


The background of the slide is a photograph of a pond. In the foreground, there are several concentric ripples in the dark water, likely from a recent drop. To the right and slightly further back, there are numerous green lily pads floating on the surface. The overall lighting is somewhat dim, giving it a natural, serene feel.

Buzzacott

 RATHBONES

**CHANGE IS THE ONLY CONSTANT:
A CHARITY INVESTMENT SEMINAR WITH
BUZZACOTT AND RATHBONES**

24 June 2024

RATHBONES

HAS ANYTHING CHANGED? ARMAMENTS & INVESTORS

Presented by:
Christophe Borysiewicz, Investment Director

Trustee training – June 2024
Rathbones Group Plc



BIOGRAPHIES



CHRISTOPHE BORYSIEWICZ

Investment Director

Christophe has many years' experience in providing and managing investment solutions for charities, not-for-profit organisations, and pension funds. He joined Greenbank, part of the Rathbones Group, in 2021 from Epworth Investment Management, where he was head of investment management.

He is a Chartered Financial Analyst (CFA) Charterholder, having graduated in Philosophy, Politics and Economics from Jesus College Oxford. He has a master's degree in Japanese Studies from the University of Leeds, and holds the CFA Certificate in ESG Investing. He has experience as a charity trustee and is currently a trustee director of a charity defined benefit pension scheme.

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BUTLER-SLOSS & ORS VS THE CHARITY COMMISSION FOR ENGLAND & WALES [2022]

- 9. Essentially, trustees are required to act honestly, reasonably (with all due care and skill) and responsibly in formulating an appropriate investment policy for the charity that is in the best interests of the charity and its purposes. Where there are difficult decisions to be made involving potential conflicts or reputational damage, the trustees need to exercise good judgment by balancing all relevant factors in particular the extent of the potential conflict against the risk of financial detriment.
- 10. If that balancing exercise is properly done and a reasonable and proportionate investment policy is thereby adopted, the trustees have complied with their legal duties in such respect and cannot be criticised, even if the court or other trustees might have come to a different conclusion.

WHY HAVE INVESTORS EXCLUDED ARMAMENTS HISTORICALLY?

- Pacifism
- Immense destruction and loss of life associated with war
- Can there be an ethical defence company?
- Arms sales to regimes involved in internal repression or human rights abuses
- Very long lived nature of armaments and possibility for resale
- Issues of bribery and corruption within the arms trade
- Specific concerns around nuclear weapons or anti-personnel landmines



THE CURRENT ENVIRONMENT

- Major land war in Europe
- “Putin’s Russia is waging a brutal war on Ukraine and will not stop there if he succeeds” – Rishi Sunak – May 2024
- “Russia poses an acute threat to the UK’s national security” – UK ambassador to the OSCE
- “In today’s heightened global threat environment, it’s important for the UK’s defence industry and government to come together to sustain our sovereign capability to deliver the equipment our armed forces need. Investment in our defence industry is vital to ensure our continued ability to support national security and economic prosperity.” – Charles Woodburn – BAe Systems CEO, November 2023
- “Investment in defence is the morally right thing to do, without which the atrocious activities of tyrants like Putin would go unchallenged and undeterred.” Grant Shapps – Defence Secretary, November 2023



