Detailed information about Rothschild & Co Wealth Management

May 2021

Rothschild & Co
Wealth Management

Index

The information given herein is correct as of May 2021,
and was completed by

Nick Barran
Managing Director

Publication date: May 2021.
Values: all data as at 31st May 2021

Rothschild & Co background information

1.1 Contact details

1.1.1 Company name.

Rothschild & Co Wealth Management UK Limited

1.1.2 Address.

Address Line 1	New Court, St Swinthins' Lane
City	London
Postcode	EC4N 8AL
Country	United Kingdom

1.1.3 Website.

www.rothschildandco.com

1.1.4 General contact numbers.

	Country	Area code	Number	Ext.
Telephone	+44	0207	2805482	
Fax	+44	0207	2801514	

1.2 History and corporate structure

1.2.1 Rothschild & Co's history.

In the late 1700s, Mayer Amschel Rothschild encouraged his five sons to establish banking houses across Europe. Having first settled in Manchester in the UK, Nathan Mayer Rothschild established the London office in 1809.

Mayer Amschel's sons fulfilled their father's vision and became the world's most successful bankers. The family's ventures helped create history and include: financing the British Government during the Napoleonic wars, the Gold Rush, Britain's purchase of the Suez Canal, funding the first railways and the quest for oil.

In more recent times Rothschild & Co advised on many of the key UK privatisations of the 1980s and 1990s and more recently has advised the HM Treasury on a number of national issues, including banks and state assets. Today, as one of the world's largest independent financial advisory groups, Rothschild & Co has over 3,400 employees in 40 countries around the world, delivering a unique global perspective across three market-leading divisions; In the UK, Rothschild & Co has 3 primary businesses: Private Wealth (the division submitting this document), Global Advisory (which provides advice to corporations and government) and Merchant Banking (a private equity and lending investment business).

1.2.2 Legal and ownership structure.

Rothschild & Co Wealth Management is ultimately owned and controlled by Rothschild & Co.

1.3 Resources

1.3.1 Number of permanent staff.

Permanent staff	162
Effective date	03-2021

1.3.2 Number of investment professionals.

Investment professionals	75
Effective date	03-2021

1.3.3 Split of investment professional responsibility.

Area	Number of investment professionals	Effective date
Discretionary investment management	58	
Fund managers	8	03-2021
Research function (i.e. analysts/economists/etc.)	9	
Total	75	

1.3.4 Rothschild & Co Wealth Management organogram.

Helen Watson
Chief Executive Officer

Business management

Investments
Robert Blaxland
Head of Investments
- Portfolio Management & Research[1]
- Secretarial Support
- Business Management

Clients
James Morrell
Head of Front office
- Client Advisers
- Business Development
- Associates & Analysts
- Client Service Team
- Secretarial Support
- Marketing & Events

Infrastructure
John Malik
Chief Operating Officer
- Compliance[2]
- IT[3]
- Business Solutions & Delivery
- Operations and Client Assets[1]
- Fund Admin[1]
- Central Control and Administration
- Risk[1]
- Account Opening
- Finance
- Investment Control[3]

Notes
[1] These functions are also supported by our Swiss bank centrally.
[2] Reports directly to Chief Executive Officer.
[3] Dual reporting to John Malik and Robert Blaxland.

1.3.5 Details of key investment personnel, including area of responsibility, title, brief biography and years of industry experience.

Kevin Gardiner – Global Investment Strategist - 35 years experience
Kevin is Global Investment Strategist and joined Rothschild & Co in August 2014. Previously, he was Chief Investment Officer (Europe) at Barclays Wealth and Investment Management. Prior to joining Barclays in 2009, Kevin was Global Head of Equity Strategy at HSBC's London investment banking unit. He has worked at several other investment banks and the Bank of England in a financial markets career covering over 30 years. Kevin was educated at the United World College of the Atlantic, the London School of Economics and Cambridge University (Sydney Sussex). He is a Governor at Atlantic College.

Mark Wallace – Co-Head of Portfolio Management – 19 years experience
Mark is Co-head of Portfolio Management and joined Rothschild & Co in 2006. Prior to joining Rothschild & Co, Mark spent 4 years working for JP Morgan/Fleming Asset Management as an investment manager before joining Analyst Investment Management where he spent 4 years as a research analyst. Mark graduated from Edinburgh University with a BA Hons in Business Studies and is an Associate Member of the CFA Society and holds the Institute's ASIP qualification.

Rupen Patel – Co-Head of Portfolio Management – 21 years experience
Rupen is Co-Head of Portfolio Management and joined Rothschild & Co in 2002. Prior to joining Rothschild & Co, Rupen worked for the CIO of Fleming Asset Management. Rupen graduated from the University of Warwick with a BSc Hons in Economics. He holds the Investment Management Certificate.

