

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR
IMMEDIATE ATTENTION**

If you are in any doubt about the action to be taken you should consult your stockbroker, bank manager, solicitor, accountant or financial adviser immediately.

**RECOMMENDED PROPOSALS
in relation to
Rathbone Smaller Companies Fund
(Amendment of objectives, relaunch and options for Clients)**

Notice of an Extraordinary General Meeting of the Unitholders in Rathbone Smaller Companies Fund to be held at Rathbone Unit Trust Management Limited, 159 New Bond Street, London W1S 2UD on 8 July 2009 at 11.00 a.m. is set out in this document.

You are requested to complete and return the enclosed Form of Proxy, and Form of Election where applicable, in accordance with the instructions printed on them as soon as possible and in any event so that they arrive by 11.00 a.m. on 6 July 2009. Completing the Form of Proxy will not prevent you attending and voting at the Unitholders meeting in person, if you wish to do so.

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Summary of key dates

• Latest time and date for receipt of Form of Proxy and Form of Election for Extraordinary General Meeting	11.00 a.m. on 6 July 2009
• Extraordinary General Meeting of Unitholders in Rathbone Smaller Companies Fund	11.00 a.m. on 8 July 2009
• Suspension of dealing in Units in Fund	12.00 noon on 9 July 2009
• Time of valuation of Rathbone Smaller Companies Fund for the purposes of the Scheme	11.59 p.m. on 9 July 2009
• Effective Time	12.05 a.m. on 10 July 2009
• Commencement of dealing in Rathbone Recovery Fund and Rathbone Blue Chip Income and Growth Fund	9.00 a.m. on 13 July 2009
• Notification of entitlements to New Units in Funds	Within 21 days of Effective Date, 31 July 2009 being the last day for notification.

LETTERHEAD OF RATHBONE UNIT TRUST MANAGEMENT LIMITED

Date: 19 June 2009

To: Unitholders of Rathbone Smaller Companies Fund

Dear Unitholder

Recommended proposals in relation to Rathbone Smaller Companies Fund (the “Fund”)

We are writing as Manager of Rathbone Smaller Companies Fund. As part of an ongoing review of our portfolio of investment opportunities, we are proposing to amend the investment objective and policy of Rathbone Smaller Companies Fund and re-launch it as “Rathbone Recovery Fund”.

We also propose to offer investors the opportunity to exchange their units in the Fund and receive units in Rathbone Blue Chip Income and Growth Fund.

Change of Objectives

The current investment objective and policy of the Fund is as follows:

“To achieve growth in total returns from a portfolio of securities where, at the time any individual security is acquired, the issuing company’s equity market capitalisation will normally, but not necessarily, be below £500m. The Fund will invest predominantly in companies with a full listing on the London Stock Exchange or on the Alternative Investment Market (AIM). It may include those on recognised stock exchanges outside of the UK, but this is predominantly a UK-oriented fund. The fund will not invest in companies which, at the time of investment, are included in the FTSE 100 Index. There is no industrial sector or geographic specialisation.

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, deposits and units in collective investment schemes. Use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted by the FSA Rules.”

The proposed investment objective and policy of the Fund is as follows:

“To achieve capital growth by buying shares in companies whose recovery potential is not appreciated by the market and to sell them when this potential is recognised. The nature of unrecognised recovery potential may be based on macro economic, industry, sector specific or stock specific issues. Stock selection will involve the identification of a catalyst capable of triggering and sustaining a recovery in each specific stock selection. The Fund has the flexibility to invest in companies of all sizes and to hold up to 20% in European shares; it will be benchmarked against the FTSE All-share Index.

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, deposits and units in collective investment schemes. Use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted by the FSA Rules.”

The reason for the proposed change is that

In recognition of the changes in market conditions since the Fund’s inception, the Manager is recommending that Unitholders have the opportunity of investing in a fund which can hold shares

across the spectrum of market capitalisations. This will enable the Fund to invest in small, medium and large UK and European companies with recovery potential.

Opportunity to switch into Rathbone Blue Chip Income and Growth Fund

This fund was previously (until 1 March 2009) called “Rathbone Income and Growth Fund”. It is also an authorised unit trust scheme.

