

# Letter to Stakeholders

## Financial year end 30 September 2023



Dear fellow stakeholder,

Set against the backdrop of a global economy lumbering from one shock to another - as two brutal wars, stubborn inflation, tightening financial conditions and a deepening climate crisis shape our business environment - we are pleased to report another year of progress at Affinity. Our strategic adoption of the **Traction** model, detailed in last year's communication, has proven invaluable in enhancing our business planning amid these challenges. Running in parallel to this, our core values have continued to guide and maintain our purpose and the commitments we have to our stakeholders during this period.

This year has seen us focus on 3 priorities:



**Business consolidation**



**Further investment in technology**



**Our people**

**Starting with consolidation, this year our trust team** made a conscious decision to meet as many of our clients in person, following the disruption created by the pandemic. This included many of the heritage Pinnacle Trust Limited client base we acquired in 2021 to ensure values and cultures aligned. We are proud to highlight that half of the new structures we established in the year originated from our existing clients, a powerful reflection of our continued service and technical excellence and the visitation programme we had put in place.

Turning to the **investment business**, it successfully launched the **Affinity Sustainable Growth Fund** in January which has grown to £25m in size. The fund can be accessed via a number of external platforms and we have welcomed investor flows from third party advisers based in a number of jurisdictions from as **far and wide as Ireland to the Netherlands and St Helier to Bakewell!**

Notwithstanding these flows, it has not been a market-friendly environment for investors and particularly for those, like us, dedicated to responsible and sustainable investing. We have used this period to review the processes and routines we employ to express our views and access markets. It is important we highlight this has resulted in evolution, rather than revolution to our decision-making framework, which is natural for any investment management business as it matures. Our long-term track record is a valuable endorsement of our core principles and philosophy, so it was pleasing to have independent analysis by **Asset Risk Consultants (ARC)** confirming the **majority of our core strategies outperforming over 5 years versus their relative ARC PCI (Private Client Index) benchmarks.**

In terms of further **investment in technology**, we have developed - and are now implementing - an enterprise-wide strategy. The primary goal is to support the business to deliver services to our clients while ensuring their privacy, security and trust. We recognise **digital transformation is critical to our success** in the financial services industry, and we will be leveraging the latest technologies to provide clients with a seamless and personalised experience across all channels. Our strategy also includes a particular focus on the use of **Microsoft 365** and solutions to enhance the data that we currently manage across different systems. Whilst NAV (trust business) and Tercero (investment business) will continue as the core operating systems for each, we will develop our own **Data Lake** which will enable us to combine different data sources and provide workflows, reports and dashboards to support the business and **improve productivity.**

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Investing in **our People** remains a strategic priority for Affinity. From a **personal development** perspective we delivered a **25% increase in hours** training and our study leave with financial support policy, enabled an additional **6 of our employees to attain professional qualifications**. This further builds the depth of expertise across both sides of the Affinity business.

Being committed to learning and personal improvement are attributes we look for during our recruitment process and we have undertaken a review of best practices used by businesses we admire in their approach to both **selecting and retaining talent**. This has resulted in us deploying **Kolbe** personality profiling across our teams. This is a psychometric tool designed to gain insight into psychological preferences of potential and existing employees. In short, it looks at what makes people tick and the instincts which drive group behavior. The system enables us to **create effective and highly operational teams** around projects/tasks or even the role itself.

 **45 HOURS**  
VOLUNTEER TIME FOR  
CHARITIES BY EMPLOYEES

**£56,545**  
CHARITABLE  
DONATIONS



**312** Trees  
Planted Through  
The Rewild Carbon  
Scheme



**7** Interns  
/Placements



 **28** Sustainability  
Qualifications Passed

 **64**  
EMPLOYEES

**49**  
Kolbe Index  
Tests Taken



Our **Mentoring programme** continues to be a cornerstone of our People strategy. We purposely connect **knowledge seekers and knowledge bearers** which helps support career development, whilst enabling us to meet our business objectives and ensure **the right people are in the right seats** – the latter being a foundation principal of the **Traction model**.

A certain cohort of these knowledge bearers have typically worked for Affinity since our inception and are able to take advantage of our **Sabbatical policy**. For those employees with 10 years' service, we encourage them **to take a rest or break from work** to spend time on things away from their job in pursuit of interests such as travel, writing and volunteering or simply spending more time with their family. **7 members of the team** have so far taken some, or all, of their Sabbatical leave, with 4 doing so through the course of this year.

