SUCCESSION
MODEL PORTFOLIOS
powered by
KING & SHAXSON
Asset Management | Rewarding your Values

WINNER
THREE TIMES
Investment Life & Pensions
Moneyfacts
Awards 2020 -2022
Best Ethical Discretionary
Fund Manager

EVERYTHING ETHICAL
MONTHLY NEWSLETTER

Everything Ethical Newsletter – December 2025

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

Market Commentary

December was a busy month of market driving news across corporate earnings, politics, geo-politics and central banks. Global equities were negative for much of the month, but did begin to recover from the halfway point, but this rally largely fizzled out and the so-called 'Santa rally', whereby equities perform well in the latter stages of December due to holiday optimism and year-end portfolio adjustments, largely failed to materialise. A leading global equity index returned -0.69% for the month in Sterling terms, weighed by notable dollar weakness in the month (where US equites have a large weight in global equity indices, dollar weakness weighs on returns when converting into Sterling for UK based investors).

Disappointing updates from several names in the technology and AI sector continued to weigh on sentiment. Value largely outperformed growth equities, as seen with materials and financials being the two best performing sectors, followed by Industrials. Given this, the Schroders Global Sustainable Value was the standout performer during the month, returning +1.63%. We had increased exposure at our rebalance in October given our concerns over some of the growth equity valuations. Whilst most other developed market equities were slightly in the red, the Polar capital Healthcare Opportunities fund was notably weak, returning -5.44%, although this comes off the back of a number of very strong months (2025 return of +13.41%) and we had cut back on this holding in October's rebalance. Portfolios Asia/EM exposure positively contributed to performance in the month, with abrdn Emerging Markets SDG fund returning +2.52% whilst the UBAM Positive Impact fund returned +1.26%.

Despite some weakness in the latter stages of the year, and in the face of a major pushback from Donald Trump, in general, the climate and environment focussed investment universe came in from the cold in 2025. Increased energy demand related to datacentre demand and a focus on energy security has lifted the sector. However, the volatile journey was front and centre for everyone to see in December, as offshore wind was in Trump's sights once more as he announced a 90-day suspension of offshore wind leases, citing national security concerns, including claiming that they can interfere with radar. The projects affected by this included Orsted's Revolution Wind and Sunrise Wind, and this saw the company give back most of the gains it had made since the rights issue. We have already seen the courts rule in favour of renewable developers in the US under Trump's presidency, and he is likely to lose political strength at the mid-term elections in 2026. We therefore see this as another short-term setback driven by political noise, and remain positive on the long-term outlook for renewable energy development.

The month of December saw a number of key central bank meetings including the much-anticipated Federal Reserve (Fed) policy meeting, with several comments pointing towards it being fractious. Cooling inflation and job market numbers, although skewed by the government shutdown, has increased expectations for interest rate cuts, despite the economy remaining resilient. The voting was split, but a cut of 0.25% was delivered as expected, and they are now expected to hold as new data becomes available in the new year.

The European Central Bank kept rates on hold as was expected. However, some officials have put jitters in the market as they comment on expectations that the next change in rates will be a move higher. This forms part of their narrative that they expect European growth to be stronger next year, particularly on the back of fiscal stimulus, predominantly coming from Germany. Closer to home, the Bank of England (BoE) cut interest rates as expected, but in a hawkish manner that surprised a few. The vote was close at 5-4, and this came with cautious comments on the future path for rate cuts. The economic outlook in the UK appears less resilient than in the US and Europe, whilst there are signs inflation is under control, which leads many investors to think the BoE has scope to cut more aggressively.

Despite the noise around central banks, fixed income has been steady in the month. Yields in the UK rose modestly across the curve, predominantly in response to a pullback in rate cut expectations following the BoE's December policy meeting. In the US, the Fed did provide some relief through a bond purchasing programme, although this should not be viewed as Quantitative Easing. It was highlighted in the month that central banks are responding to the investor demand for short-duration, with both the UK and Japan deciding to slash their long-dated bond issuance in favour of the short-end which does provide support for longer-dated bonds. We remain around the 4–5-year duration within portfolios heading into the new year.

Model Portfolio Transactions in the Month

There were no changes to portfolios during the month.

