RATHBONES
UNIT TRUST MANAGEMENT

The Rathbone Multi Asset Portfolios (RMAPs)

The Core Holding in an Investment Portfolio

PRODUCT BROCHURE

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The Rathbone Multi Asset Portfolios (RMAPs)

An authorised UK open-ended investment company offering three sub-funds:

Rathbone Total Return Portfolio

Rathbone Strategic Growth Portfolio

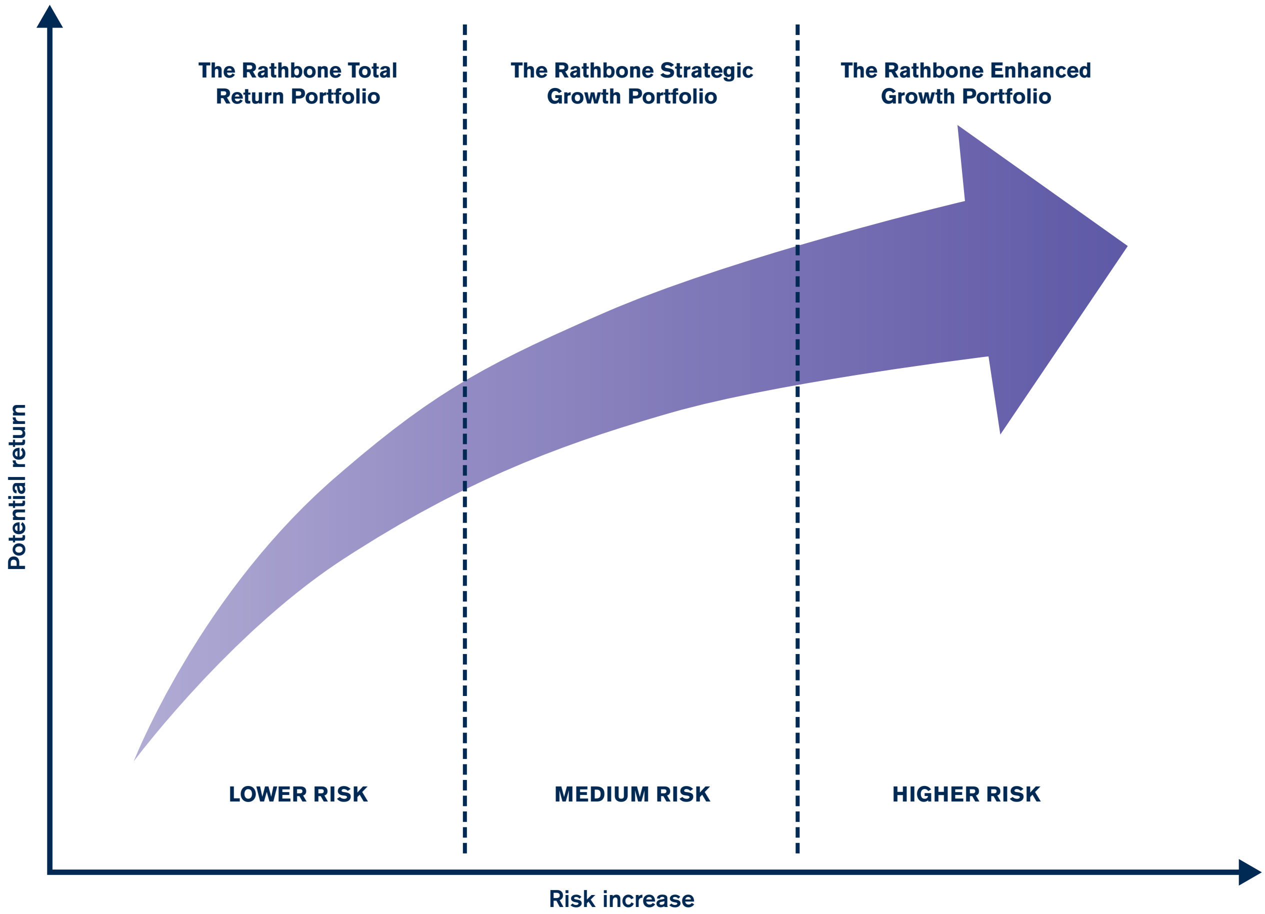
Rathbone Enhanced Growth Portfolio

The three products are well-diversified hybrid multi asset funds. They invest in traditional long-only equity and fixed income funds. They also harness alternative investments in a blend of strategies including hedge funds, commodities, private equity and structured products. The funds are structured as a Non-UCITs Retail Scheme (NURS), which allows for flexibility in terms of the instruments we can use.