THE CURRENT ENVIRONMENT

Global trends in state-based conflict

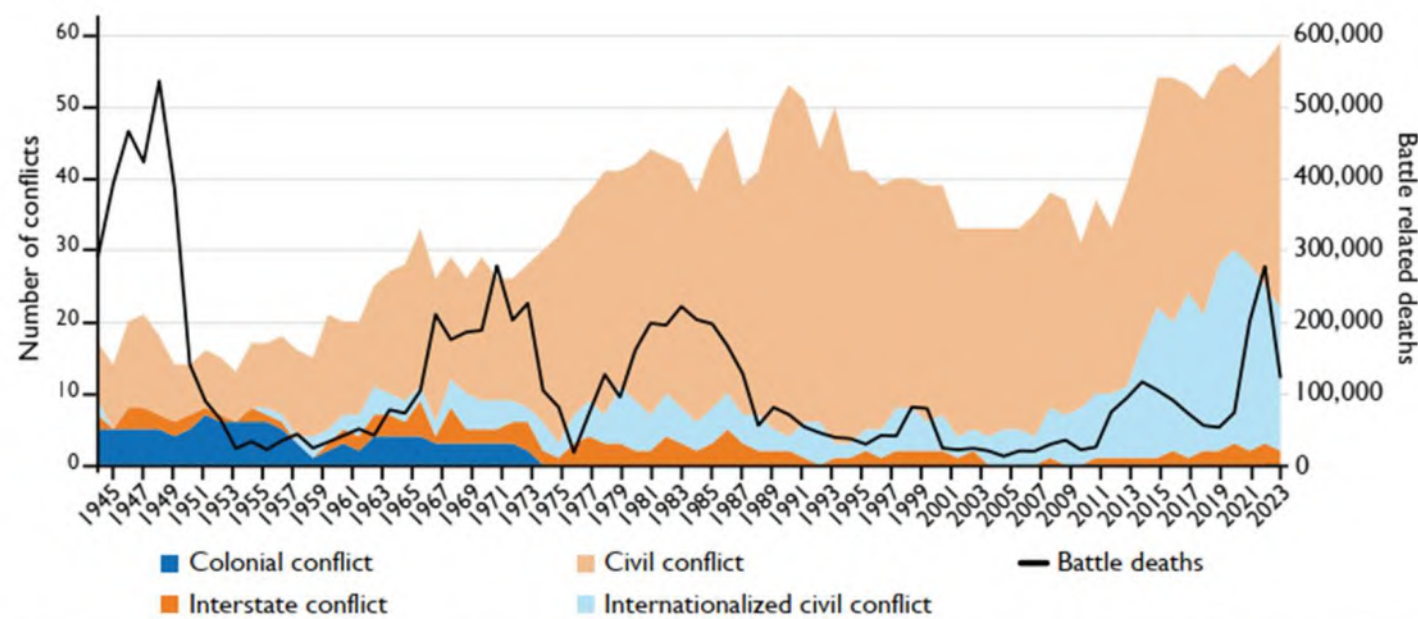


Figure 1: Number of state-based armed conflicts by conflict type, 1946–2023. Source: Lacina and Gleditsch Battle Death Dataset (2005), UCDP/PRIO Armed Conflict Dataset, and UCDP Battle-Related Deaths Dataset (Petterson, Davies, Engström, and Öberg, 2024).

THE CURRENT ENVIRONMENT

New technologies have created new areas of conflict



UK not heeding warning over China threat, says ex-cybersecurity chief

Cyber warfare

+ Add to myFT

Russia is trying to sabotage European railways, warns Prague

Czech transport minister tells FT of 'thousands' of attempts to interfere with train networks and signals

Hospitals grapple with aftermath of cyber attack

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HAS ANYTHING CHANGED?

Investing in defence companies is ethical, says Sunak

Treasury and Investment Association declare arms industry wholly compatible with ESG

You are here: [Home](#) ▶ [News](#) ▶ [2021](#) ▶ [November](#) ▶ Ethiopia's Civil War Fueled by Weapons from UN's Big Powers

Ethiopia's Civil War Fueled by Weapons from UN's Big Powers

Aerospace & Defence

+ Add to myFT

'Deep corruption' at centre of SFO Saudi bribery trial

Prosecution case turns on a UK government deal to provide military communication networks

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Rathbones Group Plc | Has anything changed? Armaments & investors

CHARLES-MAURICE DE TALLEYRAND- PÉRIGORD

« plus ça change, plus c'est la même chose »



