RATHBONES
Greenbank

Managed portfolio update for clients of Rathbones Financial Planning

Q2 2026 Report

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Key Performance Drivers

This information reflects our general views and should not be taken as a recommendation or advice as to how any specific market is likely to perform.

Following a challenging start to the year, the second quarter delivered a strong recovery in portfolio performance. One of the defining features of the period was a significant shift in market leadership. Areas of the market that had proven resilient during the first quarter generally lagged in Q2, while sectors that had weighed on performance earlier in the year staged a meaningful rebound. This change in investor sentiment reflected a renewed appetite for growth-oriented companies and sectors benefiting from improving economic confidence.

AI and the tech sector

Technology holdings were the standout contributors during the quarter, more than recovering the weakness experienced earlier in the year. Investor enthusiasm around artificial intelligence remained a powerful theme, particularly among businesses providing the critical infrastructure needed to support increasing AI adoption.

Several holdings delivered particularly strong returns, including semiconductor equipment manufacturer **ASML**, chipmaker **Taiwan Semiconductor Manufacturing Company**, software developer **Cadence Design Systems** and data centre operator **Equinix**. We also benefited from strong performance from **Amphenol**, whose connectors and cabling are essential for AI data centres, and **Littelfuse**, which supplies electronic protection and power management components. Continued investment in AI-related infrastructure and computing capacity supported earnings expectations across the sector and helped drive share prices higher.

Infrastructure and Utilities

Our utilities and infrastructure holdings experienced a more mixed quarter. Companies such as **SSE** and **E.ON**, which had performed strongly in Q1 as investors focused on the growing electricity demands associated with AI and data centres, gave back some of their earlier gains. Investors rotated away from more defensive parts of the market and towards sectors perceived to offer greater economic sensitivity and growth potential.

Elsewhere, **Hannon Armstrong Sustainable Infrastructure Capital** was a positive contributor, benefiting from continued expansion of its clean energy financing pipeline and growing demand for renewable and sustainable infrastructure investment.

Financial sector

The financial sector made a meaningful contribution to returns over the quarter. Holdings including **Legal & General, DBS Group Holdings** and **ING Groep** performed well against a supportive backdrop for banks and insurers. Improving economic sentiment, resilient credit conditions and healthy profitability across the sector provided support for share prices during the period.

Healthcare sector near-term challenges

Healthcare was the largest detractor from performance during the quarter. Holdings such as **Boston Scientific, Zoetis** and **Abbott Laboratories** experienced share price weakness as investor attention shifted towards higher-growth areas of the market, particularly technology.

While some healthcare businesses have seen a moderation in growth expectations, we remain positive on their long-term prospects. Many of these companies continue to benefit from attractive structural growth drivers, including ageing populations, rising healthcare demand and ongoing innovation in medical technology. In the shorter term, however, the sector has faced headwinds as investors have increasingly used it as a source of funding for investments elsewhere.

Fixed Income Provides Stability and Positive Returns

Despite a volatile backdrop for bond markets, fixed income made a positive contribution to portfolio performance. UK government bonds, alongside a range of international sovereign bonds, generated positive returns as government bond yields declined over the quarter.

Importantly, bond markets continue to offer considerably more attractive income levels than they have in recent years, meaning investors are being better compensated for holding these traditionally lower-risk assets. This combination of income generation and diversification remains an important component of portfolio construction.

Diversifying Assets Continue to Support Resilience

Our diversifying assets delivered broadly neutral returns overall, although they continued to fulfil their primary role of helping to reduce overall portfolio volatility.

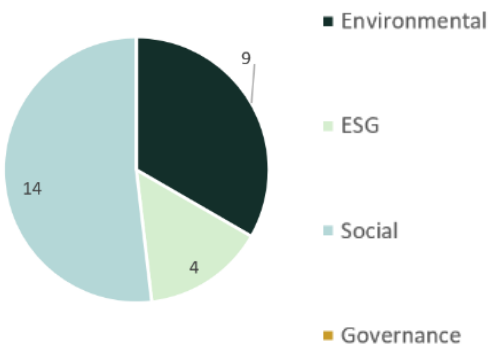
The **Citi Commodity Curve** structured product benefited from movements across commodity futures markets, while the Société Générale US Rates Volatility Index product performed well amid heightened fluctuations in US interest rate expectations. These gains were partially offset by weakness in our **Goldman Sachs Sustainable Finance Responsibly Sourced Gold** structured products as gold prices retreated from earlier highs.