What is the product aim and positioning?

The aim of the portfolios is to be client-need-driven rather than business or product driven. A solution for the investment adviser to meet some of the demands of the Retail Distribution Review (RDR) and a long-term solution to lifestyle profiling for the client. The funds have been designed as a core holding for those seeking to generate a level of return within defined levels of risk. This is measured by volatility targets relative to equity markets. They are suitable as core holdings for anyone saving for a pension or in an overall investment portfolio. For investment advisers who prefer to asset allocate, these funds offer access to tools not readily available to them such as alternatives which are actively-managed. The funds can also provide low through to higher risk exposure within a core/satellite approach.

We believe with our three portfolios, individually or in combination, that we can cater for the vast majority of client investment requirements.



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A client-led proposition, not driven by fad or marketing objectives.

What are we targeting in terms of risk and returns?

Lower risk strategy

Rathbone Total Return Portfolio

Six-month LIBOR+2% with volatility targeted to be 33% of equity* volatility. No specific yield target. The fund aims to generate a total return higher than cash and does take risk in order to achieve this objective over a time frame of two to five years.

Client suitability: Investors should be lower-risk, seeking to achieve a positive real return over the medium-to-long-term, through a mixture of income and capital growth. If equities go down, investors might typically expect drawdowns of as much as one third of equity market falls, or possibly more in extreme market events. **This means that they should be committing money to these investments for a minimum of two years or more if necessary.**

Medium risk strategy

Rathbone Strategic Growth Portfolio

Inflation +5% over the longer term with volatility targeted to be 67% of equity* volatility. No specific yield target. Historically, the stockmarket has delivered a real return of around 5% per annum over the very long-term.

Client suitability: Investors should be medium-risk, seeking to achieve long-term returns generated from a mixture of capital growth and income, with lower levels of volatility than equity markets. If equities go down, investors might expect drawdowns typically of as much as two-thirds of equity market falls, or possibly more in extreme market events. **This means that they should be able to commit money to these investments for a minimum of five years or more if necessary.**

Higher risk strategy

Rathbone Enhanced Growth Portfolio

On average, 2% above the returns from a combination of 70% MSCI World Equity index and 30% MSCI Emerging Markets index over the long-term with a volatility targeted to be 100% of equity* volatility. No specific yield target. The aim is to target a return over a minimum of five years but ideally ten years and above.

Client suitability: Investors should be higher-risk who accept that in seeking to achieve high returns, there will be periods during which the value of their investments could fall significantly. Typically, these falls could be in line with global equity markets or possibly more in extreme events. **Investors should, therefore, be able to commit money to these investments for a minimum of five years and, ideally, for ten years or more if necessary.**

* The equity market to which this refers is the MSCI (Morgan Stanley Capital International) World Equity index.

Product suitability†

Fund	Risk Level	Core Investment	SIPPs	SIPP	Pensions	Charities and Trusts	ISAs	Child/ Education
		General Investment		Drawdown	Default option			Junior ISA
Rathbone Total Return Portfolio	Lower	✓	✓	✓	✓	✓	✓	✓
Rathbone Strategic Growth Portfolio	Medium	✓	✓	✓ Depends on client	✓	✓	✓	✓
Rathbone Enhanced Growth Portfolio	Higher	✓	✓	✗	✓ For younger investors	✗	✓	✓

†This table is designed to be a broad guide and assumes that each product forms a predominant investment in each case. The suitability of the product will depend on individual client circumstances.

What are the headline messages?