The investment objective and policy of Rathbone Blue Chip Income and Growth Fund is as follows:

“The objective of the fund is to achieve an above average and steadily increasing income return coupled with capital growth from a portfolio of transferable securities. The Manager’s present intention is that not less than 75% will be invested in transferable securities issued by UK companies. There will be no specialisation in any other geographic area or in any industrial or economic sector.

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, deposits and units in collective investment schemes. Use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted by the FSA Rules.”

Rathbone Blue Chip Income and Growth Fund may be attractive to Unitholders seeking income and prospects for capital growth. Further details of Rathbone Blue Chip Income and Growth Fund are set out in Appendix 2. Additional information regarding this Fund can be found in the Simplified Prospectus documents and fact sheets, which are available free of charge on the Manager’s website, www.rutm.com or from the Manager on request.

Please note that whereas Rathbone Smaller Companies Fund has Income Allocation Dates on 31 May and 30 November, the corresponding dates for Rathbone Blue Chip Income and Growth Fund are 28 February and 31 August.

Formalities

The change of objective of Rathbone Smaller Companies Fund requires the approval of an Extraordinary Resolution of Unitholders in the Fund and the switch into Rathbone Blue Chip Income and Growth Fund (for those who wish to do so) will be implemented by a Scheme of Arrangement, which is also the subject of the Extraordinary Resolution.

In summary, the Scheme will allow unitholders of the Fund to elect to exchange their units in Rathbone Smaller Companies Fund for units in Rathbone Blue Chip Income and Growth Fund.

The full details of the Scheme are set out in Appendix 1 to this Circular.

Conditions

To become effective, the Scheme requires the passing by unitholders in Rathbone Smaller Companies Fund of the Extraordinary Resolution set out in the Notice of Meeting of Unitholders which Notice appears in Appendix 4.

Unitholders should note that the Scheme is expressed in the form of a single Extraordinary Resolution. Unitholders:

- **who wish to approve the change of objective, and remain unitholders in the re-launched Rathbone Recovery Fund; or**

- **who wish to exchange their units in Rathbone Smaller Companies Fund for units in Rathbone Blue Chip Income and Growth Fund**

should all vote in favour of the single Extraordinary Resolution, but only those who wish to exchange their units need complete the Form of Election.

Clearance has been sought from HM Revenue & Customs (“HMRC”) under Section 138 of the Taxation of Chargeable Gains Act 1992 and under sections 682 to 713 of the Income Tax Act 2007 and sections 703 to 709 of the Income and Corporation Taxes Act 1988. For more details see Appendix 3.

If the Extraordinary Resolution is passed, the proposals referred to above are expected to become effective on 10 July 2009 (the “Effective Date”).

Taxation and Procedural Matters

For more details please see Appendix 3.

Consents and Approvals

The Manager is satisfied and the Trustee agrees that the acquisition by Rathbone Blue Chip Income and Growth Fund of the whole or a portion of the assets of Rathbone Smaller Companies Fund in exchange for the issue of units in Rathbone Blue Chip Income and Growth Fund as set out in the Scheme is consistent with the objective of Rathbone Blue Chip Income and Growth Fund can be done without a breach of applicable FSA Rules, is not likely to result in any material prejudice to the interests of the unitholders in Rathbone Smaller Companies Fund nor result in any material prejudice to the interests of the holders of units in Rathbone Blue Chip Income and Growth Fund.

The FSA has given approval for the change of objective and the Scheme.

Documents Available for Inspection

Copies of the following documents will be available for inspection at the offices of the Manager during normal business hours Monday to Friday (public holidays excepted) from the date of this Circular until the time of the Meeting (or any adjournment):

- the Trust Deeds and Supplemental Trust Deeds for Rathbone Smaller Companies Fund and Rathbone Blue Chip Income and Growth Fund;
- the current Prospectus of the Rathbone Smaller Companies Fund and Rathbone Blue Chip Income and Growth Fund;
- the most recent periodical reports relating to Rathbone Smaller Companies Fund and Rathbone Blue Chip Income and Growth Fund;
- the clearances from HMRC referred to above under “Conditions”;
- the FSA’s approval referred to above under the heading “Consents and Approvals”; and
- the Simplified Prospectus of Rathbone Blue Chip Income and Growth Fund.