ADDITIONAL INFORMATION

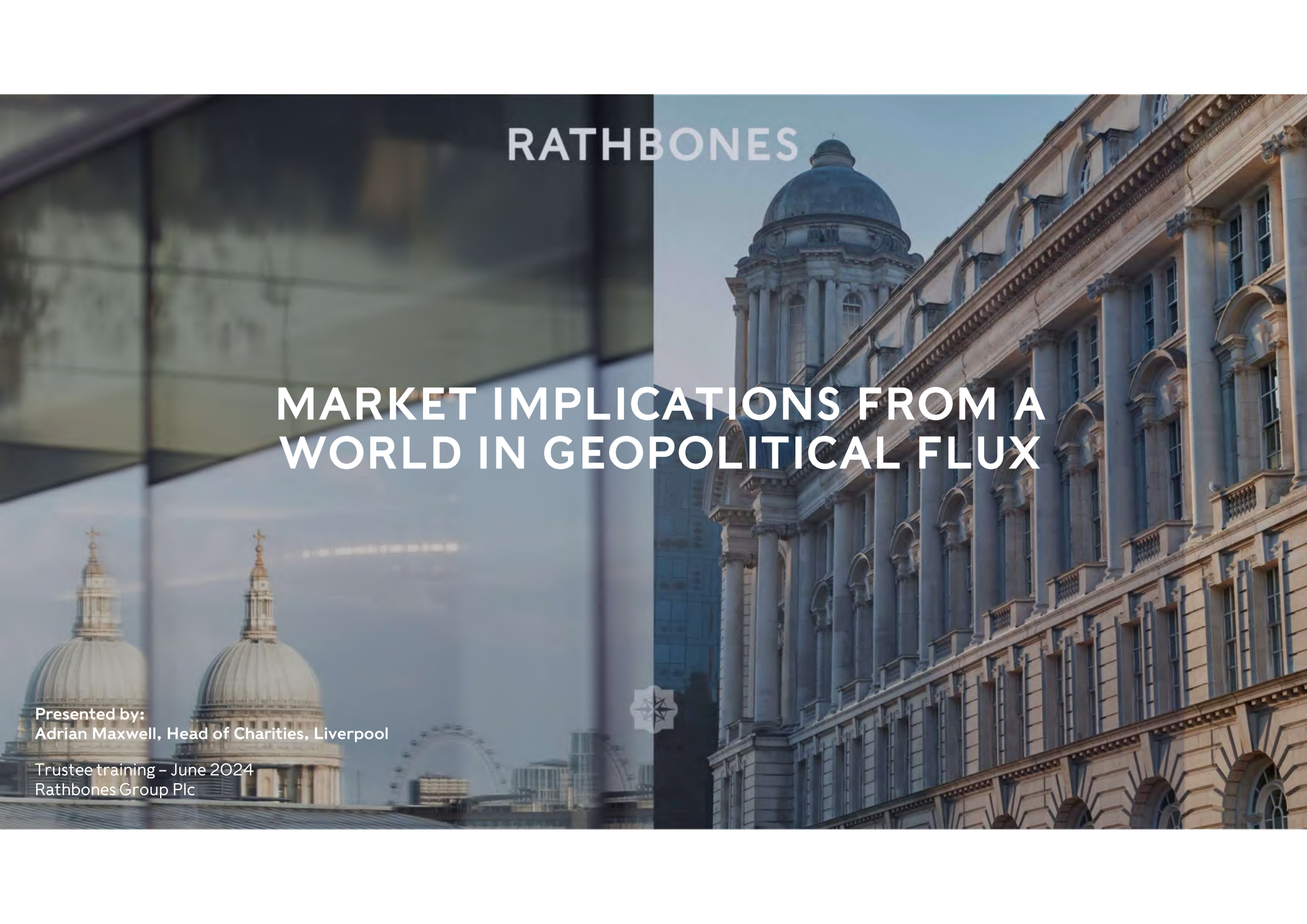
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RATHBONES

MARKET IMPLICATIONS FROM A WORLD IN GEOPOLITICAL FLUX

Presented by:
Adrian Maxwell, Head of Charities, Liverpool

Trustee training – June 2024
Rathbones Group Plc

BIOGRAPHIES



ADRIAN MAXWELL

Head of Charities, Liverpool

Adrian joined Rathbones in 2004 after graduating from the University of Liverpool with an honours degree in Financial Economics, and is currently head of charities in Liverpool.

He specialises in the management of charity portfolios, as well as managing private clients' assets including ISAs, SIPPs and trusts.

Adrian is a CFA Charterholder (Chartered Financial Analyst) as well as a Chartered Fellow of the Chartered Institute for Securities and Investment (CISI). He is a member of Rathbones group Stock Selection Committee and chairs the Charity Fixed Income and Collectives Committee.

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THERE IS A LOT GOING ON....

- COVID aftermath
- Global conflicts (Ukraine, Gaza)
- Possible ‘changing of the guard’ politically
- Technology
- Inflation and the path of interest rates

...WITH THREATS AND OPPORTUNITY FROM EACH

GLOBAL CONFLICT

Escalation in Ukraine



Israel-Iran conflict



China/Taiwan



GLOBAL CONFLICT – INVESTMENT IMPLICATIONS

- Demand for armaments
- Rising oil prices / supply disruptions / rising inflation
- Flight to safety