- **Client-led proposition, rather than marketing or fashion-led.** A solution for the new world of retail distribution with its roots in client wealth creation.
- **Portfolios focus on risk, correlation and return**. Sensible and cautious methodology. Strong risk emphasis – avoiding surprises. Active currency hedging – less currency volatility.
- **Unconstrained mandate – no asset class bias.** Flexibility to invest in the right places at the right time.
- **Forward-looking asset allocation drives returns, not simply fund selection.**
- **Manager (David Coombs) has 21 years experience of running multi asset portfolios**

  backed by:

  1. Experienced committee input and recommendation forms the bedrock of the Strategic Asset Allocation Committee (SAAC) and the selection of funds to create the portfolio.
  2. Strength and depth of management who also run money in their own right as well as analyst resource.
  3. Strength of Rathbones – 'the full muscle' of the investment process and financial strength of a FTSE 250 index business. The institutional buying power that this brings.

What is the investment philosophy?

- The investment philosophy is to maintain clients' real value of capital over time unconstrained by index benchmarks, but not invested in every asset class at all times.
- The asset allocation is by risk and correlation rather than purely geography and it is on a 'best of breed' approach.
- Aiming for diversification – through investing in a broad asset class universe.
- The portfolios can include Exchange Traded Funds (ETFs); Investment Trusts; UCITS; onshore and offshore funds; single manager hedge funds; structured products; derivatives; sophisticated offshore UCITS III absolute return funds; gilts; commodities; property and cash.

Additional points:

- The portfolios will not buy in-house products, which reduces the conflicts of interest that might otherwise arise.
- When buying funds, the Rathbones' institutional buying power ensures that the total expense ratio is kept to a minimum.
- Also, we always buy institutional share classes where available and rarely pay any 'front-end-load' charges. Any trail commission and additional rebates are reinvested into the funds.

What are the essential differences between these products and the market competition?

- These multi asset funds are run with reference to defined return targets whereas most multi asset products seek to maximise returns against their peers.
- Most funds emphasise their credentials as the selection of 'best of breed' funds. Whilst this is important, we focus on strategic asset allocation as a primary driver of managing not only returns, but also risk and correlation.
- Our universe is very wide. Whereas many products use traditional asset classes, our team adopts the rare approach of making use of the full gamut of asset classes and executes its views through a very broad range of structures.
- We draw on Rathbones' strength of resource and considerable wealth management expertise. Our committees boast a real strength in depth of experience and our investment professionals actually manage money for private clients, rather than solely undertake analysis. This brings a pragmatic perspective to our decision-making.
- The immediate team is led by David Coombs with 21 years of experience in managing multi asset portfolios.
- Our strategic asset allocation process is forward-looking rather than relying solely on more static or backward looking methods of modelling portfolios and stochastic-forecasting.

What will the portfolios aim to do?

- Meet your clients' core investment requirements
- Have clear return and risk targets
- Enable the matching of individual risk profiling to fund solutions
- Focus on a forward-looking strategic asset allocation process as the primary driver not only of return, but also risk and correlation
- Enhance the strategic asset allocation process by best of breed fund selection
- Take a pre-determined risk level (and explicit target) for each fund in order to deliver the targeted returns.
- Provide access to a broad range of asset classes
- Provide access to the strength and depth of wealth management expertise at Rathbones.

What won't the portfolios do?

- They won't match equity returns during strong short-term rallies
- They won't be protected against losses entirely – they won't make money in all market conditions. These are not like absolute return long/short funds that do attempt to make money in all market conditions
- They won't focus on peer group performance
- They won't chase short-term performance
- We won't allow fees to dictate portfolio construction. The objective is to generate the target return, net of fees
- They won't invest in other Rathbone funds. This removes any conflict of interest
- They won't target a specific income yield.

Features of specific portfolios

Rathbone Total Return Portfolio and Rathbone Strategic Growth Portfolio

- The portfolios are managed to meet real return targets
- The aim is to dampen the 'ride' relative to equity market risk
- Have no asset class bias – to improve the fund managers ability to act with conviction
- Provide exposure to a broad range of assets.

Rathbone Enhanced Growth Portfolio

- The return target of the fund is to deliver an average 2% per annum, outperformance of the returns generated from a benchmark of 70% MSCI World Equity/30% MSCI Emerging Markets, over the long-term
- The target is not designed as an asset allocation benchmark, but rather creates a target for the type of returns we seek to achieve over time
- Will have a volatility similar to that of world equity markets
- Has access to a broad asset class range, but with a long-term bias to equities, which could at times be as much as 100%.

One eye on risk and correlation, one eye on return, and both eyes focused on the objectives.

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For more information on the investment process please see the RMAP investment process brochure.

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