		Hugo Capel Cure – Co-Head of Portfolio Management – 17 years experience Hugo is Co-Head of Portfolio Management and joined Rothschild & Co in 2009. Prior to joining Rothschild & Co, Hugo worked for Deutsche Bank Private Wealth Management as Head of Equities. Hugo graduated from the University of Manchester with a BSc Hons in Geography. Hugo is an Associate Member of the CFA Society and holds the Institute's ASIP qualification. **Michel van der Spek – Co-Head of Portfolio Management – 20 years experience** Michel is Co-Head of Portfolio Management and joined Rothschild & Co in 2009. Prior to his current role he was Head of Manager Selection. Prior to joining Rothschild & Co he worked at Harcourt, a fund of hedge funds boutique, where he was the Head of Fixed Income and Global Macro research. Earlier in his career, Michel worked for Lehman Brothers and JP Morgan. He has a M.Sc. in Econometrics from the Erasmus University in Rotterdam and an MBA from the Bocconi School of Management in Milan.
1.3.6	**Explain any succession planning or other Key Man risk defence.**	For the whole of Rothschild & Co, we systematically identify key roles and positions within the business, identifying the talented and high potential performers. At a minimum we review this twice a year. We look at the succession planning model on the basis of individuals who are "ready now", "ready later" and "deep talent". Having identified the talent we establish what experiences they need, what is the timeframe to get them there and how we match them to the role. We then put in place personal development programmes for those individuals. We are currently actively working on family succession and are prepared, where necessary, to appoint non-family members to the role of Chief Executive to ensure the smooth transition of management. Our current Co-CEOs, Robert Leitao and Francois Perol are a clear example of this.

1.4 Staff compensation and remuneration

1.4.1	**Please explain your employee compensation / bonus scheme.**	Remuneration for all employees is in the form of a base salary plus discretionary bonus, which reflects the individual's performance, combined with that of Rothschild & Co Wealth Management. Portfolio managers are assessed according to investment performance (over multiple time periods); contribution to the investment team's performance; and assets under management. For all employees, remuneration also reflects additional factors such as corporate behavior, teamwork, mentoring and leadership. The remuneration of more senior employees includes a significant proportion of deferred compensation, which fosters a long-term approach. Employees are encouraged to invest their deferred compensation alongside clients and we have a mechanism in place for them to do this. All Managing Directors and Senior Directors are invested in a Rothschild & Co fund alongside clients and other members of Rothschild & Co Wealth Management.

Investment services, philosophy and process

2.1 Assets under management and activities

2.1.1 Total Assets Under Management (AUM).

Currency	AUM	Effective date
GBP	£13,303m	03-2021

2.1.2 Split of assets by investor group.

Group	AUM	%
Private client	12,788	91
Institutional/Pension		
Charity	1,303	9
Fund		
Third party platform (MPS)		
Other (specify)		

2.2 Discretionary private client relationships

2.2.1 Who is the client's primary point of contact? (E.g. relationship manager, investment manager, etc.)

Client Adviser.

2.2.2 Which jurisdictions do your investment managers operate from? Do you have relationship managers in additional locations?

Our investment managers operate from the UK, Switzerland and Germany. Outside of the UK and Channel Islands, our global Wealth Management business has Client Advisers in Milan, Zurich, Geneva, Frankfurt and Hong Kong.

2.2.3 Please list your regional office locations (if applicable).

Manchester, Guernsey.

2.2.4 What is the average discretionary client size?

Currency	Value	Effective date
GBP	£12m	31-03-2021

2.2.5 What is the smallest discretionary client size considered?

Currency	Value
GBP	£1m funded and £5m segregated

2.3 Investment philosophy

2.3.1 Describe your investment philosophy.

Our firm's investment philosophy is "to preserve and grow the real value of our clients' wealth". Wealth preservation in real terms is in the DNA of our firm and permeates all elements of our investment approach.

2.3.2	**How has your philosophy altered over the last three years? Have there been any significant changes over the long-term?**	Our philosophy has not changed over the last 3 years. We are pragmatic, neither rigidly process driven nor ideologically dogmatic and manage money as if it were our own. We invest with a margin of safety and focus on avoiding permanent capital losses through a process that avoids overpaying (valuation), fundamentally unsound businesses (research) and financial risk (leverage). We are unconstrained, and circumvent the conflicts of interest presented by a menu of in-house funds, allowing us to 'buy investments for clients, not sell them products'. We invest over a long term time horizon, and aim to limit large drawdowns through genuine diversification and, when appropriate, the use of 'insurance' at the portfolio level (hedges, puts etc). We make a formal distinction between two types of investment: Return and Diversifying assets. Return assets being those that have a structurally embedded ability to achieve real returns, whilst Diversifying assets are those we hold to offset risks and reduce volatility. Our independence ensures that we only choose the best investments.
2.3.3	**In what ways do you believe your characteristics differentiate you from peers?**	With 'wealth preservation' always in mind, we have a number of investment principles which inform our investment process and differentiates us: • Active vs. Passive: in our view, great investors are proof that investment success can be attributed to talent, rather than luck. We believe in active investing where costs are reasonable and the investment process is proven and sustainable. We will use passive investments where appropriate. • Diversification vs. Conviction: diversification is important to limit the impact of investment missteps. Nevertheless, investments need to be sufficient in size to have a meaningful performance impact when they are successful. • Long-Term: high levels of turnover have been shown to reduce investment performance. As a general rule, all of our investments have a minimum expected time horizon of one year, often substantially more. • Unconstrained: we do not limit our investment universe. We invest globally, using both funds and segregated securities, and do not have the conflicts of interest presented by a menu of in-house funds, allowing us to 'buy investments for clients, not sell them products'. • Margin of Safety: to preserve wealth we must seek to avoid permanent capital loss (as distinct from short-term volatility). Our process is designed to achieve this by avoiding overpaying (a focus on valuation); avoiding investing in fundamentally unsound securities and funds (research); and avoiding leverage.

