



Rathbone Global Sustainability Fund
Product brochure



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Rathbone Global Sustainability Fund

Sustainable investing is about long-term value creation for investors, society and the environment. You should not have to compromise on your own personal values.

Our aims

We are offering:

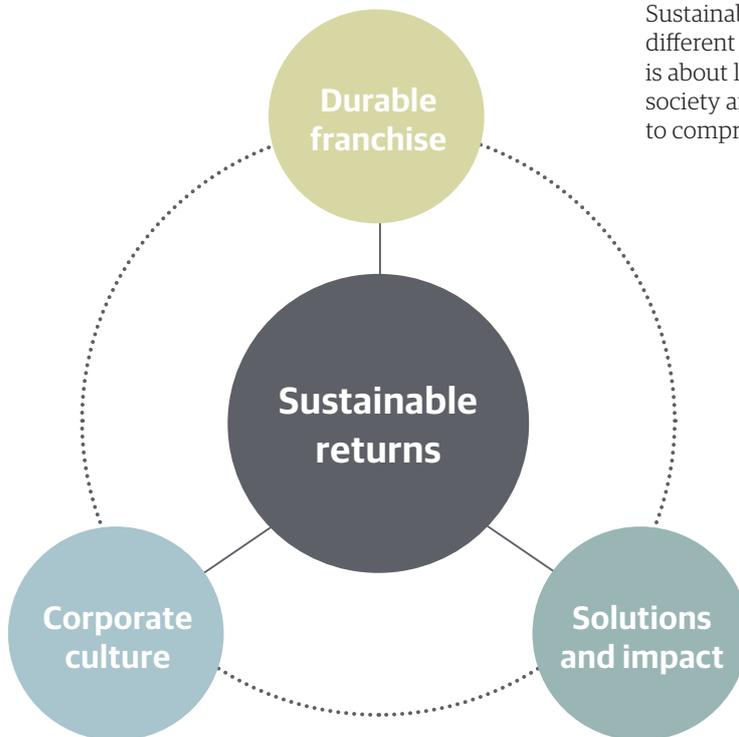
Durable franchises – a company-focused investment process, established upon a robust risk framework

Solutions and impact – investing in companies that support the achievement of the UN (United Nations) Sustainable Development Goals

Corporate culture – investing only in companies with strong corporate governance and culture

We have noticed a sea-change in client demand, with a growing cohort of investors looking for better outcomes from their investments. Can you invest in a socially and environmentally responsible way without sacrificing returns? We believe you can. That's why we've designed the Rathbone Global Sustainability Fund. We suggest that companies displaying strong policies and practices with regard to environmental, social and governance issues are likely to be well positioned to deliver long-term value creation for investors.

Sustainable investing means different things to different people. For us, sustainable investing is about long-term value creation for investors, society and the environment. You should not have to compromise on your own personal values.



Why Rathbones?

Rathbone Unit Trust Management has a long-standing record in the fund management industry.

We have the expertise and experience to meet the demand for more socially responsible investment, supported by ethical and sustainability analysis from the team at Rathbone Greenbank Investments.

We are building on the success of the 16-year-old Rathbone Ethical Bond Fund, with processes and infrastructure already in place.

Why you or your clients need our fund

Is this fund for you and your clients?

Yes, if you and your clients are:

- Looking for better outcomes from your investments
- Seeking to invest in businesses that stand up to robust ethical scrutiny
- Seeking to invest in businesses that aim to operate in accordance with and in support of the UN Sustainable Development Goals
- Willing and able to commit to an investment for at least five years.

Key fund benefits:

- **Exposure to an experienced investment team, employing a robust and tested investment process**
- **The additional assurance that Rathbone Greenbank provides the discipline and the independence of governance that ensures the ethical and sustainable commitment**
- **The offer of a tripartite approach: durable franchises; solutions and impact; strong corporate culture.**



How does our fund work and what is the investment process?

