

**RATHBONES**

**CORE INVESTMENT FUND  
FOR CHARITIES FUND**

**Task Force on Climate-Related  
Financial Disclosures Product  
Report**

**June 2024**



# FUND OBJECTIVES AND COMMENTARY

## Fund investment objective

We aim to deliver a greater total return than our benchmark (made up of 35% FTSE All-Share Index, 35% FTSE All-World excluding UK Index, 5% Investment Association (IA) UK Direct Property sector, 5% Bank of England Base Rate + 2%, 18% FTSE Actuaries UK Conventional Gilts All Stocks Index and 2% Bank of England Base Rate), 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 and dividend payments).

We use our benchmark as a target for our fund's return because it represents a diversified, long-term portfolio for charities.

## Fund manager's commentary



**ANDY PITT**  
Fund Manager

**GARETH PEARL**  
Fund Manager

The Rathbone Core Investment for Charities Fund invests globally in a mixture of shares, bonds with no restriction on their credit quality and specialist funds. We buy shares and bonds directly, but our specialist strategies, immovable property, commodities and alternatives are held through funds. Due to the higher exposure to equities (which as an asset class has a greater risk than either bonds or money market instruments) over bonds and diversifiers the fund sits towards the higher end of the risk/reward spectrum.

The fund applies some investment restrictions, we don't invest directly in any company that manufactures tobacco or tobacco products or derives more than 10% of its sales from gambling, high-interest-rate lending, pornography or from the manufacture of alcohol or armaments.

For all three scenarios the climate value-at-risk reflects the fact that some of the companies the fund is invested in are exposed to high emission industries. Some companies held within the fund are also more likely to be negatively impacted by a faster climate transition as they will need to accelerate their strategies towards a lower carbon future. Companies are regularly reviewed, and their low carbon transition plans are taken into account as part of evaluating their risk profile.

In terms of the sector allocation the fund currently has exposure to the energy and mining sectors. This increases the fund's climate value-at-risk. The fund also invests in companies that have exposure to low carbon technologies, products and services that form part of the climate transition. This lowers 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 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023. Calculation date 31<sup>st</sup> 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<sub>2</sub>e divided by £M sales.

# 89.9

**Tonnes CO<sub>2</sub>e/£M sales**

Data Coverage 77%

## TOTAL CARBON FOOTPRINT

The total carbon emissions of the fund divided by the total value of the fund. This is calculated in tonnes CO<sub>2</sub>e divided per £M invested.

# 60.7

**Tonnes CO<sub>2</sub>e/£M invested**

Data Coverage 76%

## 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<sub>2</sub>e.

# 10,222

**Tonnes CO<sub>2</sub>e**

Data Coverage 76%

## 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.

# 98,575

**Tonnes CO<sub>2</sub>e**

Data Coverage 76%

# 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.



**1.7°C**

**Core Investment Fund for Charities**

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
<b>Core Investment Fund</b> Climate value-at-risk (Data coverage: 77%)	-10.6%	-12.2%	-4.4%
<b>Climate scenarios</b> 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.**

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