2.4 Investment process

2.4.1	**Describe your investment process, including how house views on asset allocation and instrument selection influence individual client portfolio construction**	**Process** Our investment process can be described in six stages (explained below): 1. Risk Tolerance 2. Risk Framework 3. Risk Budget 4. Global Investment Committee (GIC) Views 5. Return/Diversifying 6. Stress Test **Risk Tolerance and Risk Framework** With wealth preservation as a starting point, the portfolio construction process begins with risk, rather than return (although return is clearly very important). We work with clients to determine their risk tolerance, often with the aid of historic drawdown data. This risk tolerance is then translated into a 'Risk Framework' comprised of weighted exposures to Cash, Government Bonds and Equities. **Risk Budget** Rothschild & Co approach is different to 'traditional' strategic asset allocation. Instead, we use the Risk Framework to determine a 'Risk Budget', which we can 'spend' on investments to deliver the return objective. The Risk Budget is calculated as 120% of the historic volatility of the Risk Framework. For example, if historic volatility is 10%, the Risk Budget would be 12%, and our portfolio would have a target maximum volatility of 12%. Whilst historic volatility isn't necessarily indicative of future volatility, the Risk Budget acts as a cap rather than a floor. **Global Investment Committee** Investment views are formulated by our Global Investment Committee (GIC). The Committee receives three primary inputs: 'Valuation Models' which highlight investment areas which are cheap and expensive; 'Macro Analysis' where risks to the investment environment are analysed; and 'Securities Research' covering individual securities and funds. These inputs are discussed in the context of 'core' portfolios as opposed to rigid asset allocation tables or arbitrary benchmarks. **Return/Diversifying** The investment views of the GIC are incorporated within portfolios led by the Portfolio Management teams, in our case, the four co-heads of the Portfolio Management Team. The team 'spend' the Risk Budget by constructing portfolios split between 'Return' and 'Diversifying' assets. Return assets are those investments from which we expect the greatest return (e.g. assets with equity-like characteristics), while Diversifying assets are those investments which we expect to protect portfolios in more difficult markets. Some Diversifying assets are negatively correlated with markets, such as put options, whilst others would protect against other negative scenarios, such as sustained spikes in volatility (e.g. tail risk funds) or inflation scares (e.g. Gold and long-dated TIPS). **Stress Test** We stress test portfolios using a third party risk system under various extreme historic and possible future scenarios.

2.4.2 How does an investment become a ‘buy’, & how does an investment become a ‘sell’?

The buy and sale process for single securities and third party funds is different, and is set out below.

The equity security purchase and sale process is rigorous:

- Screening: We use a combination of quantitative screens (E.g. region, sector, size, liquidity and various valuation metrics) and qualitative analysis. The qualitative analysis incorporates screens using Harvard Business Review studies; internal expertise; and will involve commissioning preliminary analysis by one of our analysts.
- Detailed Due Diligence: Fundamental, in-depth analysis, primary research. Three key foundations to the analysis: Business (including competitive position, industry dynamics, competitive advantages and bargaining power of industry participants); Management (operating track record, capital allocation and culture); and Price (attractive valuation, margin of safety between price and value).
- Monitoring: Road maps for each investment covering the investment case; key conditions of the investment case; and key markers of how we expect the company to perform and how we will monitor the company’s success. We monitor the operating performance on an on-going basis, and perform detailed annual reviews assessing the current position vs. the road map.
- Sell Decision: If the company is no longer performing in-line with expectations as per the road map, valuation is excessive, or better opportunities exist.

The third party fund manager purchase and sale process includes both quantitative and qualitative aspects:

- Broad Filter: Defining the fund category (e.g. European small cap), quantitative screening applying consistency analysis, qualitative checks (including informal network discussions) and pre-selection. At this stage we look for consistent performance which is clearly attributable to the manager. This generates the Focus List.
- Narrow Filter: Application of knock-out criteria (to minimise operational risk) and second pre-selection to generate the Short List.
- Due Diligence and Recommendation: In-depth quantitative analysis (using specialised software) and rigorous qualitative analysis (including exhaustive questionnaires for all key parties and reference/background checks) of the Short List generates a recommendation.
- Monitoring: Customised monitoring criteria, weekly performance reviews, monthly performance analysis and regular meetings.

Sell Decision: We look for ‘red flags’ which would cause us to terminate a manager, for example staff changes, inadequate transparency, significant over or under performance and deviation from risk patterns among others.

