



**Managed portfolio update for
clients of Rathbones Financial Planning**
Q1 2025



Key performance drivers

The latest quarterly updates for each of the Managed portfolio funds is now available in the dedicated Multi-Asset Portfolio section of our website: [Rathbone Greenbank Managed Portfolios](#)

Please also find some notes below covering the key aspects of the portfolio funds that have been driving returns over the last quarter.

European equities

The European stocks helped offset some of the weakness emanating from the US as it imposes tariffs on most of its major trading partners. The German government responded to US equivocation over its NATO commitments by changing its fiscal rules to boost investment in defence and infrastructure by roughly €1 trillion over the next 12 years. That river of money should flow into a nation that has parched itself of infrastructure investment for years because of a commitment to straitened government finances. The cash is earmarked for upgrading transport networks, investing in renewable power and developing digital infrastructure. It should stimulate economic growth both in Germany and in the wider trading bloc. This potentially epochal shift from fiscal conservatism to more a stimulatory relaxation of public spending in one of Europe's most important nations sent the Continent's stocks soaring, including the holding in German warehousing equipment and software supplier Jungheinrich.

Resilient sectors

Strong earnings announcements for many of the healthcare holdings was another driver of positive performance. These included US diagnostics, medical devices and nutrition company Abbott Laboratories and medical devices manufacturer Boston Scientific. Both enjoyed strong demand and sales in their various product divisions, driven by continued innovation, new product launches and steady demand.

Other companies posting strong returns this quarter were data mast leasing firm American Tower, telco network provider Verizon and US rubbish and recycling business Waste Management. Despite operating in different industries, these three all benefit from steady demand for crucial services that are the last to be cut from a budget. This should make them resilient in an uncertain economic environment.

Auto-parts supplier LKQ, which is the world's largest recycler of cars and parts, did well as people increasingly opted for repairs over buying new cars.

The fund managers believe this trend will continue, supported by higher vehicle repair costs and an ageing car fleet.

Technology

The technology sector was significantly weaker this quarter and the holdings were no exception. This was mostly due to post-DeepSeek concerns that Western companies might be over-investing in chips for AI development and some signs that corporate customers may be tapping the brakes on their cloud-computing and software spending. This hurt the holdings in customer relationship management platform developer Salesforce, IT helpdesk portal ServiceNow, AI chip designer Nvidia and business office tools titan Microsoft. The fund managers kept discipline last year and took profits in these investments as their strong performance increased their size relative to the portfolio. Keeping them in check helped limit the impact of the industry-wide sell-off, compared with if the fund managers had held the same amount as the global equity index.

Government bond yields

UK government bond values leaped around over the quarter. After a big sell-off in early January, they had more than recovered a month later. Then they steadily sold off again as the government's Spring Statement approached. The fund managers used weak periods (when prices dropped and yields rose) to add to their UK government bond holdings. Despite their volatility, the yields on these bonds ended the quarter about 0.1 of a percentage point higher than where they started, which meant their value fell slightly.

Currency

As the quarter progressed, the dollar weakened 4% against its major trading partners. The sterling exchange rate moved from \$1.25 up to \$1.29. Because the fund managers had locked in the sterling value of some of the American investments by 'hedging' the currency, they were partially shielded from these currency losses.

Past performance is not a reliable indicator of future performance. The value of your investments and the income from them may go down as well as up, and you could get back less than you originally invested.

Quarterly engagement update

Q1 2025

A summary of some of the engagement activities undertaken during 1 January to 31 March 2025 are outlined below. See our latest engagement review [here](#).

Alignment to Greenbank's sustainable development themes*

Engagement activity — issues

Resilient institutions



Human Rights

Greenbank, alongside the wider Rathbones Group, signed onto a statement in January addressed to the European Union (EU) encouraging it not to reopen negotiations on its full suite of sustainability reporting directives, such as the Corporate Sustainability Reporting Directive, the so-called “Omnibus” package of proposals. 165 investors, service providers and other supporting organisations supported the statement, calling on the European Commission to preserve the integrity and ambition of the EU’s sustainable finance framework. Arguments made included the fact that businesses and investors require long-term consistent policy signals and access to comparable and high-quality reporting from companies to accurately inform investment decisions. Despite the large amount of investor and civil society support for the statement, the European Commission went ahead and published the package of proposals in February, marking a start of a process that could result in significant changes to EU sustainability reporting. The Commission’s proposed changes will need to go through the EU’s legislative process, with scrutiny and approval of the European Parliament and Council. Some of the definitions include reducing the companies in scope of the regulation significantly, focusing only on larger companies and delaying the implementation dates. We continue to look for opportunities to engage as the proposals make their way through the legislative process.

Greenbank attended the Q1 meeting of the Collective Impact Coalition for Ethical Artificial Intelligence collaborative engagement initiative. The engagement draws on outputs from the WBA’s Digital Inclusion Benchmark that tracks the performance of the world’s most influential digital technology companies in four areas of digital inclusion: enhancing universal access to digital technologies; improving all levels of digital skills; fostering trustworthy use; and innovating openly and ethically. In the Q1 meeting we discussed updates on our previous company engagements and the creation of sector specific subgroups, of which we will focus on the semiconductors subgroup. Greenbank will continue to support engagement for two companies, Microsoft and ASML, with the overall objective of increasing the commitment of these companies to the ethical development and application of AI, as evidenced by related public disclosure. Additionally, our engagement seeks to raise awareness on the importance of the issue of the ethical use of AI.



