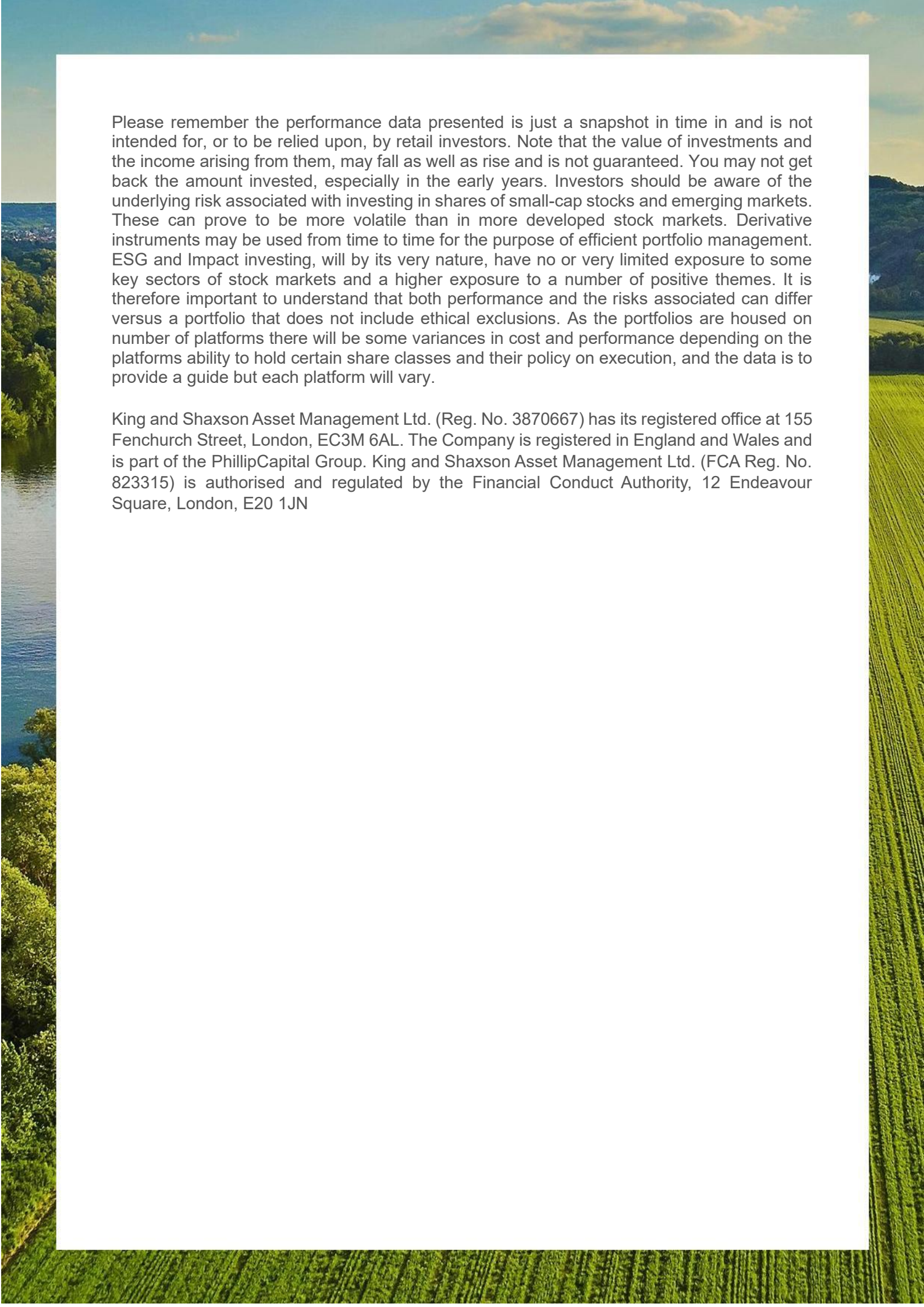
Communities across the UK will benefit from more money for textbooks and healthcare services, **as Great British Energy's solar rollout continues to cut energy bills for schools and hospitals.** Five NHS sites and 11 primary schools - from the south coast to the North East - will save a combined total of £3.8 million on their energy bills after installing Great British Energy solar panels. Panels were installed at 5 NHS sites and 3 schools over the summer, with 8 more schools due to get new solar panels over the autumn.

New forestry statistics released in September indicate that the **UK is not on track to hit the Committee on Climate Change's (CCC) advice on tree planting to achieve net-zero.** Extrapolating from historic planting rates, including the most recent data for 2025, implies that the UK will not hit the CCC's recommendation for 2030 planting rates, cumulatively missing it by an area the size of the Isle of Wight by the end of this Parliament.

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