2.5 Investment tailoring

2.5.1	**Do you provide client risk profiling, & if so by what method? How often is this risk profile revisited?**	Yes. We work with our clients to determine their risk tolerance. In our experience, for many clients, risk feels intangible. We have found that focusing on different potential levels of losses usually helps to inform the process. We do not expect our clients to complete lengthy questionnaires or additional tests before allowing them to progress to the next stage, simply that we establish a clear and accurate brief. We examine the appropriateness of our clients' risk profile and investment objectives at every client review meeting and conduct formal suitability reviews every time.
2.5.2	**Describe how portfolio construction works for a specific client. Can the investor be involved in this process?**	The clients' risk tolerance, determined as per 2.8.1, then translated into a 'Risk Framework' comprised of weighted exposures to cash, government bonds and equities. We then use the Risk Framework to determine a 'Risk Budget', which we can 'spend' on investments to deliver the return objective. We also readily take into account any bespoke requests e.g. ethical investing, which very much involves the client.
2.5.3	**How much discretion does an individual investment manager have over the construction and operation of a client's portfolio *vis-à-vis* in-house models etc.?**	We seek to ensure that each client gets the benefit of Rothschild & Co's cumulative expertise so that all clients benefit from our best ideas. There is a rigorous adherence to the house strategy. To this end the actions of the portfolio managers are governed by the controls below: • We have core models on which all portfolios are based. Portfolio managers cannot deviate from this, unless there are specific exceptions agreed or tax considerations. • On a quarterly basis, our Head of Investment Platform and our Oversight and Control team perform an in-depth analysis of real client portfolios to ensure that the level of risk and investments are in line with individual client's objectives. This meeting is attended by portfolio managers and Compliance. • On a quarterly basis, the performance and volatility of returns are reviewed relative to the expectations derived from the Risk Frameworks. The tracking error of the different exposures within the portfolio is analysed. Clients with constrained portfolios (E.g. ethical restrictions), are not disadvantaged by reduced investment opportunities as the Portfolio Managers can use the approved list of stocks and bonds covered by the Zurich advisory team in order to diversify the portfolio.

2.6 Investment risk management

2.6.1 Please give details of your investment risk management policy and procedures

When defining and controlling risk in the portfolio, we make the distinction between two types of risk: ‘shallow risk’ and ‘deep risk’.

Shallow risk is volatility that is temporary and comes from the regular and inevitable swings in asset prices that are a constant feature of the financial markets. By contrast, deep risk is permanent loss of capital in real terms. With capital preservation as our starting point, we are focused on protecting the portfolio from deep risk. Permanent capital loss in real terms could result from a sustained rise in inflation that erodes purchasing power, an individual investment that collapses in price and never recovers, or an investment that is sold after a price collapse, preventing the investor from enjoying any subsequent rebound. Whist we can seek to limit volatility, we know it is an unavoidable feature of investing and portfolios often recover from it. We do, however, focus on preventing/averting risk factors which can turn volatility (shallow risk) into permanent capital loss (deep risk).

Some of the prevention mechanisms rely on clients not making poor decisions, e.g. Unsustainable levels of withdrawals and cutting risk at the bottom. This is where we believe our role as an independent, objective and trusted advisor comes into force.

How we manage risk
Our definition of risk in terms of ‘deep’ and ‘shallow’ risk influences all aspects of our risk management process. As explained above, we construct portfolios starting from a discussion with each client that informs a Risk Framework, which results in a Risk Budget.

Monitoring and controlling risk
Portfolios are monitored by our Investment Risk Committee on a monthly basis to ensure that they remain within the Risk Budget. The Risk Committee also sets and monitors guidelines that include: maximum position sizes, maximum ownership of a single security, spread of credit risk and liquidity.

On a monthly basis, we also ‘stress test’ portfolios against a number of historical events and potential future scenarios, using the Bloomberg risk management system. Examples of historic scenarios include: the 2007-2008 financial crisis; the 2011 Eurozone crisis; the bursting of the Dotcom bubble in 2001; the 1997 Emerging Market debt crisis; and the 1994 interest rate shock.

The forward-looking scenarios are 4 types of stock market crash: a ‘normal’equity crash; an interest rate shock; a solvency crisis in the financial and public sectors; an inflation shock.

Our internal guidelines and specific restrictions set by clients are hard-coded into our portfolio management system. In addition to the Investment Risk Committee, we have a dedicated Controls team who carry out a number of regular checks, including:

- Pre-trade checks
- Weekly breach reports
- Bi-monthly account checks
- Quarterly portfolio ‘deep dives’

