



# RATHBONE STRATEGIC BOND FUND

## Fund facts

<b>Manager:</b>	Rathbone Unit Trust Management Limited
<b>Trustee:</b>	National Westminster Bank Plc
<b>Date launched/Launch price:</b>	October 2011/100p
<b>Size of fund:</b>	Mid-market value: £25.27m
<b>Retail unit selling prices:</b>	Inc: 102.43p/Acc: 102.15p
<b>Retail unit buying prices:</b>	Inc: 106.69p/Acc: 106.40p (There are no Retail Income units in issue as at 31 January 2012)
<b>Institutional unit selling prices:</b>	Inc: 103.13p/Acc: 103.82p
<b>Institutional unit buying prices:</b>	Inc: 103.93p/Acc: 104.62p
<b>Historical distribution yield (est)†:</b>	3.07% (gross 3.84%)
<b>Total no. of holdings:</b>	92
<b>Initial charge:</b>	Retail units: 4.00% (included in the offer price) Institutional units: 0.00%
<b>Annual management charge:</b>	Retail units: 1.25% Institutional units: 0.50%
<b>Total expense ratio as at 31.10.11:</b>	Retail: 2.40% Institutional: 1.19%

## Distributions (per unit)

Year paid:	2011	
Retail Inc	Interim	(no units in issue)
Retail Acc	Interim	0.16 (est)
Institutional Inc	Interim	0.69 (est)
Institutional Acc	Interim	0.71 (est)

	Ex div	Payment
Interim	01 April	31 May
Final	01 July	31 August
Interim	01 October	30 November
Interim	01 January	28 February

Year end 30 June

## Dealing

Forward daily: 9.00am-5.00pm Valuation/dealing: 0845 300 2101  
Valuation point: 12.00 midday Information line: 020 7399 0399

### Retail Investment:

Minimum initial investment: £1,000 Sedol (Inc): B6ZRZZ7  
Minimum additional investments: £500 ISIN (Inc): GB00B6ZRZZ75  
Sedol (Acc): B6ZS022  
ISIN (Acc): GB00B6ZS0225

### Institutional Investment:

Minimum initial investment: £1,000,000 Sedol (Inc): B6ZS1L8  
Minimum additional investments: £500 ISIN (Inc): GB00B6ZS1L87  
Sedol (Acc): B6ZS248  
ISIN (Acc): GB00B6ZS2486

## Product availability

Unit trust, lump sum, (ISA and savings plan, retail only).

For Investment Advisers, third party availability – all major, including Cofunds, Skandia, FundsNetwork.

For more information, please see our 'Strategic Partners' page on the 'How to Invest' section of our website [www.rutm.com](http://www.rutm.com)

## Top 5 direct holdings

(UK Government) at 31.01.12:	% of whole fund
UK Treasury 2.5% Index-linked 16/08/2013	4.73
UK Treasury Bill 0% 20/02/2012	1.78
UK Treasury 1.25% Index-linked Gilt 22/11/2017	1.52
UK Treasury 4.75% 07/03/2020	1.22
UK Treasury Bill 0% 26/03/2012	1.19

## Top 5 direct holdings

(non-UK Government) at 31.01.12:	% of whole fund
BMW Finance 3.375% 14/12/2018	1.80
Clydesdale Bank 5.75% 30/03/2017	1.56
Lloyds TSB Bank 29/04/2016	1.56
Legal & General 6.385% Perp	1.02
National Grid 1.25% Index-linked 06/10/2021	1.02

## Top 5 funds holdings

at 31.01.12:	% of whole fund
Natixis Loomis Sayles Multisector Bond Fund	5.40
Capital International Global High Income Opps Fund	4.94
Old Mutual Global Strategic Bond Fund	4.38
JP Morgan Income Opportunities Fund	4.06
PIMCO Global Investment Fund	4.02

## Credit quality distribution

(direct bonds portion) at 31.01.12*:	%
AAAs	38.92
AAAs	3.18
As	21.23
BBBs	29.88
BBs	1.89
NR	4.90

\*Ratings: various sources

For further information on these statistics, please call our Information line on 020 7399 0399.

†The Distribution Yield reflects the amounts that may be expected to be distributed over the next 12 months as a percentage of the mid-market unit price of the fund as at the date shown. It is based on a snapshot of the model portfolio on that day. It does not include any initial charge and investors may be subject to tax on their distributions. **Past performance should not be seen as an indication of future performance.** The value of investments and the income from them may go down as well as up and you may not get back your original investment. Interest rate fluctuations are likely to affect the capital value of investments within bond funds. When long term interest rates rise the capital value of units is likely to fall and vice versa. The effect will be more apparent on funds that invest significantly in long-dated securities. The value of capital and income will fluctuate as interest rates and credit ratings of the issuing companies change.