- i. **The starting point is always finding great businesses at attractive valuations.** The managers are part of a team that uses a straightforward methodology established upon a robust, risk-based approach to investment. Our trinity of risk system divides investment risk into three types:

Business risk

- Is it a good business? Is there a durable franchise?
- Does it generate *sustainable cash returns* on invested capital?

Financial risk

- Is it well financed?
- Is the level of debt on the balance sheet appropriate?

Price risk

- What is in the price?
- Is there a margin of safety?
- *Is it a good investment?*

- ii. The chosen companies will then go through an **extensive screening process**, a service provided by Rathbone Greenbank. This has two broad aims:

- **Ethical screening:** Companies involved in any activities outlined in the fund's published negative criteria will not be considered for inclusion in the fund universe. Rathbone Greenbank has a strict veto.
- **Positive sustainability criteria:** Companies must also be aligned with at least one positive sustainability theme, either in the way they operate or via the products and services they provide.

- iii. **Stewardship** is an important third leg to the process.

- Corporate engagement forms an essential part of our approach to responsible investment, either to address direct concerns about a specific issue or area of performance or to encourage best practice.
- We seek engagement not activism, and our philosophy is based on a framework of long-term partnership and encouragement.
- Rathbone has directed substantial resources towards a dedicated corporate governance team over the last few years, and it grows in importance and relevance.

The starting point is always finding great businesses at attractive valuations.



Our managers

David Harrison is the lead manager of our fund, and he is supported by Liz Davis and Neil Smith. Importantly, they are supported by a wider investment team with over 100 years of combined investment experience, a team at the very core of the investment process upon which the fund is established. The team approach is crucial. It orchestrates a challenging environment in which

our managers test investment ideas through a form of peer review. It also creates a natural diversification because different people are interested in different things, but the core process means all these ideas are explored in the same way. Finally, work is not duplicated – trust in each other and the process breeds efficiency.



David Harrison

David has a wealth of fund management experience, and is currently one of the managers of our Rathbone Heritage Fund. Previously David was a portfolio manager for an Environmental Social Governance (ESG) global equity mandate while at Merrill Lynch. He was also a portfolio manager for a European small and mid-cap strategy while at Hermes (he was actively involved in the day-to-day integration of ESG analysis into the fund's management) on behalf of the BT pension scheme. He has also held positions at Goldman Sachs and Close Brothers. David joined Rathbones in June 2014, and is passionate about creating positive impacts and positive returns through investment.



Elizabeth Davis

Elizabeth joined Rathbones in June 2005, and is the lead manager on the Rathbone Heritage Fund. She is an integral member of our Rathbone Global Sustainability Fund team, with a key role in the development of the investment process.



Neil Smith

Neil joined the team in September 2017 as a research assistant. He has been instrumental in developing the methodology upon which the fund is established, especially with regard to the use of the UN Sustainable Development Goals to adjudge positive corporate responsibility.

The team approach is crucial:
Challenge
Diversification
Efficiency



Who is responsible for our ethical and sustainability screening?

The ethical research for our fund is provided by Rathbone Greenbank Investments, the specialist ethical, sustainable and impact investment unit of our sister company Rathbone Investment Management Limited (part of Rathbone Brothers Plc). The team at Rathbone Greenbank has been at the forefront of developments in the ethical, sustainable and impact investment industry since 1992, launching one of the first bespoke ethical portfolio services. Since 1997, Rathbone Investment Management has offered a dedicated responsible investment service.

In 2004, this unit was formally rebranded as Rathbone Greenbank Investments and it now works with over 1,900 clients across the UK and overseas, managing more than £1.6 billion (at 31 December 2019).

Rathbone Greenbank's research team works with our managers to ensure that investments are made only in approved organisations. They also monitor fund holdings to ensure their ongoing suitability as they change their activities, merge with others or develop new policies and practices.

Expertise;
independence; a
dedicated team;
discipline and
consistency;
a well-established
infrastructure.