**Wellbeing** is ever present and we delivered 12 dedicated sessions through this period including group yoga, an introduction to Man Club and two meetings dedicated to helping us all sleep better (but not in work time!) The most valuable metric used to measure the success of **our People strategy is seeing internal promotions**. This year we are delighted that 12 employees progressed to more advanced roles ranging from those who graduated from our Trainee Trust Administrator Programme to a new Group Director; congratulations to Michelle Tring promoted from our Trust operations board.

It is important we recognise the valuable contribution of our former colleague, Julia Warrander, who was instrumental in helping to build **Affinity as one of the Founders**.

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## Financials

Given the challenging environment we have described, we are pleased to report our combined operating company **revenues grew to £10.6m**. This was, however, below budget, as was our **net profit of £2.7m**. Our focus on getting to know our existing clients better rather than focussing on new clients, together with ongoing pressures on costs created by inflation and regulation combined with our strategic decision to exceed our budget relating to our investment in technology, contributed to missing both our top and bottom-line forecasts. We also continued to exit non-core business, releasing resources to concentrate on what we do best. Our focus for the year ahead is back to growing the business and that has already borne fruit and we are confident the technology spend, **combined with the strength of the Affinity team and the direction we maintain through Traction**, leaves us well placed to deliver on our financial targets. More on this later.

## Succession

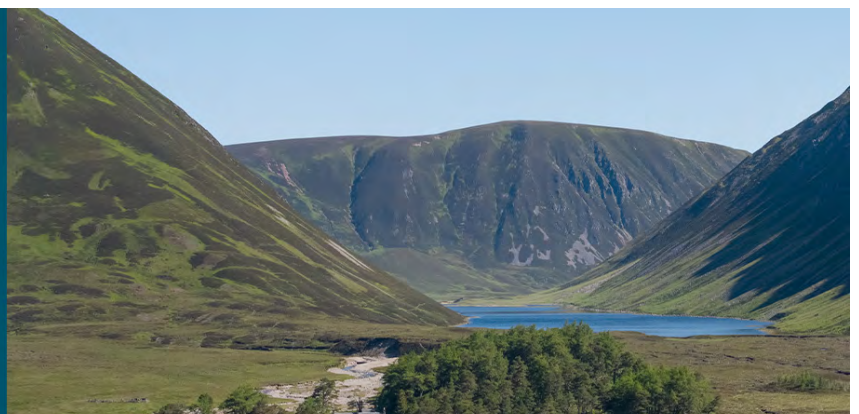
This year has seen the launch of our **Succession strategy**, in place to facilitate a smooth transition of senior leadership over time given our **ambition to remain an owner-managed business**. The strategy has prioritised building the next leadership team from within, as well as identifying any critical skills gaps. Project teams are already active in developing the framework to implement our plans over the medium term, with a clear focus on helping the business to deliver a seamless transition for all our stakeholders. Integral to this strategy has been the introduction of a two-year accelerated training initiative for our next generation of leaders. This **Future Leaders program** is specifically tailored to equip our talent with the skills and knowledge required to excel in an ever-disruptive world and help shape them into compassionate, innovative and high-impact leaders. Trust Team Members of this group, who are business developers, are receiving additional coaching around building their personal networks and are busy connecting with like-minded **intermediaries who are on partner/director track**. Please let us know if you would be interested in hearing more.

## Sustainability

This has been a significant year building on our well established sustainability credentials, **which are showcased in this video we recently released**. Our landmark achievement in this space **was our contribution to the Dalnacardoch project**. Facilitating conversations that enable our clients to **align their values with their wealth** remains a core element of our service proposition. With reference to this project we were able to support a family focus their philanthropic interests towards a conservation project. We assisted them build a consensus around supporting a conservation/environmental cause, resulting in the purchase of land for rewilding. We used our long standing relationship with the specialist team at the **Durrell Wildlife Conservation Trust (Durrell)** to identify the site and they have also agreed to being partners who will oversee the rewilding efforts through a newly formed charity for the next 100 years.

### Valued client leads groundbreaking conservation project with Durrell in Scotland, Dalnacardoch

Affinity Private Wealth has recently been working hard for one of our clients on an exciting and transformative project. Today, we are thrilled to unveil the results of the efforts of David, Cait and Courtney.