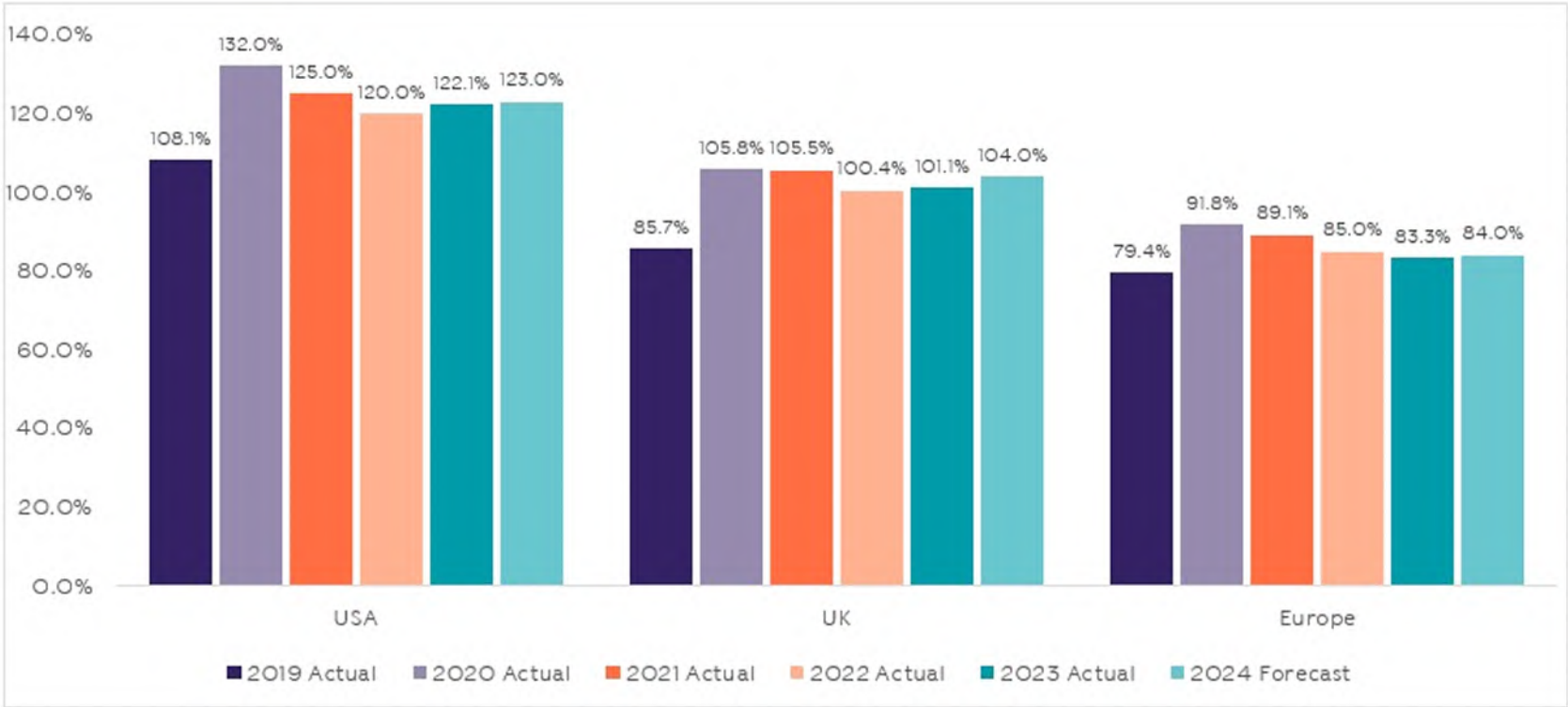


GEOPOLITICAL SHIFTS?



GEOPOLITICAL SHIFTS – DIFFERENT PARTY, SAME FINANCES

Debt to GDP %



Source: LSEG, Rathbones research, 2024

TECHNOLOGY – THE NEW ‘ARMS RACE’