Action to be taken

It is important that Unitholders read this Circular, which includes the Appendices, carefully and return their Form of Proxy (including, if relevant, the Form of Election), as soon as possible and in any event no later than 48 hours before the start of the meeting.

If you are in any doubt as to the action you should take, please consult your independent adviser immediately.

For queries relating to this document please contact the Manager on 020 7399 0399.

Recommendation

The Manager believes that the proposals set out in this document are in the best interests of the Unitholders as a whole. The Manager therefore recommends Unitholders to vote in favour of the resolution being proposed at the Extraordinary General Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Peter Pearson Lund', written over a faint, illegible printed name.

**Peter Pearson Lund
Chief Executive Officer
Rathbone Unit Trust Management Limited**

GLOSSARY OF TERMS

The following definitions apply throughout this document unless the context otherwise requires:

Accumulation Units: Units in which the relevant proportion of the income is accumulated within the property of the fund for the benefit of the holders of such Units;

Circular: this document, including the letter to Unitholders from the Manager dated 19 June 2009 and the Appendices;

Effective Time: 12.05 a.m. on the Effective Date;

Effective Date: 10 July 2009 or the date upon which the conditions set out in this Circular are fully satisfied whichever is the later, or such subsequent date as may be agreed in writing between the Trustee and the Manager;

Election: the election by the Unitholders to receive New Units;

Elected Portfolio: the part of the property of Rathbone Smaller Companies Fund represented by Elected Units which are on the register of unitholders Rathbone Smaller Companies Fund on the Effective Date;

Elected Units: Rathbone Smaller Companies Fund Units held by the Electing Unitholders;

Electing Unitholders: Rathbone Smaller Companies Fund unitholders who have elected to receive units in Rathbone Blue Chip Income and Growth Fund and are on the register of unitholders of the Rathbone Smaller Companies Fund on the Effective Date;

Extraordinary Resolution: the Extraordinary Resolution of Unitholders of Rathbone Smaller Companies Fund set out in the Notice of Meeting of Unitholders which appears in Appendix 4 to the Circular;

FSA: the Financial Services Authority (the Regulatory Authority);

FSA Rules: the rules contained in the Collective Investment Schemes Sourcebook published by the FSA as part of their Handbook of rules made under the Act;

HMRC: HM Revenue & Customs;

Forms of Proxy and Election: forms completed and lodged with the Manager (via Electoral Reform Services);

Income Units: Units where the income is distributed to Unitholders;

Manager: Rathbone Unit Trust Management Limited, the manager of Rathbone Smaller Companies Fund and Rathbone Blue Chip Income and Growth Fund;

Meeting: the meeting of Unitholders, the notice of which is set out in Appendix 4;

Non Electing Unitholders: Rathbone Smaller Companies Fund Unitholders who are not Electing Unitholders;

Non Elected Units: Rathbone Smaller Companies Fund Units which are not Elected Units;

Scheme: the Scheme of Arrangement set out in Appendix 1 to the Circular;

Trustee: The Royal Bank of Scotland plc, the trustee of Rathbone Smaller Companies Fund and Rathbone Blue Chip Income and Growth Fund;

Trust Deed: the trust deed (and supplemental trust deeds, as appropriate) of the Rathbone Smaller Companies Fund or Rathbone Blue Chip Income and Growth Fund as the context requires; and

Unitholder: a holder of units in Rathbone Smaller Companies Fund.

APPENDIX 1

Scheme of Arrangement of Rathbone Smaller Companies Fund

1 The Proposal

1.1 Reclassification of Units in Rathbone Smaller Companies Fund

Immediately before the Effective Time, Rathbone Smaller Companies Fund will be divided into two investment portfolios. One will be a portfolio of investments which will remain in Rathbone Smaller Companies Fund. The other will be a portfolio of investments which will be transferred to Rathbone Blue Chip Income and Growth Fund.

