RATHBONES

RATHBONE ETHICAL BOND FUND

Task Force on Climate-Related Financial Disclosures Product Report

June 2024

Rathbones Asset Management

FUND OBJECTIVES AND COMMENTARY

Fund investment objective

We aim to deliver a greater total return than the Investment Association (IA) Sterling Corporate Bond sector, after fees, over any rolling five-year period. Total return means the return we receive from the value of our investments increasing (capital growth) plus the income we receive from our investments (interest payments).

We use the IA Sterling Corporate Bond sector as a target for our fund's return because we aim to achieve a better return than the average of funds that are similar to ours.

BRYN JONES
Head of Fixed Income

Fund manager's commentary

The Rathbone Ethical Bond Fund invests at least 80% of our fund in corporate bonds with an investment grade rating (AAA to BBB-), based on the average of the three largest rating agencies (Standard & Poor's, Moody's and Fitch). We can invest up to 20% of our fund in corporate bonds with a credit rating below BBB- or with no rating at all. Up to 10% of the fund can be invested directly in contingent convertible bonds. Due to the high weighting in corporate bonds the fund sits in the middle of the risk/reward spectrum.

The fund applies ethical screening where companies are assessed against positive and negative social and environmental criteria. The fund applies negative screening criteria to exclude from its universe any companies in breach of any of the exclusion criteria. This includes, but is not limited to, exclusions on environmental or high carbon impact activities such as mineral or aggregate extraction, fossil fuel exploration and production, agrochemical production, production of genetically modified seeds or foodstuffs, unsustainable sourcing of commodities linked to habitat destruction, and the manufacture of vehicles based on hydrocarbon fuels. Also, issuers with convictions for serious or persistent pollution offences.

From a positive perspective, for us to invest in a company, it must satisfy at least one of the following: strong employment practices, sustainable environmental practices or community engagement and commitment to human rights. Both criteria helps keep the funds climate value-at-risk at a lower level. The fund also, as a result of the screening, has a low carbon footprint.

For all three scenarios the climate value-at-risk is low as many of the companies the fund is invested in are well positioned to benefit from the climate transition given the products and services they sell. Bonds held within the fund are also unlikely to be unduly impacted in the orderly and disorderly transition scenarios due to the funds ethical criteria which avoids investing in sectors such as Oil and Gas which have higher climate transition risks.

In terms of the bond allocation, due to the ethical criteria, the fund has a low exposure to the energy sector. The fund can invest in companies that have exposure to low carbon technologies, products and services that form part of the climate transition. All of this helps the fund manage its climate value-at-risk.

CARBON METRICS

The purpose of this report is to provide you with a summary of the possible impact of climate change, both the risks and opportunities, on the securities held within the fund. Reporting period 1st January 2023 to 31st December 2023. Calculation date 31st December 2023.

Rathbones' approach to governance, strategy, risk management and Group / Entity level metrics can be found in the Group / Entity TCFD report. A glossary of terms used in this document can be found here - https://www.rathbones.com/ri-glossary. The value of investments may increase or decrease due to the impact of climate change. Rathbones believes that there is sufficient data coverage to rely on these figures.

WEIGHTED AVERAGE CARBON INTENSITY (WACI)

The carbon intensity of the fund weighted by the amount invested in each company, which serve as a measurement of emissions performance of the fund (for Scope 1+ Scope 2).
This is calculated in tonnes CO_2e divided by £M sales.

6.2

Tonnes CO_2e/£M sales

Data coverage 81%

TOTAL CARBON FOOTPRINT

The total carbon emissions of the fund divided by the total value of the fund. This is calculated in tonnes CO_2e divided per £M invested.

1.6

Tonnes CO_2e/£M invested

Data coverage 59%

SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS

The sum of the total operational emissions from securities within the fund. This is calculated in tonnes CO_2e.

3,246

Tonnes CO_2e

Data coverage 59%

SCOPE 3 GREENHOUSE GAS EMISSIONS

The total indirect emissions that the fund is responsible for, within its value chain, including: employee travel, waste disposal, leased assets and franchises.

208,769

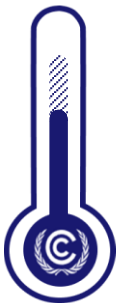
Tonnes CO_2e

Data coverage 59%

IMPLIED TEMPERATURE RISE

IMPLIED TEMPERATURE RISE

The Implied Temperature Rise (ITR) is a forward-looking metric which provides an indication of how well the fund aligns with the ambitions of the Paris Agreement calculated in degrees Celsius.