2.6.2	**How do you incorporate investment restrictions into your day-to-day management of portfolios?**	We understand that some clients wish to exclude certain types of investments on ethical, social or religious grounds, beyond those we would normally exclude within our own investment process. We actively engage with our clients in this regard and we will accommodate our clients' requirements as far as possible. Our model portfolios are monitored by our Investment Risk Committee on a monthly basis to ensure that they remain within the set risk parameters. The Risk Committee also sets and monitors guidelines that include: maximum position sizes, maximum ownership of a single security, liquidity and currency risk. Our internal guidelines and specific restrictions set by clients are hard-coded into our portfolio management system – As set out in 2.9.1.
2.6.3	**Describe how you monitor and control counterparty risk (prime brokers, banking/cash management providers)**	All counterparties used as deposit takers, sub-custodians for financial assets and market counterparties are selected for their robustness, high liquidity and reliability. The list is reviewed every 6 months by our Counterparty Committee. New entities are added infrequently. The Counterparty Committee consists of the Head of Investment Platform, senior representatives from the investment management function, the Head of Dealing, Risk and Compliance representatives. This Committee not only reviews proposals for new counterparties based on credit worthiness, market reputation, and service proposal and value added to the management of the portfolios, but also reviews the performance of all existing counterparties. It also distinguishes and reviews separately credit-exposures to OTC counterparties where such positions exist.
2.6.4	**Please explain your currency hedging policy. Does this apply equally to all asset classes?**	Our starting point when considering currency is to ensure that the base currency of a portfolio matches the liabilities it may be expected to meet. After this, when we build an optimal portfolio of investments, we initially do so in isolation to currency considerations. We then assess the resulting 'look-through' currency exposure of the portfolio. Our default position is not to hedge currency exposure, except where we have a strongly negative view on the valuation of a particular currency or for portfolio risk management purposes. Currency can have a material impact on returns and risk and therefore it is an important consideration however, we do not believe that it is possible to predict short-term currency movements with a high degree of certainty. In our assessment of valuation, we consider a number of valuation metrics, including purchasing power parity (PPP). To assess the contribution to portfolio risk, we use a third party risk system (Bloomberg) to measure portfolio currency sensitivities, looking for whether risk or return could be significantly and cost effectively improved through currency hedging. We typically hedge using FX forwards, rolled every 6 months, provided our views on the currency remain unchanged.

2.7 Fund investment

2.7.1	**Do you use internal/external funds in your discretionary investment portfolios?**	We have no in-house fund 'products' and therefore are neither constrained nor incentivised to use such vehicles. Typically, our discretionary portfolios comprise a combination of individual securities and funds. Philosophically, we believe that portfolio managers have a better and deeper understanding of the investment environment if they are actively engaged with individual companies and securities. Having said that, we do not believe we have a monopoly on the best ideas, nor do we claim to have all the best investors. For that reason we actively employ third party funds (identified by a dedicated funds team) where we feel we do not have the same depth of expertise (e.g. smaller companies or Japan) or where we have identified a particularly talented investor. When selecting third party funds we are acutely focused on returns after all fees, and will only make investments where the cost is justified (we always invest in the cheapest share class available to us).
2.7.2	**What liquidity profiles do you require; are "gates", lock-ups, exit restrictions tolerated? Please give details.**	While there is no formal limit to our tolerance for illiquidity, we are very unlikely to invest our clients' capital in funds with redemption terms worse than quarterly, 90 day notice. In practice, very few fund investments get close to this. We are prepared to tolerate "gates", lock-ups (of up to a year), and exit restrictions on rare occasions where we feel these restrictions are prudent measures to protect other investors in a fund. We take care to monitor the liquidity of the underlying assets of all funds, especially with regard to the appropriateness of any restrictions imposed on investors.
2.7.3	**What level of transparency do you require from such funds?**	We require position-level transparency from all funds that we are invested in. Information is periodically provided by all funds, but may not be comprehensive or timely in all cases. We may therefore ask for additional, more comprehensive, or possibly more recent, position-level information from some managers on an ad-hoc basis. We expect all managers to fully accommodate our requests. Any failure to do so would constitute a significant warning and would prompt further investigation into the motives of this non-disclosure, the results of which, if unsatisfactory, would prompt a redemption of the fund in question.
2.7.4	**Is there an approved list of funds? If so, how many funds are on it & do discretionary managers have the ability to invest in other, non-approved funds?**	There is no 'approved list' of funds, but there are a total of 25 different funds held across discretionary portfolios. We conduct extensive and in-depth research into any fund before investing, and thorough ongoing monitoring throughout the period of our ownership, which is typically at least 3 years, and often over 10 years. Portfolio managers do not have the ability to invest in non-approved funds.

Environmental, social and governance policy

3.1 Environmental, social and governance policy

3.1.1	**Please give details of your corporate governance policy. Is it documented? How long has it been in existence and when was it last revised?**	Our corporate governance policy is contained within the Rothschild & Co Code of Conduct policy. It was last updated in April 2020 and has been in existence since June 2016. Our internal policies are available upon site visit, but as a minimum, all of our policies adhere to all regulatory requirements on the topic.
3.1.2	**What measures have you taken to improve the environmental and/or social impact of your business?**	In April 2015, Rothschild & Co appointed a dedicated Environment Manager; it is this person's responsibility to focus on improving the overall environmental performance. In 2017 The Group Environment Policy was launched. This Policy covers all offices and entities and is aligned with selected United Nations Sustainable Development Goals. The Environment Policy Statement can be found on the Rothschild & Co website. Showing continuous improvement Rothschild & Co has achieved, under the Corporation of London's Clean City Award scheme: • Gold standard, in 2014 and 2015 • Gold standard with Special Commendation in 2016 • Platinum award in 2017 • 2018, winner of Plastic Free City, shortlisred for the Chairman's Cup, awarded the Platnium award • 2019, winner Zero Waste Platinum Award (Awards for Excellence in Recycling and Waste Management) The London office consumes 100% renewable energy, purchasing certified renewable electricity and since October 2018, certified renewable gas. A plugin electric car charging facility was installed in 2017, for the company's electric hybrid vehicle and our everyday office paper is made from 100% recycled material. The Rothschild & Co Group launched a personal plastic pledge programme and committed, by the end of 2019, to significantly reduce unnecessary single-use plastic purchases. In London, we have reduced single-use plastic purchases by 85%.
3.1.3	**Are you a signatory to the UN Principles for Responsible Investment? If so, from what date? If so, please could you send a copy of the UNPRI report? Please also provide detail on any other environmental /social governance policies you adhere to.**	We have been PRI signatories since 26 March 2018 We also have an ESG policy which gives a brief overview of our approach which is available upon request.