Units of Rathbone Smaller Companies Fund will be reclassified into Elected Units and Non Elected Units.

To the extent that Unitholders shall have elected to receive Rathbone Blue Chip Income and Growth Fund units the assets attributable to their units will form the "Elected Portfolio" and their units will be reclassified as "Elected Units". The assets attributable to all other Rathbone Smaller Companies Fund units will form the "Non Elected Portfolio" and the units will be reclassified as "Non Elected Units".

Each underlying holding of assets of Rathbone Smaller Companies Fund will be divided between the Elected Portfolio and the Non Elected Portfolio in the same proportions as the value of the respective Portfolios bears to the aggregate value of the two Portfolios.

2 Income Allocation Arrangement

2.1 Any income accrued in respect of the period commencing 1 October 2008 to the Effective Date will be divided between the Elected Portfolio and the Non Elected Portfolio in the same proportions as the value of the respective Portfolios bears to the aggregate value of the two Portfolios. Any such income allocated to the Elected Portfolio will be taken into account in calculating the value of Elected Units under paragraph 3 below.

2.2 The Income Allocation Dates and details of the first distribution by Rathbone Blue Chip Income and Growth Fund after the Effective Date are set out in more detail in Appendix 2 and may include an amount of income equalisation that will be treated as a return of capital for tax purposes.

3 Calculation of the value of Units

3.1 The value of the Elected Units, and of units in Rathbone Blue Chip Income and Growth Fund, shall be calculated by the Manager as at 11.59 p.m. on the 9 July 2009 on a bid basis for the Elected Units and creation basis for the units in the Rathbone Blue Chip Income and Growth Fund and in accordance with the FSA Rules.

Electing Unitholders will not suffer the Managers initial charge as a result of the election but will be subject to other buying and selling costs which may result from the spread on the funds.

These values will be used to calculate the number of Rathbone Blue Chip Income and Growth Fund units to be issued to each Electing Unitholder.

4 **Transfer of Property and Issue of Rathbone Blue Chip Income and Growth Fund Units**

4.1 The transfer of property and issue of Rathbone Blue Chip Income and Growth Fund units shall be effected by an aggregation of the Elected Units into a nominee account, and an in specie redemption of those units and the transfer to Rathbone Blue Chip Income and Growth Fund of the Elected Portfolio.

4.2 As at and from 12.05 a.m. on the Effective Date, the Royal Bank of Scotland plc ("RBS"), as Trustee of Rathbone Blue Chip Income and Growth Fund will hold the Elected Portfolio as property of Rathbone Blue Chip Income and Growth Fund.

Units in the Rathbone Blue Chip Income and Growth Fund will be issued to Electing Unitholders such that they receive units of the same type (income or accumulation) and of the equivalent value as the units in Rathbone Smaller Companies Fund held by them respectively on the Effective Date.

The transfer of the Elected Portfolio will constitute full payment for the Rathbone Blue Chip Income and Growth Fund units issued to Electing Unitholders, who will be treated as having exchanged Rathbone Smaller Companies Fund units for Rathbone Blue Chip Income and Growth Fund units.

4.3 On the Effective Date the Manager will, in exchange for the Elected Portfolio, issue Rathbone Blue Chip Income and Growth Fund units free of any initial charge to Electing Unitholders. The Elected Portfolio will become part of the property of Rathbone Blue Chip Income and Growth Fund in exchange and in full payment for the issue of Rathbone Blue Chip Income and Growth Fund units. In relation to the Elected Portfolio, provisions of the trust deed constituting Rathbone Smaller Companies Fund shall cease to have effect, save as required for the purposes of the Scheme.

Any Elected Units will be deemed to have been cancelled and will cease to have any value as at 12.05 a.m. on the Effective Date.

4.4 Following completion of the matters referred to in 4.1 to 4.3 above, the Non Elected Portfolio will continue to be the scheme property of Rathbone Smaller Companies Fund and the Non Elected Units will resume the status as income or accumulation units (as the case may be) which they had prior to implementation of the Scheme.