Performance

SAS MPS	December 2025
Defensive	**0.09%**
Cautious	**-0.10%**
Income	**-0.10%**
Balanced	**-0.13%**
Growth	**-0.23%**
Adventurous	**-0.12%**

MPS Stock pick feature:

Healthpeak is a healthcare real estate investment trust that builds, owns, and manages world-class facilities for healthcare Discovery and Outpatient Care ("DOC"). Their properties fuel innovation in patient care and research - accelerating scientific discovery, enhancing healthcare delivery & fostering healthier populations. The company strives to advance their building performance and resilience through efficient measures. Their environmental responsibility efforts drive value for all of their stakeholders by identifying projects that mitigate environmental impacts, enhance property resiliency, deliver return on investment, and reduce operating costs. Healthpeak has developed a Green Financing Framework for its bond issuance programme.

Fund House Meetings:

During December we met with Aegon, Foresight/WHEB, JanusHenderson, M&G, RBC BlueBay, WisdomTree, Triodos & Schroders.

Ethical News

The Arctic has experienced its warmest and wettest year on record, a long-running study by the leading US atmospheric agency has found, and the rapid melt of permafrost has caused rivers to turn orange from leached metals. The Arctic surface air temperature from October 2024 to September 2025 was the warmest since measurements began in 1900, the National Oceanic and Atmospheric Administration said, while each of the past 10 years ranked among the 10 warmest on record. Describing the Arctic as the “refrigerator for the planet”, Matthew Druckenmiller, research scientist at the National Snow and Ice Data Centre at the University of Colorado said the major changes to the region would have ramifications globally.

Renewable energy - considered crucial to limiting climate change - produced a record amount of electricity in Great Britain in 2025, BBC analysis showed. Wind was the biggest single renewable source of electricity, according to the provisional figures from the National Energy System Operator (Neso). But solar-powered electricity rose by nearly a third on 2024 levels, helped by the UK's sunniest year on record and the expansion of solar panels around the country. While behind renewables, electricity from fossil gas also rose slightly, highlighting the challenge of reaching the government's "clean power" target by 2030.

Linked to the above by **2030, 628,000 Wind Technicians will be needed to enable the global Energy Transition.** The latest Global Wind Workforce Outlook (GWWO) 2025 - 2030 was released by Global Wind Organisation (GWO) and the Global Wind Energy Council (GWEC) in early December. The Outlook detailed the significant growth in numbers of wind technicians required to meet the forecasted needs of the Construction & Installation and Operations & Maintenance segments of the world’s wind fleet up to 2030. The GWWO reveals that in the next five years, technician demand in onshore and offshore wind is projected to increase significantly, requiring 628,000 professionals by 2030 to meet industry needs.

Victims of a deadly typhoon in the Philippines have filed a legal claim against oil and gas company Shell in the UK courts, seeking compensation for what they say is the company's role in making the storm more severe. Around 400 people were killed and millions of homes hit when Typhoon Rai slammed into parts of the Philippines just before Christmas in 2021. Now a group of survivors are for the first time taking legal action against the UK's largest oil company, arguing that it had a role in making the typhoon more likely and more damaging. Shell says the claim is "baseless", as is a suggestion the company had unique knowledge that carbon emissions drove climate change.

Investors piled into climate-friendly assets in 2025 despite policy and regulatory rollbacks in the US and Europe, as artificial intelligence drives a boom in energy infrastructure demand. Global green bond and loan issuance reached a record $947 billion as at the 26th December 2025, according to data compiled by Bloomberg Intelligence. The flows are notable in a year when US President Donald Trump backed fossil fuels and dismantled clean-energy subsidies and legislation. Europe also rolled back some of its toughest environmental rules amid concerns about growth and competitiveness. Still, clearer policy signals and an almost 4% expected increase in global electricity demand, driven by AI, cooling and electrification needs, are lifting investor optimism.

Heidelberg Materials UK said that first trials of its low carbon concrete, CarbonCure in ready-mixed concrete was carried out at its Greenwich, London concrete plant. The process, which can reduce the CO_2 associated with concrete by around 7-11kg/m3, involves injecting pure manufactured CO_2 into fresh concrete, where it undergoes a chemical reaction to become permanently mineralised. This makes hydration more efficient, delivering stronger concrete and permanently locking in CO_2. It also allows producers to use an average of five per cent less cement within the concrete mix.

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 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.