3.1.4	**Do you have a control report (TECH 01/20 AAF or similar) and is it available for potential clients to view?**	Yes, we have updated our internal report for use with AAF01/06. This can be provided upon request.
3.1.5	**Do you take into account corporate governance standards during the investment decision making process? Please give details.**	Our investment decision making process utilises our deep, fundamentally driven, bottom-up research, on all aspects of businesses and their management in order to assess the business's ability to operate profitably over the long term. This includes considering environmental, social and corporate governance (ESG) factors, in relation to the business, and risks such as: regulatory action; brand impairment; loss of bargaining power with customers or suppliers; trade embargoes; loss of access to capital markets; loss of competitive position; and many others. We adopt the governance Code of Conduct which encompasses a series of standards. In summary these cover: • Personal accountability • Professionalism and integrity • Compliance with law, rules and regulation • Confidentiality and protection of personal and client information • Market abuse, staff dealing rules and insider trading • Conflicts of interest • Outside business interests • Use of Rothschild & Co funds or property • Bribery • Reporting concerns or irregularities • Equal opportunity and inclusion • Discrimination and harassment • Wider responsibilities
3.1.6	**Describe how you integrate Environmental, Social and Governance (ESG) into the investment process including any frameworks referenced**	ESG is embedded in our investment philosophy & process. Responsible investing underpins our investment philosophy and the way we build and manage portfolios. We believe we can best achieve our objective of preserving and growing our clients' capital over the long term by investing in high quality, sustainable companies. Identifying such companies involves considering all factors that could affect their financial performance over the long term, including ESG (environmental, social and governance) considerations. For us, investing responsibly means investing in companies which have sustainable business models and responsible business practices, and which manage their ESG risks and responsibilities well – and for funds which share our philosophy. These companies and funds are, in our view, more likely to prosper over the long term and return greater value to shareholders. At a minimum we expect the assets we invest in to respect the United Nations Global Compact principles on human rights, the environment, anti-corruption and labour practices. Additionally, as part of our core investment philosophy we have a number of 'red lines': companies and industries we won't invest in based on ESG criteria, no matter how sustainable their prospects might be from a commercial perspective. These include companies whose primary activity involves the manufacture or sale of armaments; gambling; mining thermal coal and coal plants; pornography; and tobacco. We have also defined a number of 'amber zones': sectors and businesses that are challenging from a long-term sustainability perspective, and which require an even greater level of scrutiny and analysis. Rather than apply blanket exclusions we prefer to assess each investment opportunity on a case by case basis.

Engagement

In our opinion, engagement is one of the most powerful tools we have to influence positive change. If we can encourage companies to operate more sustainably, not only will this lead to better investment outcomes but ultimately will create more positive outcomes for society and the environment.

As active owners of our investments, we engage regularly with both the companies and the funds we hold in our portfolios. We also exercise our votes on all resolutions at all AGMs and EGMs globally (unless we are restricted from doing so) on our portfolio companies. We are fully transparent and report to our clients annually on our voting activity.

Focusing on materiality

For us responsible investing is not about “box-ticking” or adhering to a list of rigid criteria. It involves analysing the main issues for each investment and using this analysis to make better informed decisions. Not all ESG factors are relevant to all companies. Environmental impact and fuel efficiency, for example, matter more to an airline and its ability to grow profits than they do to a bank.

We therefore concentrate on factors which could have a material impact (negative or positive) on a company’s long-term performance. This focus on ESG materiality forms part of our initial evaluation as well as our ongoing monitoring of the companies and funds we own. We document this in an ‘ESG materiality map’ for companies and an ‘ESG heatmap’ for the third-party funds, which focuses on the integrity of a manager’s philosophy, policies and processes and how sustainability is implemented. These maps are fully embedded within our process and provide a framework for discussion with company management and our third-party managers.

Exbury Strategy

The Exbury strategy is an extension of our core investment approach, incorporating all the principles of responsible investing but also actively seeking assets that deliver positive ESG outcomes.

In the case of Exbury, this is positive environmental outcomes. Specifically, the Exbury strategy invests in companies, securities and funds that support the transition to a low-carbon economy and facilitate progress towards the Paris 2050 goals.

We call these assets ‘Enablers’ and we look for our Enablers to make a meaningful impact across four key areas:

- Energy transition: e.g. renewable energy infrastructure and smart grids.
- Electrification: e.g. fuel cell and battery technologies and electric/hybrid vehicles.
- Resource efficiency: e.g. energy-efficient products, recycling and sustainable agriculture.
- Environmental services: e.g. carbon trading, data provision, environmental testing and inspecting.