The exclusions and negative screens

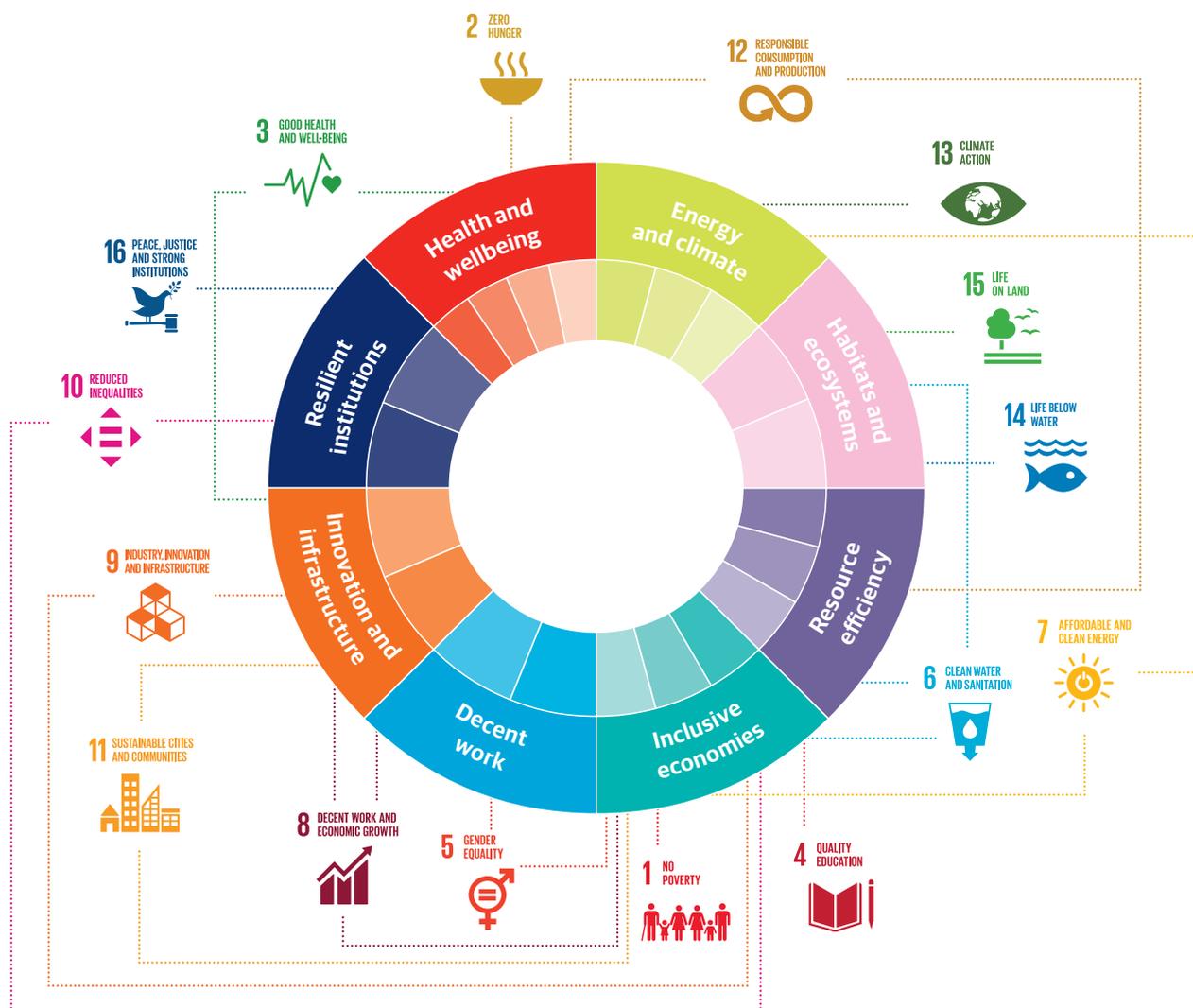
The fund will apply screening criteria to avoid investing in:

- Companies involved in specific activities or engaged in behaviour that is of general concern to ethical investors; or,
- Companies creating significant negative impacts that are considered to be incompatible with sustainable development.