1.3°C

Ethical Bond Fund

1.5 - 2°C

Paris agreement target

HOW DO THESE SCENARIOS ALIGN TO PARIS AGREEMENT COMMITMENTS?

The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping the global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels.

SCENARIO ANALYSIS

Climate value-at-risk attempts to assess the potential financial loss or gain from the fund as a result of climate change, including the impact of: climate policy; new technology opportunities; physical risks.

The 3 scenarios of climate change which we have assessed shows how a global temperature increase of between 1.5°C and 3°C by 2100 may impact the fund. We calculate these using the Network for Greening the Financial System (NGFS) REMIND model, accessed through MSCI.

	ORDERLY TRANSITION	DISORDERLY TRANSITION	HOT HOUSE WORLD
Global temperature rise	+ 1.5°C	+ 1.5°C	+ 3.0°C
Application of climate policies	Climate policies are introduced and gradually become more stringent	Climate policies are delayed or inconsistent across countries	Global efforts are insufficient to halt significant global warming
Ethical bond Fund Climate value-at-risk (Data coverage: 82%)	-1.5%	-1.5%	-2.3%
Climate scenarios Climate scenario analysis helps us understand the implications of possible climate scenarios on our investment portfolio, and the resilience of our investment strategies in the transition to a net zero economy. Our approach to scenario analysis involves assessing the exposure of our equity and corporate bonds holdings by applying MSCI's Climate Value-at-Risk methodology.	Orderly scenarios assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.	Disorderly scenarios explore higher transition risk due to policies being delayed or divergent across countries and sectors. For example, carbon prices would have to increase abruptly after a period of delay.	Hot house world scenarios assume that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk including irreversible impacts like sea-level rise.

ADDITIONAL INFORMATION

This is a financial promotion relating to a particular fund. Any views and opinions are those of the investment manager, and coverage of any assets held must be taken in the context of the constitution of the fund and in no way reflects an investment recommendation.

The value of investments and the income from them may go down as well as up and you may not get back your original investment. Past performance should not be seen as an indication of future performance.

Use of MSCI data to calculate our investment metrics: This disclosure was developed using information from MSCI ESG Research LLC or its affiliates or information providers. Although Rathbones Group Plc's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the ''ESG Parties''), obtain information (the ''Information'') from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose.

Information valid at date of presentation.

Tax regimes, bases and reliefs may change in the future.

Rathbones Group Plc is independently owned, is the sole shareholder in each of its subsidiary businesses and is listed on the London Stock Exchange. Rathbones is the trading name of Rathbones Investment Management Limited.

Rathbones Asset Management Limited is authorised and regulated by the Financial Conduct Authority. Registered office: 8 Finsbury Circus, London EC2M 7AZ, Registered in England No. 02376568.

Trust, tax and company administration services are supplied by trust companies in the Rathbones Group. Provision of legal services is provided by Rathbones Legal Services Limited ('RLS'), a wholly owned subsidiary of Rathbones Trust Company Limited ('RTC'). RLS is authorised and regulated by the Solicitors Regulation Authority under no.636409. The registered office of both RTC and RLS is 8 Finsbury Circus, London EC2M 7AZ. RTC and RLS are registered in England under company nos.01688454 and 10514352 respectively.

Rathbones Investment Management International Limited is the registered business name of Rathbones Investment Management International Limited which is regulated by the Jersey Financial Services Commission. Registered Office: 26 Esplanade, St Helier, Jersey JE1 2RB. Company Registration No. 50503.

Rathbones Investment Management International Limited is not authorised or regulated by the Financial Conduct Authority or the Prudential Regulation Authority in the UK. Rathbones Investment Management International Limited is not subject to the provisions of the UK Financial Services and Markets Act 2000 and the Financial Services Act 2012; and, investors entering into investment agreements with Rathbones Investment Management International Limited will not have the protections afforded by that Act or the rules and regulations made under it, including the UK Financial Services Compensation Scheme. This document is not intended as an offer or solicitation for the purpose or sale of any financial instrument by Rathbones Investment Management International Limited.

RATHBONES