3.2 Charitable support

3.2.1	**Do you support any specific charities, ethical, environmental and/or social causes? Please give details**	At Rothschild & Co our ambition through our Community Investment Programme is to help raise and realise the aspirations of young people from socioeconomically disadvantaged backgrounds. Offering a combination of skills-based employee volunteering and strategic financial contributions, Rothschild & Co pursues long term partnerships with charities, educational establishments and social enterprises which share our goals. **Sharing our knowledge and skills with young people** At the heart of Rothschild & Co's Community Investment programme is a range of mentoring and tutoring volunteering initiatives through which Rothschild & Co employees help young people from socio-economically disadvantaged backgrounds to acquire the knowledge and skills that will help them to succeed at school, university and beyond. Rothschild & Co is a committed partner to schools located close to our offices in the UK, Germany and North America, and across all our largest markets we work with charitable organisations addressing deprivation-linked inequality ineducational outcomes. For example, with The Access Project we run a tutoring project helping students from lower-income households to achieve higher grades in STEM (Science, Technology, Engineering and Maths) subjects enabling them to apply to top tier universities. **Financial support for young people** We offer financial support in various ways to help young people to pursue their higher education ambitions. In the UK, the Rothschild & Co Bursary offers young people bursaries to help with living costs when they take up a place at a selective university outside London. We also offer charitable giving grants for projects that share our aims. In France a partnership with research university Sciences Po provides scholarships and mentoring to students from disadvantaged backgrounds. In addition the students are granted a privileged application track to Rothschild & Co internships. In South Africa the Rothschild & Co SA Foundation offers postgraduate scholarships to disadvantaged South Africans studying a financial discipline at the University of the Witwatersrand, and further supports the students through internships at Rothschild & Co. **Supporting social enterprise** In France and the UK, through our community partner Ashoka, Rothschild & Co employees use their professional advisory skills to help social enterprises develop their business models and increase their ability to make a positive impact on the lives of young people. **Engaging new hires** From the very start of their career with us, interns and graduates across the UK take part in meaningful employee volunteering opportunities. Our spring interns undertake volunteering with one of our community partners; summer interns undertake a fundraising project for the Rothschild & Co Bursary. Our graduates take part in a year-long volunteering project led by BeyondMe, offering their skills and their own money to an education-focused charity.

3.3 Ethical screening

3.3.1	**Can you provide ethical/SRI screening for portfolios? Please explain the processes and systems involved (if applicable)**	As long term investors, we seek to invest in businesses that will operate sustainably over the long term. As such, ethical and ESG concerns form an important part of our investment process from the outset. We are a signatory to the United Nations' Principles for Responsible Investment (PRI) and a Tier 1 signatory (the highest tier) of the UK Stewardship Code. Below we outline some of our ethical and ESG capabilities, which we continually seek to evolve. **Direct securities:** We conduct deep, fundamental research on all aspects of a business and management, which involves an assessment of a company's ability to continue to operate profitably and sustainably over the long term. As part of this process we conduct robust dialogue with management, employees and independent industry experts. This includes an assessment of the ESG factors relevant to the business. Additionally, we have employed an independent, third party ESG research provider, Sustainalytics, to complement our in-house investment research and to provide in-depth ESG analysis on companies. Finally, we vote on all positions where practicable and in the best interests of our clients, and publish our voting record annually. **Third-party funds:** Before we invest with third-party managers we take time to ensure that they are responsible custodians of our clients' capital and share our investment philosophy. Through regular engagement we fully understand our third party fund managers' investment approach and have visibility of their holdings. We also actively encourage all our third party fund managers to adopt a formal ESG policy. **Monitoring:** We continually monitor all aspects of our investment case including specific ESG factors in each business to ensure that they still meet or exceed our expectations. **Client-specific ESG:** Some clients exclude certain investments on ethical, social or religious grounds. For segregated portfolios, we are able to exclude such investments and to accommodate changes over time. As part of our ESG evolution, we have also recently launched an ESG specific fund named the 'Exbury Fund'. This fund will not invest directly in businesses that derive more than 10% of their revenue from products or activities which are socially or environmentally harmful, including but not limited to: • The manufacture or sale of tobacco; armaments; alcohol; pornography; gambling • The mining of thermal coal or tar sands • Surface mining • The manufacture or sale of cosmetic products that are tested on animals The above exclusions relate to both equity and fixed income investments. When it comes to allocating capital to external managers, we set a very high bar, and most don't meet our quality threshold. The Exbury Fund only invests with external managers that also have formal ESG policies, demonstrating their commitment to ethical, sustainable and responsible investing. **Reporting and transparency:** In 2017, we formalised our ESG policy and have subsequently produced our first annual ESG report which documents how we have interacted with our portfolio companies on various ESG matters as well as on how we have voted. We produce bespoke reporting on exposure to client-specified ESG sectors, including "look-through" exposure of third-party funds, tailored to meet clients' requirements.

