

**RATHBONES**

Incorporating  
Investec Wealth &  
Investment (UK)

# SRD II Institutional Investor Disclosure

August 2023

Investec Wealth & Investment (UK) is a trading  
name of Investec Wealth & Investment Limited

We manage your investments in line with the investment policy provided or mandate agreed with you. Our investment strategies reflect your risk/return profile, strategic asset allocation, time horizons and any other considerations requested. Your annual review with your Investment Manager will show how the investment strategy followed, complied with your investment policy or mandate, in that period. In addition, your quarterly valuation will show how the investment strategy followed, contributed to the performance of your assets, in that period.

**a) The key material medium to long-term risks associated with the investments**

The firm wide approach, types of investments we offer, and their associated risks are described in our 'Managing Your Investments' brochure.

Further details on your specific portfolio's risks can be obtained directly from your Investment Manager.

**b) Portfolio composition**

Information on the composition of your portfolio is available in the valuation you receive on a quarterly basis.

For further information on this, please speak with your Investment Manager.

**c) Turnover and turnover costs**

Information on investments bought and sold and associated costs can be found in the Costs & Charges Schedule sent to you every December, along with the quarterly valuation.

**d) The use of proxy advisors for the purpose of engagement activities**

We do not currently use proxy advisers to engage on our behalf, but would consider doing so if, through collective action between us and our peers, we consider it would give our views greater weight with the investee company.

We do use a proxy adviser, ISS, to inform but not dictate our voting decisions at company meetings. However, the final decision on the direction of voting and the execution of that vote is done in-house.

**e) The firm's policy on securities lending and how that policy is applied to support the firm's engagement activities if applicable, particularly at the time of the general meeting of the investee companies**

The firm does not carry out securities lending.

**f) Whether and, if so, how, the firm makes investment decisions based on evaluation of medium- to long-term performance of an investee company, including non-financial performance**

Our core investment process for selecting investee companies is deliberately long-term in its nature. The majority of our research effort focuses on high quality businesses that are well managed and have strong cash flow generation characteristics, where we believe that the superior risk adjusted returns these companies should create over the long-term are a good match to our clients' required outcomes. We will find these companies directly through individual bonds or equities, or through a collective investment provider where we believe our interests and philosophies are aligned, and they will form the core of our clients' portfolios.

In addition, we believe that we can use our research resources – both in strategy and investment selection – to identify additional opportunities for return generation or risk management. Where we identify an emerging theme, a tactical opportunity, or a mismatch in market expectations, we have the ability – through our fund selection capability – to identify fund managers who are best placed to take advantage. Equally, we use this resource to give exposure to Alternative funds, which can use derivatives-based and higher-turnover strategies.

Our Capital Markets Assumptions (CMAs) reflect our views on expected market returns and volatilities on a ten-year view. They are the initial building blocks for the development of our strategic asset allocation, which forms the foundation of our framework portfolios and is used to construct reasonable risk and return expectations for our clients. This year we made significant improvements to our sustainability inputs into the yearly CMA work with support from a newly developed IW&I Environmental Research Group (ERG). The ERG researched several key topics, with a primary focus on the effects of climate change, and debated each topic from an economic, environmental, geopolitical, societal and technological risk perspective. Encouragingly, the ERG topics identified were broadly aligned with the top ten global risks for the coming 10 years as identified by the World Economic Forum Global Risks Perception Survey 2022-2023. The ERG findings were directly considered by the Investment & Research Office strategists as part of the CMA process, therefore the process was informed by work with sustainability criteria at its core.

The CMAs provide an additional means for us ensure our investment strategy and decision making are guided by our purpose and investment beliefs.

Our investment process starts with our strategic allocations, which are determined by our Capital Markets Assumptions work. Tactical Asset Allocation views are then given by the Global Investment Strategy Group, which meets quarterly. This committee decides the overall risk tolerance on an 18-month to 3-year view and provides guidance and input on macroeconomic matters. The outputs of this committee are then fed into the Asset Allocation Committee, which determines the optimal tactical positioning against our set of strategic allocations. Finally, a set of investments are determined to populate our range of model portfolios which are aligned with these views. ESG and Sustainability factors are considered as part of the decision-making process and are noted and distributed in the minutes.

Each of our asset classes has a differentiated research strategy, given the analysis requirements of each one. Our direct equity and fixed income (credit) research is quality and cashflow focused and incorporates ESG factors in a four-stage model as part of fundamental research. Our collectivised funds –which includes equity, fixed income, and alternatives options –are assessed according to a qualitative framework (the APPROVED process) which focuses on the quality of the management team and their execution; it involves ESG analysis as one of the determinants.

ESG and Stewardship in our process is specifically designed to align with Investec's core purpose to 'create enduring worth, living in society, not off it'. We believe ESG matters bear directly upon the sustainability of a business – i.e. the ability to generate benefits for stakeholders, remain economically healthy, and deliver consistent returns.

**g) Whether and, if so, which conflicts of interests have arisen in connection with engagement activities and how the firm has dealt with them**

IW&I strives to vote in the best interest of its clients. However, there is potential that voting in relation to certain holdings could favour one client over another. To manage this, we have a range of committees split by asset type, including; Collectives, Listed Equity and Real Assets. These Committees are responsible for ratifying voting decisions on all resolutions, with the option to escalate contentious matters to the Investment Committee.

In addition to the above, where the Investment & Research Office advise voting against any resolutions, Investment Managers will be notified and will be able to advise where their client may want to vote differently from the firm.

Where there is a conflict that cannot be readily resolved, the matter would be escalated to senior management to assess the conflict risk and where necessary disclose the details to the interested parties.

IW&I has a company policy on Conflicts of Interest. All employees are required to declare any conflicts of interest, including those which may arise as a result of engagement, and we have in place arrangements to prevent or manage any conflicts identified. A summary of our conflicts policy is available to all our clients in our Terms and Conditions and can also be obtained upon request from the Head of Compliance by other interested parties.

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[investecwin.co.uk](https://investecwin.co.uk)

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Investec Wealth & Investment Limited is registered in England.  
Registered No. 2122340. Registered Office: 30 Gresham Street, London, EC2V 7QN.