4.5 Following completion of the matters referred to in 4.4 above, the Non Elected Portfolio shall be deemed to be the assets of Rathbone Recovery Fund, and the Non Elected Units shall be deemed to be units in Rathbone Recovery Fund.

5 **Rathbone Unit Trust Management Limited to rely on Register and Certificates**

5.1 Rathbone Unit Trust Management Limited shall each be entitled to assume that all information contained in the register of Unitholders of the Rathbone Smaller Companies Fund on and immediately prior to the Effective Date is correct, and to utilise the same in calculating the number of units in each Fund to be issued and registered pursuant to the Scheme.

6 **Alterations to the Scheme; Condition**

6.1 The Trustee and the Manager may agree that the Effective Date is to be other than 10 July 2009, in which case such consequential adjustments may be made to the other elements in the timetable of the Scheme as the Trustee and the Manager consider appropriate.

6.2 The Scheme is conditional on the HMRC having confirmed that the implementation of the Scheme will not be treated as a disposal for capital gains tax purposes by Electing Unitholders.

7 **Governing Law**

7.1 The Scheme is governed by, and shall be construed in accordance with, the laws of England and Wales.

Dated: []

APPENDIX 2

Comparison of Rathbone Smaller Companies Fund, the proposed Rathbone Recovery Fund and Rathbone Blue Chip Income and Growth Fund

		Rathbone Smaller Companies Fund	Rathbone Recovery Fund (Renamed and relaunched from Rathbone Smaller Companies Fund)	Rathbone Blue Chip Income and Growth Fund
1	Investment Objective and Policy	<p>The objective of the fund is to achieve growth in total returns from a portfolio of securities where, at the time any individual security is acquired, the issuing company's equity market capitalisation will normally, but not necessarily, be below £500m. The fund will invest predominantly in companies with a full listing on the London Stock Exchange or on the Alternative Investment Market (AIM). It may include those on recognised stock exchanges outside of the UK, but this is predominantly a UK-oriented fund. The fund will not invest in companies which, at the time of investment, are included in the FTSE 100 Index. There is no industrial sector or geographic specialisation</p> <p>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, deposits and units in collective investment schemes. Use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted by the FSA Rules.</p>	<p>The objective of the fund is to achieve capital growth by buying shares in companies whose recovery potential is not appreciated by the market and to sell them when this potential is recognised. The nature of unrecognised recovery potential may be based on macro economic, industry, sector specific or stock specific issues. Stock selection will involve the identification of a catalyst capable of triggering and sustaining a recovery in each specific stock selection. The Fund has the flexibility to invest in companies of all sizes and to hold up to 20% in European shares; it will be benchmarked against the FTSE All-share Index.</p> <p>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, deposits and units in collective investment schemes. Use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted by the FSA Rules.</p>	<p>The objective of the fund is to achieve an above average and steadily increasing income return coupled with capital growth from a portfolio of transferable securities. The Manager's present intention is that not less than 75% will be invested in transferable securities issued by UK companies. There will be no specialisation in any other geographic area or in any industrial or economic sector.</p> <p>To meet the objective the fund may also invest at the Manager's discretion in money market instruments, warrants, cash and near cash, deposits and units in collective investment schemes. Use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted by the FSA Rules.</p>
2	Trustee	The Royal Bank of Scotland plc	The Royal Bank of Scotland plc	The Royal Bank of Scotland plc
3	Structure	Authorised unit trust scheme	Authorised unit trust scheme	Authorised unit trust scheme
4	Types of Units	Income Units Accumulation Units	Income Units Accumulation Units	Income Units Accumulation Units
5	Initial Minimum Investment and Minimum Holding	£1,000	£1,000	£1,000
6	Subsequent Investment	£500	£500	£500
7	Accounting Date	30 September (final) 31 March (interim)	30 September (final) 31 March (interim)	30 June (final) 31 December (interim)
8	Income	30 November (final)	30 November (final)	31 August (final)