Taken together, these positions provided valuable diversification benefits during a period characterised by changing market leadership and elevated uncertainty, helping to support portfolio resilience while reducing reliance on any single market theme.

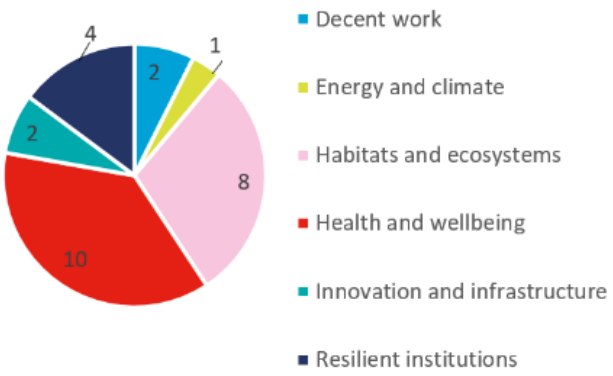
Engagement – Q2 2026

Overall, Greenbank conducted 27 engagements with companies, funds, and policymakers in the period 31st March to the 30th June 2026. A summary of some of the engagement activities undertaken during this period are outlined below.

Q2 2026 Engagement activity



Q2 2026 Engagement activity by SD theme



Alignment to Greenbank's sustainable development themes*	Engagement activity — issues
Health and wellbeing	**Nutrition**

Greenbank remains actively involved in the Investor Coalition on Food Policy, a collaborative investor initiative focused on nutrition, food policy and healthier food systems. Through the Investor Coalition on Food Policy, Greenbank contributed to discussions on policy engagement opportunities, including advocacy for the proposed Healthy Food Standard and preparations for upcoming UK Government consultations. Investors emphasised the financial significance of diet-related health risks and called for stronger regulation, mandatory and comparable reporting standards, and improved corporate disclosures to support healthier and more resilient food systems. Our discussions with the coalition also explored broader themes, including food system resilience, national food policy, mandatory reporting requirements, and the implications of nutrition-related risks for investment decision-making. The coalition identified opportunities for engagement with policymakers and regulators, including DEFRA and the FCA, while drawing on external and investor expertise.

Through the Access to Nutrition Initiative (ATNI), Greenbank participated in reviews of engagement progress with food companies on nutrition and health-related issues. While investors regarded the initiative's engagement approach as broadly effective, we noted challenges including declining responsiveness from companies, political sensitivities surrounding nutrition topics, and complexities arising from corporate restructuring. These barriers were seen as potential obstacles to maintaining momentum and achieving long-term objectives. As a result, investors agreed a series of

follow-up actions aimed at strengthening participation, addressing engagement challenges and ensuring continued progress in encouraging companies to improve nutrition-related strategies, disclosures and performance.

- Over the next quarter, Greenbank will continue our nutrition-related engagement through the Access to Nutrition initiative (ATNi), ShareAction's Long-term Investors in People's Health (LIPH) programme, and the Investor Coalition on Food Policy. For ATNi, Greenbank will contribute to the development of ATNi's Global Index 2027 methodology. Through LIPH, the team will participate in signatory engagement meetings and consultations to help shape future programme priorities on nutrition and health. In parallel, Greenbank will continue supporting policy initiatives aimed at creating a healthier and more sustainable UK food system, including engagement on mandatory health reporting, the Healthy Food Standard, and the Good Food Bill through consultations, advisory group participation, and policymaker engagement.