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**D&I Initiatives** have again featured strongly through this year. Projects related to gender, neurodiversity and social mobility have received our support. We continue to undertake our annual **Employee Opinion and D&I surveys**, the results of which shape our policies and corporate decision making. For example, we have signed up to the UK-sponsored **'Fertility Workplace Pledge'** which is a set of simple and voluntary commitments, designed to benefit individuals and couples going through fertility treatment. We have **introduced a business wide fertility policy** reflecting our commitment to support our employees through their fertility journey.



This year we published our **5th annual Impact Report for investors in our Sustainable strategies**. This has coincided with the UN review of progress towards achieving the **Sustainable Development Goals** in line with their 2030 agenda. **"We're at the halfway point, we're halfway there but we're not halfway done"** was the assessment presented by Sanda Ojiambo, Assistant secretary-general and chief executive, UN Global Compact. The value of committing capital to support the transition to a more sustainable and equitable global economy has never been more evident and investors in our solutions can take comfort they are contributing to these objectives.



We have become a founding corporate member of the **Jersey Association of Sustainability Practitioners (JASP)** and also continue to support the Government of Jersey (GoJ) in developing their sustainable finance ecosystem through membership of designated corporate working groups. We recognise the role we can play in supporting the GoJ's Carbon Neutral Roadmap and seek to engage with our local stakeholders and wider community through publishing relevant thought pieces, public speaking and supporting education initiatives.

**Awards** are a valuable barometer for how well we are perceived externally and our hard work through this financial year has seen both sides of the Affinity business each receive recognition versus our peers. For the second year running, our investment team won the **'Leadership in Sustainable Finance - Investment Management'** accolade at the Jersey Finance Sustainable Finance 2023 Awards.

In terms of our trust company, having been **shortlisted for the prestigious STEP Trust Company of the Year (Midsize Firm) award** earlier in the year, the team went on to **win the 'ESG Initiative of the Year' title** issued by The Chartered Governance Institute UK & Ireland (CGI).

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## Affinity in the community

We continue to recognise the important role we play in the community and environment in which we operate. In terms of charitable giving, **our cash donations totaled £56,545**, with £25,500 dedicated to the globally recognised, ocean conservation organisation, **Blue Marine Foundation**. Our support specifically contributed to their local **Jersea and Scallop Research projects**. Continuing this theme, we are proud to showcase ten members of our team, who collectively invested 45 hours of their CSR time to the Jersey Marine Conservation Trust. In addition to our multi-year partnership with Durrell we also provided assistance – both financial and through volunteering – **to the Jersey National Park, Healing Waves, and Macmillan Cancer Support charities.**



After the success of their Go Wild Gorillas fundraising campaign, we participated in Durrell's second, community based, **island wide, Wild at Art project; the Tortoise Takeover**. Once again, this proved a huge success for Durrell and raised over £720,000 towards the refurbishment of their Tropical House at the Zoo. During the 'Takeover' Her Royal Highness The Princess Royal attended the opening of the Tortoise Tunnel and even found time to discuss 'all things conservation' with David whilst meeting our Tortoise 'Gerald and other Animals'.

## So what are our plans for the year ahead?

Returning to where we started, the Traction process has provided us with a framework to build our 10 year targets which, in turn, has enabled us to visualise what our business will look like over the next 3 years. This distils into a busy next 12 months. The trust business is extending their multijurisdictional visitation program with a particular focus on the **Middle East, Asia and Central Europe**. This attention to the top-line runs in parallel with a continued focus on maximising operational efficiencies with a number of procedural and data analytics projects in place. The investment team have become corporate partners to the **Federation of European Independent Financial Advisers (FEIFA)** and will be using this channel, alongside a strategic investment into our **digital marketing presence** to build distribution of its services across key markets. This presents an exciting opportunity and we are looking forward to sharing progress with you in 2024.

To close, as always, we would like to thank all our stakeholders for their continued support. If you have any comments regarding this Letter, please contact us. We value all feedback as it helps to develop how we operate and further build the successful, sustainable and impactful business about which we are very proud.

Thank you for taking the time to read this and best wishes for 2024.

**Ben, David, James, Justin, Michelle & Russell**  
**Group Directors**