Areas of concern include: alcohol; animal welfare violations; armaments; climate change; employment practice; environment; gambling; human rights; nuclear power; pornography; and tobacco.

Full details can be found in a separate document entitled “The Rathbone Global Sustainability Fund (the sustainability process)”.

Our sustainability criteria



Note: The UN SDGs are used solely as a framework upon which our own screening methodology is based.

In September 2015, the UN launched the Sustainable Development Goals (SDGs). These comprise 17 goals, with 169 underlying targets that aim to 'end poverty, protect the planet and ensure prosperity for all' by 2030. The SDGs provide a comprehensive framework for international action on the many social and environmental challenges facing the world.

Rathbone Greenbank has mapped these SDGs to a set of eight sustainable development themes and a number of underlying sub-themes.

These themes ultimately align with the same ambitions as the SDGs, but translate the SDGs into something more relevant for companies. We use these themes to determine how successful individual companies are at translating lofty ambitions into tangible results.

And the purpose of this? We want to invest in businesses that not only satisfy strict ethical criteria, but also result in positive outcomes for people and the planet. By doing so, the fund aims to deliver long-term sustainable returns.

Companies need to give something back.

What makes us different?

- **Investment process:** established and proven over many years
- **Risk-based approach:** with a focus on mitigating downside losses
- **Very experienced management team:** some involved directly, others supporting, and some working in Rathbone Greenbank
- **Clear sustainable and ethical criteria:** with a methodology that emphasises positive and negative criteria
- **Ethical screening is disciplined and rigorous:** Rathbone Greenbank has power of veto on clear ethical grounds. There can be no “green-washing” (promoting investments and products as environmentally beneficial when in reality they are not!)
- **Corporate governance:** engagement, not activism
- **Global and multi-cap approach:** beyond the ethical and sustainability rules there are no constraints, neither geographically nor in terms of size.

What we aim to do

- We will take a **long-term perspective**
- We will follow a **robust and straightforward methodology** around sustainable investment
- We will take **corporate governance responsibilities seriously**, engaging with companies where appropriate without resorting to aggressive activism
- We will practice **clear and regular communication** with shareholders in the fund
- We will adopt a clear and simple approach, but nevertheless **thinking and acting differently to the market.**

What we aim *not* to do

- We won't chase short-term performance
- We won't cut corners in relation to ethical and sustainability rules – **there will be no "green-washing"**
- The fund will not target a yield, although a regular distribution should be expected
- We won't pursue lower-quality companies with the hope of improvement
- We won't diversify by adding significantly more stocks to the portfolio. **We will aim to construct a portfolio of between 30 and 50 holdings.**

The funds are governed by the Undertakings for Collective Investment in Transferable Securities (UCITS) regulatory framework, which provides a level of protection designed to reduce investment risk for you.

Things to consider:

- Equity investment risk is not right for everyone. For example, during periods of market volatility, the risks normally experienced by our fund may increase significantly. In addition, the fund may be subject to different investment risks.
- As an equity investor, you should ensure that you understand the tax treatment of your investment and its impact on your personal taxation.
- The value of investments in our fund and the income from them may go down as well as up, and you may not get back your original investment.
- We are not responsible for ensuring your investment is suitable for you. If you have an investment adviser, they will be able to provide guidance.

For more information about the risks of our fund, please see our Key Investor Information Document (KIID).

Copies of our fund's Prospectus, as well as its latest KIID and manager's report, are available on request and free of charge from our intermediary services desk.

You can find more information about Rathbones, our approach to investing and our latest views on the global economy and financial markets at rathbones.com



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Rathbones
Look forward