Habitats and ecosystems

Nature

In June, Greenbank continued contributing to investor-led initiatives focused on biodiversity and nature-related risks. Through the IIGCC, the firm supported a formal investor response to proposed amendments to the EU Deforestation Regulation, advocating for a robust product scope and highlighting the financial materiality of deforestation-related supply chain risks. Greenbank's response focused on strengthening the regulation's relevance to investors and challenging proposed exclusions that could weaken its effectiveness.

Greenbank also joined the Finance for Biodiversity Nature Transition Framework working group, helping to develop a practical framework that will assist financial institutions in identifying and prioritising companies progressing towards nature-positive outcomes. Discussions focused on improving consistency, comparability and accountability in nature-related decision-making while encouraging meaningful corporate action. In addition, Greenbank contributed to a Finance for Biodiversity Foundation consultation response on the TNFD nature questionnaire for asset managers. The feedback welcomed the framework overall while recommending clearer guidance on application across asset classes and the inclusion of more practical examples to improve usability for investment teams and committees.

- During the next quarter, work will focus on collecting and consolidating key nature-related KPIs across ten pharmaceutical companies, supported by an AI-enabled tool designed to streamline the process. The KPI framework has been informed by sector research and emerging guidance, including TNFD and WBCSD recommendations, and focuses on the most material nature-related

impacts and dependencies for the pharmaceutical sector. At the same time, the engagement strategy is being refined to reflect the differing levels of maturity among companies in assessing and managing nature-related risks. The KPI data will help inform tailored engagement discussions, taking into account each company's business model, product profile, and stage of nature-related risk assessment, with the aim of building a clearer understanding of how the sector is identifying, prioritising, and responding to nature-related challenges and opportunities.

Decent work

Decent Work

Greenbank and other investors continued advocacy on diversity, equality and inclusion issues by calling on the UK Government to introduce mandatory ethnicity and disability pay gap reporting through the proposed Equality Bill. Investors expressed concern that the absence of a clear legislative timetable could result in delays or reprioritisation of the policy, particularly given ongoing political changes. ShareAction and participating investors intend to monitor developments and maintain pressure for greater workforce transparency and accountability on pay equity issues.

On employment practices, Greenbank supported an Investor Statement in Support of a Binding Convention on Decent Work in the Platform Economy, coordinated by the Interfaith Centre on Corporate Responsibility (ICCR) and submitted to the International Labour Organisation (ILO). The statement, backed by over 200 investors representing more than $2.3 trillion in assets under management and advice, calls for stronger protections for workers in the gig economy. By endorsing the initiative, Greenbank joined a broader investor effort to encourage the development of robust labour standards and employer responsibilities aimed at safeguarding workers' rights within platform-based business models.

- Greenbank will be working with Share Action's Good Work Coalition to ensure a change in UK Prime Minister does not impact the commitments made in the Equality Bill.

*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

Sustainability Update June 2026
Exploring the intersection of sustainable finance, climate action, technology governance and environmental protection, recent developments in corporate disclosure, net zero transition planning, AI regulation and deforestation highlight the evolving challenges and opportunities shaping long-term sustainability outcomes: Sustainability update June 2026 | Greenbank

Investment Insights Webinar – Q2 2026
Join experts from across Rathbones, live from the London Stock Exchange studio, as they explore the key themes shaping the investment landscape in 2026, including the AI boom and what it means for oil. You can watch the recorded webinar Investment Insights Webinar - Q2 2026

Greenbank win at Citywealth Magic Circle Awards 2026
Congratulations to Greenbank on its success at the 2026 Citywealth Magic Circle Awards, where it was named Impact/Sustainability Investment Management Company of the Year, with Jonny Moon also awarded a Future Icon Award: Citywealth Magic Circle Awards 2026

Greenbank visit to The Grange Wind Farm
Greenbank recently organised a visit to the Grange wind farm in the Fens of East Anglia, investment analyst Will Findlay-Wilson reflects on observations from the site and sets out some of the key considerations in onshore wind generation.The full article can be found on our insights page: Greenbank visit to The Grange Wind Farm | Greenbank

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Understanding investments can be like learning a different language. At Rathbones, we believe in education to enhance your understanding of the wealth management environment.

We have a range of courses including general financial awareness, young adult and female orientated courses.
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