		Rathbone Smaller Companies Fund	Rathbone Recovery Fund (Renamed and relaunched from Rathbone Smaller Companies Fund)	Rathbone Blue Chip Income and Growth Fund
	Allocation Date	31 May (interim)	31 May (interim)	28 February (29 February where applicable) (interim)
9	Publication of Prices	The Financial Times, The Daily Telegraph, on the IMA website at www.trustnet.com and the Manager's website at www.rutm.com		
10	Manager's Annual Remuneration Charge	1.5% *	1.5% *	1.5% *
11	Trustee's Annual Charge	0.02%	0.02%	0.02%
12	Other charges	Safe custody charges, Trustee's winding-up charge, brokers' commissions, costs incurred in modifying the Trust deed, interest, tax, audit fees, FSA fees and registrar fees		
13	Pricing	Forward pricing basis	Forward pricing basis	Forward pricing basis
14	Certificates	Non certificated	Non certificated	Non certificated
15	Eligible to be held in an ISA	Yes	Yes	Yes

* This annual management charge is deducted from capital which may constrain capital growth

APPENDIX 3

Taxation and Procedural Matters

UK Taxation

The Manager's understanding of certain aspects of the UK tax position relating to the Scheme is as follows:

The Elected Portfolio

Gains arising on the transfer of the Elected Portfolio to Rathbone Blue Chip Income and Growth Fund will not be treated as chargeable gains for the purposes of corporation tax on chargeable gains as, pursuant to Section 100 of the Taxation of Chargeable Gains Act 1992, gains accruing to Unit Trust Funds are not chargeable gains.

Shareholders

Clearance has been sought from HM Revenue & Customs ("HMRC") under Section 138 of the Taxation of Chargeable Gains Act 1992 that it is satisfied that the provisions of Section 137(1) of that Act (which apply to any person who together with connected persons holds more than 5% of the units in Rathbone Smaller Companies Fund) should not have effect in respect of the Scheme, with the result that Section 136 of that Act would not be prevented from applying. Consequently, the proposed exchange of units of Rathbone Smaller Companies Fund for units in Rathbone Blue Chip Income and Growth Fund (involving the cancellation of units in Rathbone Smaller Companies Fund and the issue of new units in Rathbone Blue Chip Income and Growth Fund) should not constitute a disposal of units in Rathbone Smaller Companies Fund by holders of those units so as to give rise to any liability to UK tax on capital gains. The acquisition cost for the purposes of UK tax on capital gains of new units in Rathbone Blue Chip Income and Growth Fund issued under the Scheme should generally be calculated by reference to the base cost of the units in Rathbone Smaller Companies Fund, which they replace.

Clearance has also been received from HMRC under sections 682 to 713 of the Income Tax Act 2007 and sections 703 to 709 of the Income and Corporation Taxes Act 1988 to the effect that no notice under Section 703(3) of that Act (which provides for the cancellation of tax advantages from certain transactions in securities) ought to be given in respect of the Scheme.

Special rules apply to corporate Shareholders within the charge to corporation tax which may result in their units being treated for the purposes of the UK's corporate debt rules as rights under a creditor relationship of the corporate Shareholder. A fair value basis of accounting would have to be used, for corporation tax purposes, as respects the deemed creditor relationship.

The above summary is only intended as a general guide to some of the main aspects of current UK tax law and practice applicable to the Scheme and may not apply to certain categories of investor. It is not intended to provide specific advice and no action should be taken or omitted to be taken in reliance upon it. If you are in any doubt about your personal UK tax position in relation to the Scheme, you should seek independent advice immediately from your professional adviser and Shareholders who are resident or otherwise subject to taxation in a jurisdiction other than the UK should in addition obtain professional advice about their tax position in relation to the Scheme in their own countries of citizenship, residence or domicile.

Scheme to be binding

If an Extraordinary Resolution is duly passed at the Meeting of Unitholders then the Scheme will be binding on all Unitholders in Rathbone Smaller Companies Fund, whether or not they voted in

favour of it, or voted at all.