Greenbank set up the Investor Coalition on Food Policy in 2021 and continues to play a leading role in developing the group's strategy and planned focus areas. In January 2025, the Investor Coalition on Food Policy, including Greenbank, and ShareAction sent a letter to the Rt Hon Steve Reed MP outlining our support for the House of Lords Food, Diet and Obesity Committee recommendations. The Investor Coalition on Food Policy previously gave evidence to the committee alongside ShareAction. Several of the coalition's recommendations featured in the final report, including the need for mandatory reporting on health by food sector companies. At the end of January, the UK Government formally responded to the House of Lords Food, Diet and Obesity Committee report. The Government did not commit to mandatory nutrition targets or reporting; however, the Government referenced the upcoming National Food Strategy as a vehicle for exploring further plans, which the Coalition will provide evidence to. Greenbank's research was also referenced in a House of Lords debate at the end of March, discussing the Government's response to the Committee's report. Greenbank will continue to play a leading role in the Investor Coalition on Food Policy and continue to engage with policymakers to make the case for mandatory health and sustainability reporting.

In addition to our policy centred work, Greenbank has engaged directly with companies to encourage positive health outcomes. Greenbank signed onto nine private letters sent to the CEOs of out-of-home food companies. At the time of signing, Greenbank only has exposure to Greggs, however, we believe the letters represent an opportunity to use our investor voice to influence the out-of-home food sector and demonstrate that investors see rising levels of poor nutrition as a long-term systemic risk to financial performance. The out-of-home sector is increasingly shaping diets across the world, with 40% of adults in the UK eating fast food once a week. The letters called for out-of-home food companies to disclose information on how their products impact on consumer health.

Energy
and climate



Climate

Given the recent politicisation of climate change in the United States, including the withdrawal of the US from the Paris Agreement, we proactively engaged with companies, prioritising those where we recognise their strong climate transition plans and disclosure on the issue, to understand how the changes were impacting them. We sought to understand if the companies were making any changes to their climate commitments and strategies or changing their disclosure of climate-related data. We have started to receive responses back from the companies, including Impax Asset Management and Accenture. Both companies shared that they will not be making any changes to their climate strategy or commitments, and both companies confirmed they will maintain their reporting in alignment with previous years.

At the beginning of February, Greenbank attended a meeting with the UK Wealth Managers on Climate group to provide a debrief on our recent engagements with funds on net zero and share ideas. We discussed how wealth managers can collaboratively engage with funds

in the future. We also met in March, where the focus was on trying to harmonise the climate-related due diligence questions we each share with fund managers, with the aim of reducing the burden and agreeing on best practices. We agreed to group questions into four categories: net zero commitments, engagement, voting and carbon emissions reporting.

Decent Work

Decent Work



Greenbank has also been monitoring the recent political developments in the United States and globally, on diversity, equity and inclusion (DEI). This has resulted in there being increased scrutiny on private sector DEI programs and has led to several companies removing or rolling back their DEI-related commitments. Greenbank wrote to all the companies that we have aligned to our sustainable development theme 'Decent Work'. We recognised these companies have strong historical performance on DEI and sought to understand the companies' future strategies. We sought to understand any changes the company was making to its commitment to DEI, whether the companies have clear executive management or board level oversight of its DEI strategy and if the companies planned to continue publishing data that showed the diversity of its workforce. So far, we have received responses from five of the companies, including London Stock Exchange Group and AIA Group. Both companies confirmed that they will not change their DEI strategies or commitments, in response to the changing narrative around DEI. Further, London Stock Exchange Group highlighted it has recently rolled out a series of training modules for its staff on DEI.

***Greenbank's sustainable development themes**



Habitats and ecosystems

Preserve and enhance natural systems by encouraging companies to have a net positive impact on biodiversity.



Resource efficiency

Promote a circular economy that supports sustainable levels of consumption.



Decent work

Ensure proper emphasis on the quality of jobs being created and maintained alongside their quantity.



Inclusive economies

Promote an equitable economy in which there is expanded opportunity for shared prosperity.



Energy and climate

Support decarbonisation aligned to the goals of the Paris Agreement on climate change.



Health and wellbeing

Ensure companies do not undermine the health of their beneficiaries and encourage improved health outcomes.



Innovation and infrastructure

Support infrastructure that is fit to achieve broader planetary and societal goals.



Resilient institutions

Strengthen well-functioning institutions that protect the rule of law and fundamental rights.

Keeping you updated

To find out more about our events including our quarterly Green Shoots webinars and annual Investor Days, market insights, engagement activities and other news, [visit our website](#) or follow us on [LinkedIn](#).

Green Shoots webinar: Renewables at a crossroads

[Find out more and register here](#)

Can the energy transition stay on track? Our next live lunchtime webinar 'Renewables at a crossroads' will explore the opportunities and risks within the renewables sector and the effects that current global politics have on the global clean energy transition.



The Earth Convention Live — Oceans and Rivers, 17 June

[Find out more here](#)

Greenbank and Rathbones are delighted to partner with 5x15 for The Earth Convention 2025, a three-part webinar series offering insights into the urgent issues facing our changing world. The second session 'Oceans and Rivers' will explore the relationship between human civilisation and the Earth's oceans and rivers.



March 2025 Sustainability update

[Read the full update here](#)

The Cali Fund, established at COP16, has been launched to support biodiversity conservation through contributions from industries using genetic data. An updated biodiversity plan from the UK aims to meet global targets by 2030 despite concerns about progress, and ahead of COP30, Brazil's climate summit CEO called for year-round action, while the UK considers linking its carbon market with the EU to address revenue shortfalls.





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