Custody and reporting

4.1 Custody

4.1.1	**Please confirm the full legal title & address of your nominated custodian bank, & where appropriate, the ultimate parent holding company of the custodian**	Custody is provided through a Group company, Rothschild & Co Bank International Limited St Julian's Court St Julian's Avenue St Peter Port Guernsey GY1 3BP. Client assets are custodied with Rothschild & Co Bank International Limited which is ultimately owned by our parent company, Rothschild & Co. Client assets are registered separately and distinguishably segregated from those of Rothschild & Co, therefore ensuring ring-fencing and client protection of those assets in the unlikely event of Rothschild & Co's insolvency. While Rothschild & Co Bank International Limited is appointed as Custodian, they in turn appoint Rothschild & Co Bank AG, another entity of the Rothschild & Co Group, as sub-custodian under a separate agreement. Rothschild & Co Bank AG uses a number of reputable markets agents including BBH, HSBC, SIS and Clearstream to hold specific assets in local markets. Providers are selected on a case-by-case basis following a rigorous due diligence process. We review the use, appointment of and service level agreements with each counterparty on a regular basis. Custody charges are included in our investment management fee.
4.1.2	**Can the client nominate a specific custodian? If so, can the client nominate an offshore custodian?**	We would consider requests to work with client's nominated custodians, including offshore. Our likelihood to work with them is dependent on the size of relationship but we can also direct them to a custodian where we have an existing relationship.
4.1.3	**What processes are in place to monitor and minimise counterparty risk?**	All Counterparties used by Rothschild & Co Wealth Management UK Limited are selected for their robustness, high liquidity and reliability. The list is reviewed every 6 months by our Counterparty Committee with new entities added infrequently. The Counterparty Committee comprises of the Head of Investment Platform, senior representatives from the investment management function, the Head of Dealing, Risk and Compliance representatives. Its task is not only to review proposals for new counterparties based on credit worthiness, market reputation, service proposal and value-add to the investment management of the portfolios but also to review the performance of all existing counterparties (additional to assessment of best execution in monthly compliance monitoring) and to address any matters of perceived lesser performance with those counterparties. It will also distinguish and review separately credit-exposures to OTC counterparties where such positions exist.
4.1.4	**Which legal entity will physically hold client cash?**	Cash will be held by Rothschild & Co Bank International Limited as banker and not as a trustee and therefore Monies will not be held in accordance with GFSC's client money rules. Monies may be placed on a pooled basis. Rothschild & Co may from time to time invest Monies into cash management funds unless the Client has expressly prohibited such an Investment.

4.2 Client reporting and relations

4.2.1	**Typically, how often are portfolio valuations sent out to the client?**	Quarterly
4.2.2	**Can historic valuations be generated for any given date?**	We can provide historic quarterly valuations for clients. We can provide historic valuations for any period from 1 Jun 2012 onwards. This is when we moved to our new IT system, Avaloq.
4.2.3	**Do you provide clients with online account access/ valuation facilities?**	Yes. Clients can view their portfolio and valuations online through Rothschild & Co eAccess wich provides a portfolio valuation as at close the previous working day and a document safe containing; statements, contract notes, fund fact sheets and tax statements. Product Sheets/Performance Reports – client statements Client Specific Account Detail - Yes

4.3 Tax considerations

4.3.1	**Do you provide clients with tax advice and/or tax solutions?**	We do not provide clients with tax advice. We do offer investments via tax efficient vehicles.
4.3.2	**Do you provide UK tax reporting?**	We provide a full UK Tax Report for Individuals, Trusts and Corporates – completed by a third party.
4.3.3	**Do you provide US/other tax reporting?**	Yes, for say for certain clients, e.g. those custodied with Multrees
4.3.4	**Do you offer a Tax Reclamation service?**	No.

Disclaimer

This document is strictly confidential and produced by Rothschild & Co for information purposes only and for the sole use of the recipient. Save as specifically agreed in writing by Rothschild & Co, this document must not be copied, reproduced, distributed or passed, in whole or part, to any other person. This document does not constitute a personal recommendation or an offer or invitation to buy or sell securities or any other banking or investment product. Nothing in this document constitutes legal, accounting or tax advice.

The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. Past performance should not be taken as a guide to future performance.

Notes

At Rothschild & Co Wealth Management we offer an objective long-term perspective on investing, structuring and safeguarding assets, to preserve and grow our clients' wealth.

We provide a comprehensive range of services to some of the world's wealthiest and most successful families, entrepreneurs, foundations and charities.

In an environment where short-term thinking often dominates, our long-term perspective sets us apart. We believe preservation first is the right approach to managing wealth.

Dusseldorf
Heinrich-Heine-Allee 12
40213 Dusseldorf
Germany
+49 211 8632 17-0

Frankfurt
Börsenstraße 2 – 4
60313 Frankfurt am Main
Germany
+49 69 40 80 260

Geneva
Rue de la Corraterie 6
1204 Geneva
Switzerland
+41 22 818 59 00

Guernsey
St. Julian's Court
St Julian's Avenue
St. Peter Port
Guernsey GY1 3BP
Channel Islands
+44 1481 705194

London
New Court
St Swithin's Lane
London EC4N 8AL
United Kingdom
+44 20 7280 5000

Manchester
82 King Street
Manchester M2 4WQ
United Kingdom
+44 161 827 3800

Milan
Via Agnello 5
20121 Milan
Italy
+39 02 7244 31

Zurich
Zollikerstrasse 181
8034 Zurich
Switzerland
+41 44 384 7111