Transfer of units

To facilitate the scheme, dealings in the units in Rathbone Smaller Companies Fund will be suspended on Thursday 9 July 2009 at 12.00 noon. The holdings of those unitholders who elect to receive units in Rathbone Blue Chip Income and Growth Fund will be aggregated together in a nominee account. A portfolio of assets (the "Elected Portfolio") representing the proportionate interests of those holders electing for units in Rathbone Blue Chip Income and Growth Fund will be transferred to Rathbone Blue Chip Income and Growth Fund and units in Rathbone Blue Chip Income and Growth Fund will be issued to them.

The transfer of the Elected Portfolio to Rathbone Blue Chip Income and Growth Fund and the issue of Rathbone Blue Chip Income and Growth Fund units in exchange for the Elected Portfolio will be at no cost to Rathbone Smaller Companies Fund unitholders, whether remaining in Rathbone Smaller Companies Fund or electing to receive units in Rathbone Blue Chip Income and Growth Fund. Any transfer taxes and duties payable (including stamp duty or stamp duty reserve tax or similar foreign transfer duties, if any) will be paid by Rathbone Unit Trust Management Limited.

The value of the units in the Rathbone Smaller Companies Fund will be calculated at 11:59 p.m. on 9 July 2009.

Once the transfer of assets is effective, the units in Rathbone Smaller Companies Fund of those holders who have elected to receive units in Rathbone Blue Chip Income and Growth Fund will be cancelled and will cease to have any value. Dealings in the units in Rathbone Recovery Fund and Rathbone Blue Chip Income and Growth Fund will recommence on the business day following the Effective Date. This is expected to be 13 July 2009 for the 12.00 noon valuation point.

Expenses

The costs and expenses of calling the Meeting of Unitholders and any adjourned Meeting and of the preparation and implementation of the Scheme including:

1. the costs of convening and holding the meeting of Unitholder (and any adjourned meeting);
2. the re-designation and registration fees;
3. foreign taxes and duties (if any) on the transfer or redesignation of the transferred property;
and
4. the professional advisers fees and expenses (including the legal expenses of the Trustee (if any)) payable in connection with the scheme of arrangement

will be met by the Manager.

Any realignment costs to enable the assets of the Elected Portfolio to transfer to Rathbone Blue Chip Income and Growth Fund will also be met by the Manager, although none is expected to arise. Stamp Duty and Stamp Duty Reserve Tax are not expected to arise as a result of the Scheme. If either does arise it will be met by Rathbone Blue Chip Income and Growth Fund.

No preliminary charge will be taken on the issue of units in Rathbone Blue Chip Income and Growth Fund pursuant to the scheme.

Meeting of Unitholders

The Meeting of Unitholders in Rathbone Smaller Companies Fund is being called for 8 July 2009.

The Notice of the Meeting is set out at Appendix 4. The Notice sets out the Extraordinary Resolution to be proposed at the Meeting.

A majority of not less than 75% of the total number of votes cast is required to pass the Extraordinary Resolution. The quorum for a meeting of Unitholders is two holders present in person or by proxy or, in the case of a body corporate, by a duly authorised representative.

If, within half an hour from the appointed time for the Meeting, a quorum is not present, then the Meeting will be adjourned to a date not less than seven days following the date for which the Meeting was originally convened. Notice will be given of the date and time of the adjourned Meeting and, if at that meeting a quorum is not present within 15 minutes from the time appointed for the adjourned Meeting, then one person entitled to be counted in a quorum shall constitute a quorum. Forms of Proxy and Forms of Election completed for use at the original meeting will remain valid for any adjourned meeting.

To avoid the expense and inconvenience of calling an adjourned Meeting, Unitholders are asked to complete the enclosed Form of Proxy and Form of Election, if applicable, and return it so as to be received at least 48 hours before the Meeting. As indicated above, this will not preclude Unitholders from attending and voting in person at the Meeting.

The Trustee has appointed Peter Pearson Lund or, failing him, Clive Mason (Compliance Director) as Chairman of the Meeting. In view of the importance of the Extraordinary Resolution the vote will be taken by poll.

On a poll, each Unit will carry that proportion of the total number of votes exercisable in respect of Units as is equal to the proportion which the price of one Unit bears to the aggregate price of all Units in issue.