National Security – Attack and Defend



Raytheon
BAE Systems
Booz Allen Hamilton



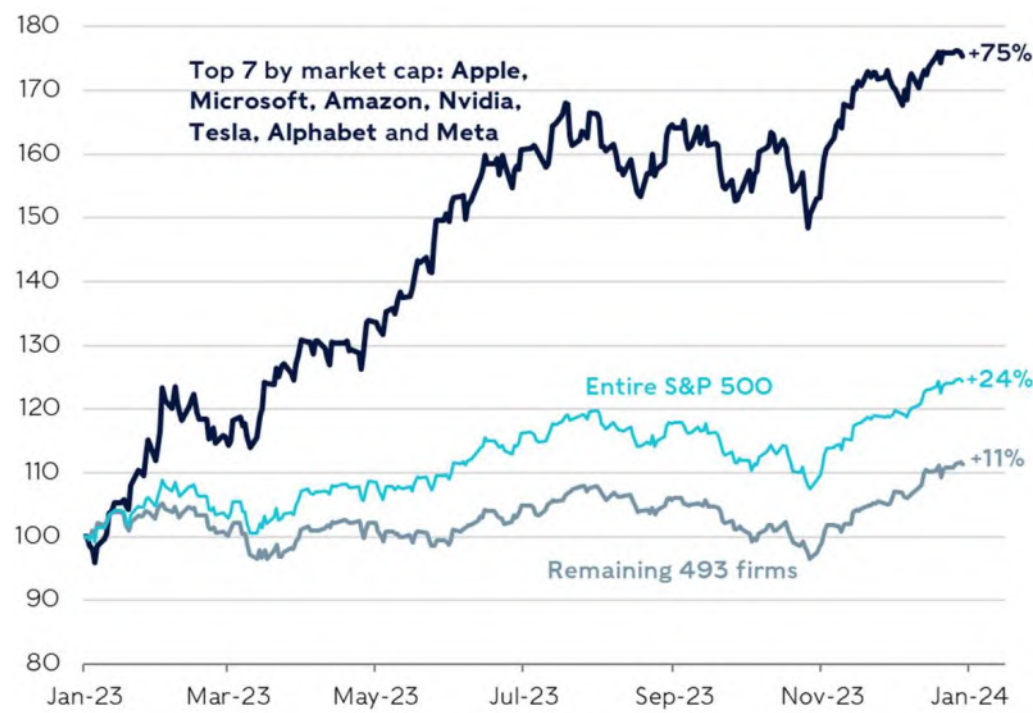
Corporate Security – Defend



Palo Alto Networks
CrowdStrike
Amazon (Web Services)

TECHNOLOGY – THE NEW ‘AI RACE’

Total returns (%)



Source: LSEG, Rathbones, 2024

Investments can go down as well as up and you could get back less than you invested.
Past performance is not a reliable indicator of future results.

INFLATION REMAINS THE DOMINANT ECONOMIC FACTOR

Advanced economy CPI inflation (trimmed means, 38 OECD nations*)

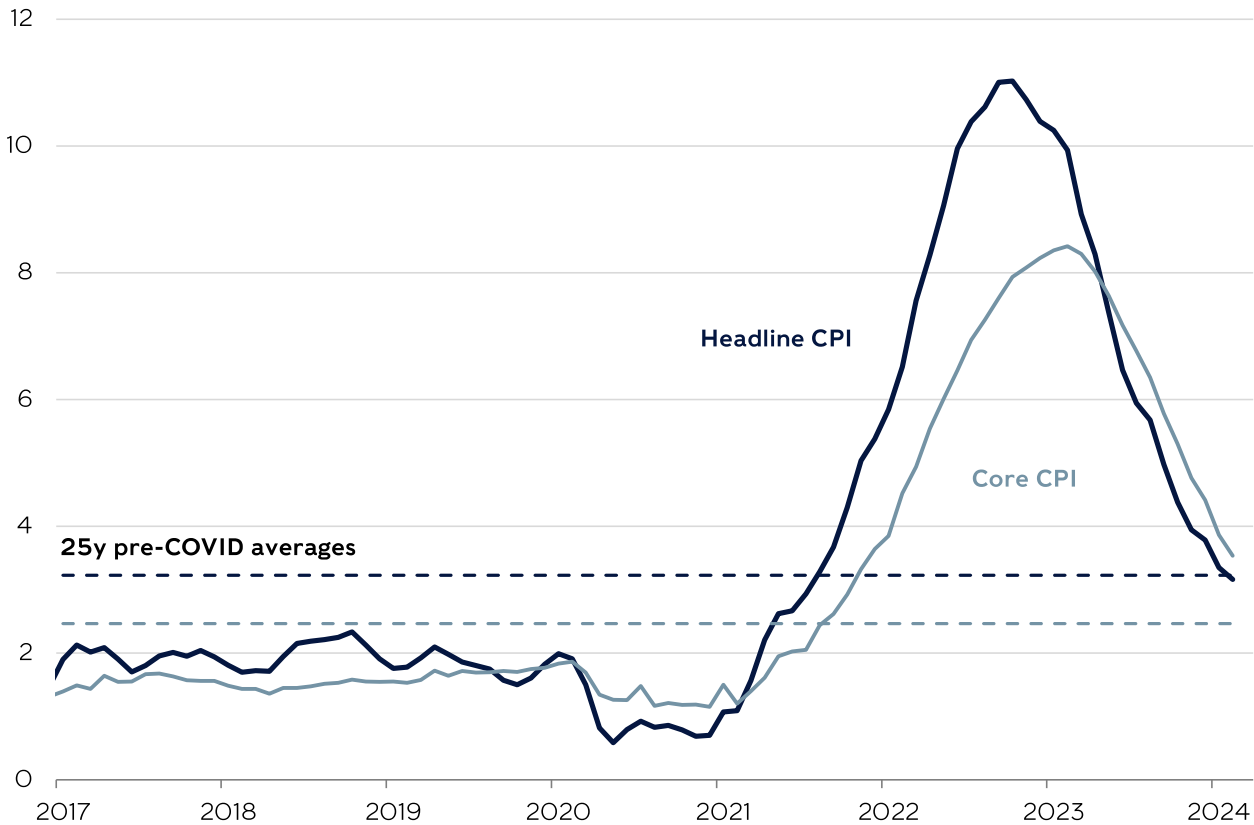


Chart sources: LSEG, Rathbones research, 2024, *trimmed means remove a small percentage of the outlying largest and smallest values; the OECD is the Organisation for Economic Cooperation and Development

