

RATHBONES

**RATHBONE HIGH
QUALITY BOND FUND**

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

June 2024



FUND OBJECTIVES AND COMMENTARY

Fund investment objective

We aim to preserve your capital and pay an income by delivering a greater total return than the Bank of England's Base Rate + 0.5%, after fees, over any rolling three-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 Bank of England's Base Rate + 0.5% as a target for our fund's return because we aim to provide a return in excess of what you would receive in a UK savings account.



STUART CHILVERS
Fund Manager

Fund manager's commentary

The Rathbone High Quality Bond Fund will invest at least 80% in government and corporate bonds with high credit ratings (we define a high credit rating as A- and above, 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 a mixture of investment grade government and corporate bonds with lower credit ratings (BBB+ to BBB-) or no rating at all. Due to the high weighting in government and corporate bonds the fund sits in the middle of the risk/reward spectrum.

We understand that environmental, social and governance (ESG) factors can, like traditional financial factors, affect the financial performance of the companies and entities we choose to invest in. Therefore, we systematically and explicitly integrate material ESG factors into our investment process. This enables us to uncover any potential ESG risks or identify any potential ESG opportunities a company may have before deciding whether or not we believe those factors could be financially material to that particular company and therefore affect our investment decision. Crucially, we are not attempting to eliminate ESG risks completely or only invest in companies with strong ESG opportunities. Instead, we are trying to gain a more well-rounded and complete view of every company we look at in order to make more informed investment decisions and maximise risk-adjusted returns for our clients.

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. Companies held within the fund are also unlikely to be unduly impacted in the orderly and disorderly transition scenarios due to the funds low exposure in sectors such as Oil and Gas which have higher climate transition risks.

In terms of the sector allocation the fund has a low exposure to high energy sectors. The fund also 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 unless stated otherwise.

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 CO₂e divided by £M sales.

24.1

Tonnes CO₂e/£M sales

Data coverage 88%

TOTAL CARBON FOOTPRINT

The total carbon emissions of the fund divided by the total value of the fund. This is calculated in tonnes CO₂e divided per £M invested.

4.7*

Tonnes CO₂e/£M invested

Data coverage 49%

SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS

The sum of the total operational emissions from securities within the fund. This is calculated in tonnes CO₂e.

978*

Tonnes CO₂e

Data coverage 49%

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.

72,093*

Tonnes CO₂e

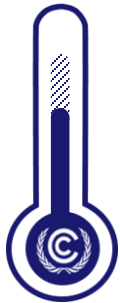
Data coverage 49%

*If a datapoint has less than 50% coverage, we don't consider the data to be credible enough but have published the metric for consideration only.

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.



1.5°C

High Quality 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 1.5C and 3C 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
High Quality Bond Fund Climate value-at-risk (Data coverage: 88%)	-1.7%	-2.5%	-1.3%
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.

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