Although the Manager may attend the Meeting it will not vote at or be counted in the quorum for such Meeting unless it holds units on behalf of, or jointly with, a person who, if himself the registered Unitholder, would be entitled to vote and from whom it has received voting instructions. Except in that case, for the purposes of the Meeting, units held or deemed to be held by the Manager will not be regarded as being in issue. Associates of the Manager will be counted in the quorum but may not vote at the Meeting unless it holds units on behalf of, or jointly with, a person who, if himself the registered Unitholder, would be entitled to vote and from whom it has received voting instructions.

APPENDIX 4

Notice of Extraordinary General Meeting of Unitholders

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Unitholders in Rathbone Smaller Companies Fund (the “Fund”) will be held at Rathbone Unit Trust Management Limited, 159 New Bond Street, London W1S 2UD on 8 July 2009 at 11.00 a.m. to consider and, if thought fit, to pass the following resolution which will be proposed as an Extraordinary Resolution:

Extraordinary Resolution

THAT the investment objective and policy of the Fund be changed to

“To achieve capital growth by buying shares in companies whose recovery potential is not appreciated by the market and to sell them when this potential is recognised. The nature of unrecognised recovery potential may be based on macro economic, industry, sector specific or stock specific issues. Stock selection will involve the identification of a catalyst capable of triggering and sustaining a recovery in each specific stock selection. The Fund has the flexibility to invest in companies of all sizes and to hold up to 20% in European shares; it will be benchmarked against the FTSE All-share Index.

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, deposits and units in collective investment schemes. Use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted by the FSA Rules.”

AND THAT the Scheme of Arrangement of the Fund (“Scheme”) contained in a document dated 19 June 2009 and addressed by Rathbone Unit Trust Management Limited to the Unitholders in the Fund (the “Circular”) (a copy of which has been produced to the meeting and initialled by the Chairman for the purpose of identification) be and the same is hereby approved and accordingly that the Scheme, The Royal Bank of Scotland plc as Trustee of the Fund and Rathbone Unit Trust Management Limited as Manager of the Fund respectively be and they are hereby authorised to implement and give effect to the said Scheme subject to satisfaction or waiver (as appropriate) of the conditions set out in the Circular and to the exclusion of any contrary provision in the documents governing the Fund.

Dated: 19 June 2009

Rathbone Unit Trust Management Limited

Registered Office:
159 New Bond Street
London W1S 2UD

NOTES:

- 1 A Unitholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a Unitholder.
- 2 To be valid, a Form of Proxy, a Form of Election if applicable, any power of attorney or other authority under which the Form of Proxy and Form of Election is signed (or a copy thereof certified by a solicitor) must be lodged with the Electoral Reform Service, The Election Centre, 33 Clarendon Road, London, N8 0NW not less than 48 hours before the time of the meeting or any adjourned meeting. A Form of Proxy and Form of Election is enclosed. Forms of Proxy and Forms of Election completed for use at the original meeting will remain valid for any adjourned meeting.
- 3 The quorum for a meeting of Unitholders is two holders present in person or by proxy who were Unitholders of Rathbone Smaller Companies Fund on the date seven days before the notice of meeting was sent out but excluding those who are known to the Manager not to be Unitholders at the time of the meeting. Except in any case where the Manager holds units on behalf of or jointly with a person who, if himself the sole registered holder, would be entitled to vote, and from whom the Manager has received voting instructions, units held or deemed to be held by the Manager are not taken into account as being in issue nor may the Manager vote or be counted in the quorum. The majority required for the passing of the Extraordinary Resolution is 75% or more of the total number of votes cast for and against such resolution.
- 4 At the Meeting the vote will be taken by poll. On a poll, each unit will carry that proportion of the total number of votes exercisable in respect of units as is equal to the proportion which the price of one unit bears to the aggregate price of all units.
- 5 Votes may not be cast by the Manager (or any associate of the Manager), except in any case where the Manager, or any such associate, hold units on behalf of or jointly with a person who, if himself the registered holder, would be entitled to vote, and from whom the Manager or the associate has received voting instructions. A holder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

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