



Rathbone Blue Chip Income and Growth Fund

New name, new peer group... same highly experienced manager, same income track record, same investment process.

A change of fund name

With effect from the 1 March 2009, the Rathbone Income and Growth Fund was renamed the Rathbone Blue Chip Income and Growth Fund. In doing this, the fund has a name which highlights where the fund is invested. This means that usually, not less than 75% is invested in shares in the FTSE 100 index whilst leaving the manager scope to invest the balance of the portfolio to deliver additional performance from other areas of the UK stockmarket.

This fund will appeal to people seeking a UK equity income fund with higher investment in mainly larger companies.

New sector for the fund to enter

No further changes to the fund will be made but we will take the opportunity to move the fund from the IMA UK All Companies sector to the newly created IMA UK Equity Income and Growth sector comprising of equity income funds with a yield requirement of between 80% to 110% of the FTSE All-Share index yield. In doing this, we draw attention to the excellent and consistent track record of increased distributions (the fund has delivered an increased payout year-on-year in each of the last 18 years) at a time when income-seeking is a key concern. The end of March is the proposed deadline for publishing details of the new sector.

Key points

1. Estimated annual yield of around 6%.
2. Not less than (usually) 75% of the fund invested in FTSE 100 companies.
3. Proven and consistent track record of increasing distributions.

4. Julian Chillingworth, the investment manager – a well-known industry spokesman with nearly 30 years experience.
5. Good capital performance track record, strong investment process and Rathbones' reputation.

About the investment process

The objective of the fund is to continue to deliver steadily increasing income returns, along with capital growth. Julian prefers companies with the financial strength that should increase their dividends by at least the rate of inflation each year. He also takes a long-term view, holding stocks for long periods.

Julian also pays attention to a stock's valuation by looking for companies that are trading cheaply relative to their respective industry valuations.

Whilst much of the focus is on company fundamentals, Julian also uses 'macro' (the global economy) research. For example, the prospect of rising inflation against the backdrop of falling interest rates is currently a concern. To counter inflationary pressures biting into the fund's income, Julian has been focusing on companies which are able to pass on inflation to customers more easily.

The preference for companies with strong cash flows is currently leading to a portfolio construction which has large-company exposure.

If you would like more information, please visit www.rutm.com

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