INFLATION HAS BEEN UNCOMFORTABLY ‘STICKY’

6-month annualised core CPI* inflation rates (%)

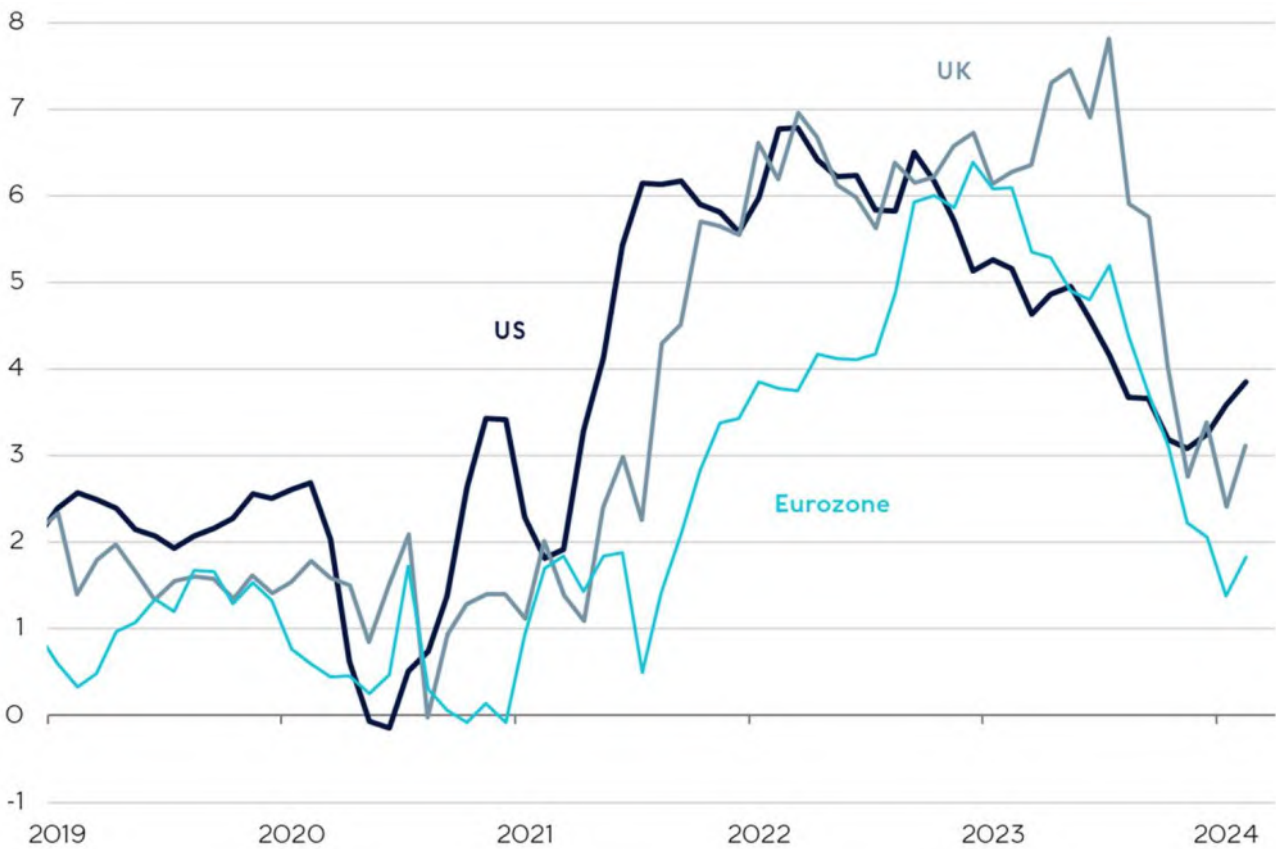
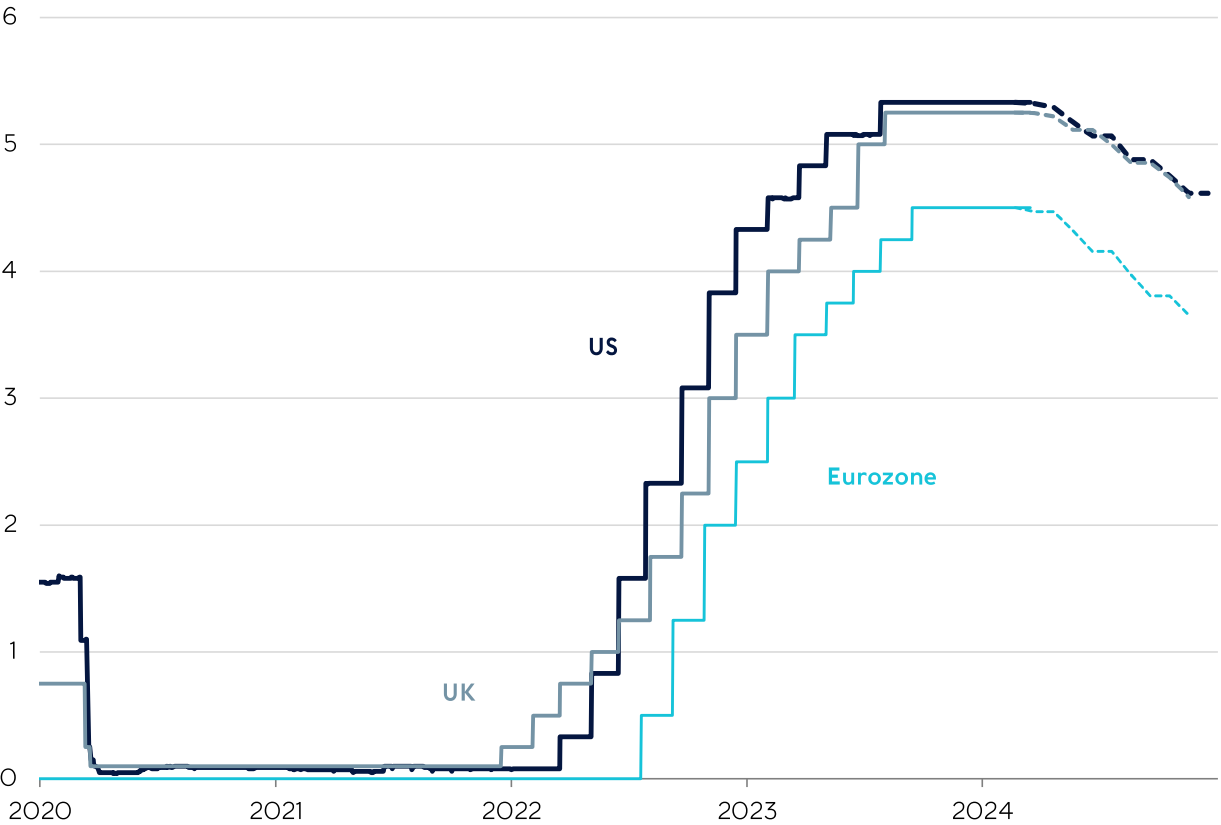