## Investment objective

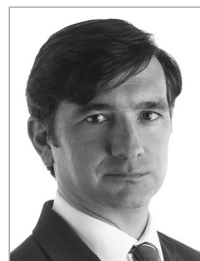
The objective of the fund is to focus on achieving a total return comprised of a regular above average income, coupled with medium to longer term capital growth from a diversified portfolio of predominantly Sterling denominated (or hedged back to Sterling) fixed interest and other bond instruments, including gilt edged and other sovereign stocks, corporate bonds, convertibles, preference shares, permanent interest bearing shares. Typically, approximately 50% of the value of the fund will be exposed to such securities through investment in other collective investment schemes (funds). During extreme market conditions the Manager may decide to safeguard the interests of investors by moving the entire portfolio into gilt edged stocks.

To meet the objective, the fund may also invest, at the Manager's discretion, in other transferable securities, money market instruments, warrants, cash and near cash and deposits. Use may be made of stocklending, borrowing, hedging and other investment techniques permitted by the FSA rules and by the investment limits set out in the prospectus.

## Market commentary

The UK ten-year Gilt ended January flat at 1.97%. Over the month, CPI inflation fell to 4.2% in December from 4.8% in November, with expectations of further falls ahead. Fourth quarter GDP was negative at -0.2%, stoking fears of a technical recession. News out of the US was more inspiring with improvements in ISM Manufacturing; a stronger employment picture, and an increase in the University of Michigan Consumer Sentiment Index. Rising lead economic indicators (LEIs) in the US continue to underpin the market, and lower inflation will act as a tax cut on growth. As conventional monetary policy proves more and more impotent in these markets, we expect falling inflation is acting as a powerful, short-term stimulus. When inflation rises and the consumer and LEIs become squeezed, this is one factor that may lead us to take some risk off.

Demand looks set to outstrip supply once again, making the market look technically attractive. We believe we are nearing some kind of resolve regarding Greece, be it positive or negative; however, the risk over-hang seems to be largely behind us now. There continues to be an improvement in US economic data, and we believe that the market is still underestimating the ability of the US to grow significantly from here during the first half of the year.



### Bryn Jones – Fund Manager, Fixed Income Investment Director

**Lead Manager, asset allocation and stock selection.**  
Bryn joined Rathbones in November 2004. He is also lead manager of the Rathbone Ethical Bond Fund.

He has over 14 years of investment industry experience in equity and fixed income markets and has a BA Honours in Geography. Bryn holds the Investment Management Certificate.



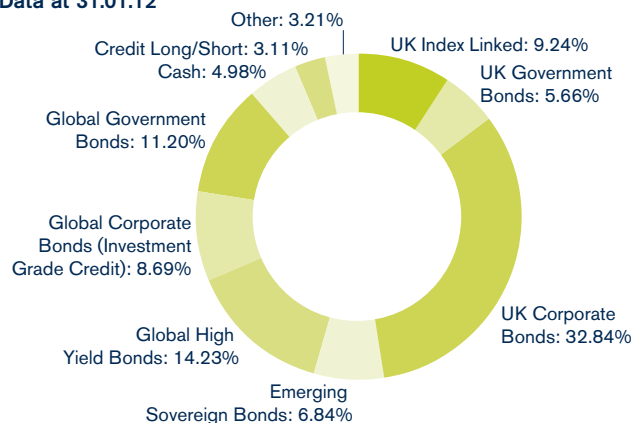
### David Coombs – Head of Multi Asset Investments

**Asset allocation and fund selection.**  
David joined Rathbones in April 2007. He is lead manager of the Rathbone Multi Asset Portfolios.

He has over 27 years of investment industry experience, particularly in fund selection and asset allocation disciplines and is a specialist in the management of multi asset portfolios. David is an Associate of the Chartered Institute of Bankers.

## Asset allocation (overall)

Data at 31.01.12



## Further information

Copies of the Prospectus, the Key Investor Information Document (KIID) and application forms may be obtained, free of charge, from Rathbone Unit Trust Management Limited.

Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Details of tax levels and reliefs may change in the future. The value of any tax relief depends on individual circumstances. If you have any doubts about your tax position, or the suitability of this investment, you should seek professional advice.

Derivatives and forward transactions may be used by the fund for investment purposes as well as for the purposes of efficient portfolio management (including hedging). The use of derivatives for investment purposes may increase the volatility of the fund's Net Asset Value and may increase its risk profile.

As the Manager's annual fee is taken out from capital, distributable income will be increased at the expense of capital which will either be eroded or future growth constrained. All charges are deducted from the fund's capital.

### Important note

For more information on the fund please visit our website at [www.rutm.com](http://www.rutm.com) or call us on 020 7399 0399.

## Rathbone Unit Trust Management Limited

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Established 1742