Chart sources: LSEG, Rathbones research, 2024; *consumer price index, core CPI removes volatile food and energy components

INTEREST RATES – PEAKED?

Market-implied interest rate expectations (%)

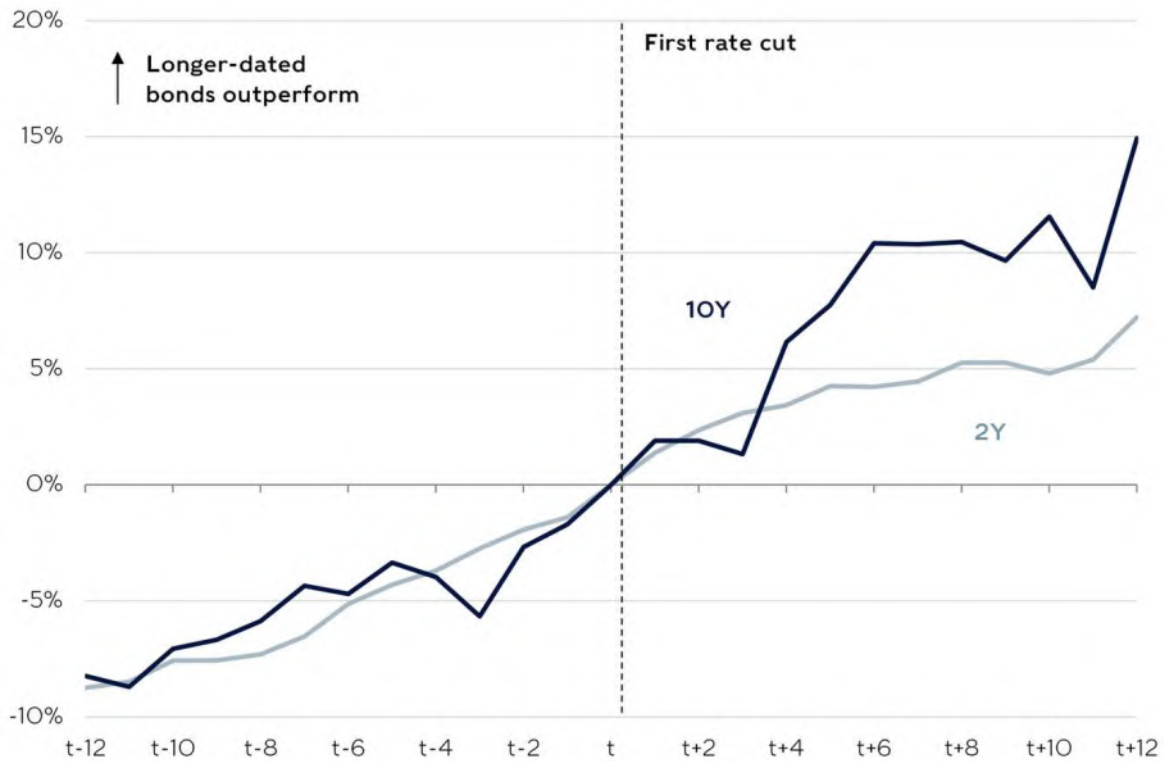


Source: LSEG, Rathbones, 2024

Expected interest rates shown are not to be relied upon.

INTEREST RATES – A FIXED INCOME OPPORTUNITY

Median performance of 10 and 2-year gilts in the months around the start of rate-cutting cycles

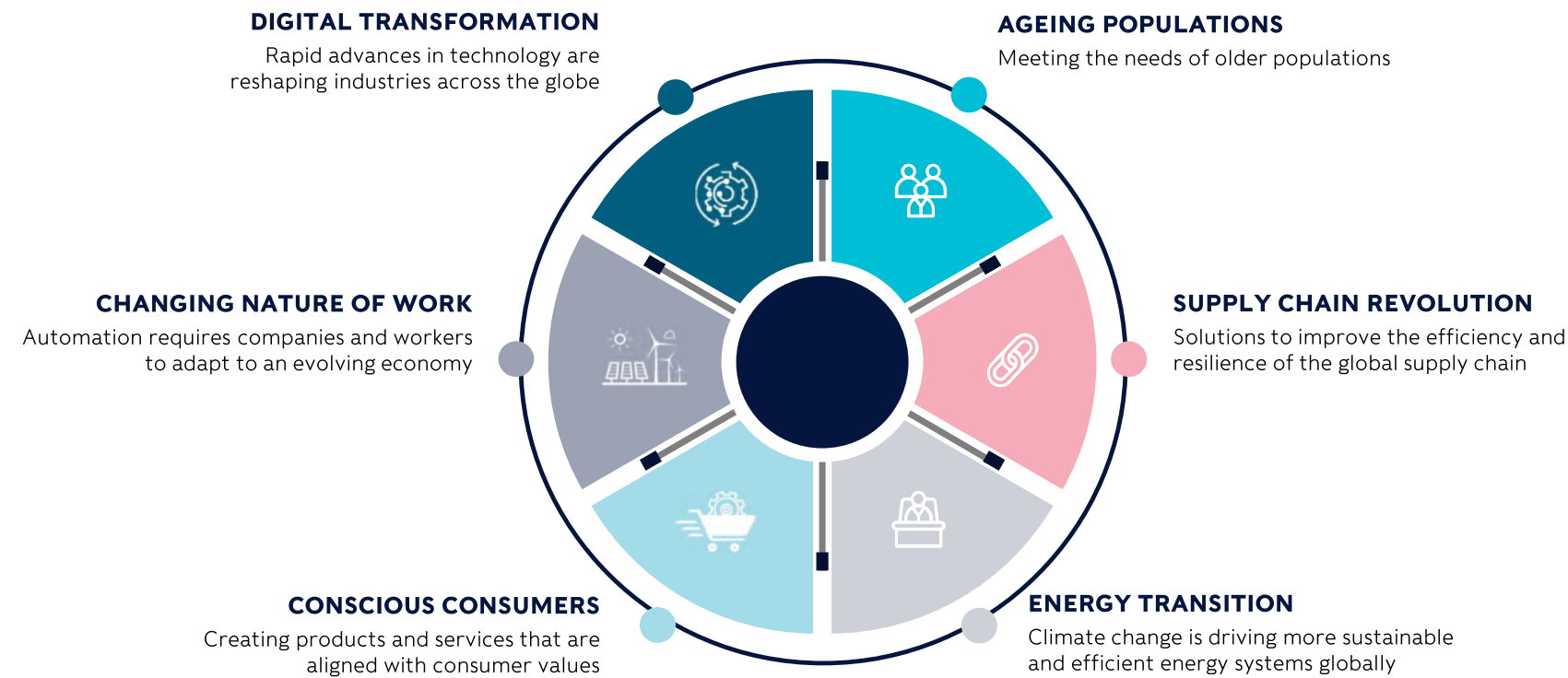


Source: LSEG, Rathbones, 2024

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LONG TERM INVESTORS – THINK LONG TERM

Investment themes – six mega trends shaping the next decade





ADDITIONAL INFORMATION

Information valid at date of presentation.

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