

Simplified Prospectus folder

incorporating key features and
application forms of RUTM unit trusts

Which companies are working to provide your RUTM unit trust product?

Who is the Manager?

Rathbone Unit Trust Management Limited (RUTM)

Rathbone Unit Trust Management Limited (formerly known as Laurence Keen Unit Trust Management Limited), which is authorised and regulated by the Financial Services Authority¹ (FSA) and a member of the Investment Management Association (IMA), is the unit trust management arm of Rathbone Brothers Plc, the listed investment management and private banking group. RUTM is entered on the FSA Register under registration number 144266.

The Rathbone Group is engaged in a range of private banking and financial services within which the principal activity is discretionary investment management.

The group has £13.1bn² assets under discretionary management on behalf of private investors, charities, pension funds and unit trusts.

Registered Office:

159 New Bond Street

London W1S 2UD

Information line: 020 7399 0399

Telephone: 020 7399 0000

Facsimile: 020 7399 0057

Website: www.rutm.com

Who are the directors of the Manager?

GM Powell – *Chairman*

PG Pearson Lund – *Chief Executive Officer*

JR Chillingworth – *Chief Investment Officer*

CRC Hexton

RP Lanyon

RE Loader FCA

CP Mason – *Compliance Director*

AD Pomfret

CR Stick

JG Thomson

SD Woodford – *Finance Director*

Who is the Auditor?

Grant Thornton UK LLP

30 Finsbury Square

London EC2P 2YU

Who is the Trustee?

The Royal Bank of Scotland plc Trustee & Depositary Services

Registered Office

36 St Andrew Square,

Edinburgh, EH2 2YB

Registered in Scotland No. 90312

Authorised and Regulated by the Financial Services Authority (FSA).
The FSA Register number is 121882.

The Trustee is The Royal Bank of Scotland plc who holds the title to the funds' investments on behalf of the unitholders.

It was incorporated in Scotland as a public limited company on 31 October 1984.

Its ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated in Scotland. Its head office is at Gogarburn, PO Box 1000 EH12 1HQ. Its registered office is at 36 St Andrew Square, Edinburgh, EH2 2YB.

The main business activity of The Royal Bank of Scotland plc is banking.

Who should receive completed application forms?

IFDS (UK) Limited

See Registrar and Dealing Office for details.

Who is the Registrar and where is the dealing office (for applications)?

Registrar: **International Financial Data Services Ltd**

Dealing: **International Financial Data Services (UK) Ltd**

Rathbone Unit Trust Management Limited

PO Box 9948, Chelmsford CM99 2AG

Dealing and Valuation Line: 0845 300 2101

Dealing facsimile: 0870 887 0180

Authorised and Regulated by the Financial Services Authority (FSA). The FSA Register number is 161227.

¹ The FSA is a competent authority which has authorised and registered the RUTM unit trusts. Contact: 25 The North Colonnade, Canary Wharf, London, E14 5HS. Consumer Helpline 0845 606 1234. Main Switchboard 020 7066 1000. ² As at 31 December 2007.

Investing in a RUTM unit trust

Please see 'Additional information for the RUTM ISA' leaflet for ISA details

Who is a typical investor in a RUTM unit trust?

A "typical investor" in one-or-more of the RUTM range of unit trusts is an investor looking for medium to long term opportunities for a growing income, potential capital growth or a balance of the two. Investment diversification in a pooled fund managed by a professional firm would be an attraction, rather than investing in a personal portfolio of individual stocks and shares. Investors have differing levels of investment risk with which they feel comfortable, and the relative risks of each of the funds in our unit trust range are set out in this document.

What happens to your investment?

Your investment will buy you units in one or more RUTM unit trusts. The number and type of units and the unit price are detailed on the contract note, regular statement or allocation letter.

The cost and subsequent value of the units held by investors is directly related to the current value of the fund's underlying securities.

There will be no further commitment to make a payment beyond the amount due as indicated on your contract note or other document issued in respect of your investment.

Interest will not be credited in respect of cash held pending investment, settlement or distribution.

What are the benefits of investing in a unit trust?

- You obtain a wide diversification of risk as your money is pooled with that of other investors to purchase a portfolio much larger than would otherwise be possible for the same size of investment.
- Your money is managed by a professional fund manager who has access to a wide range of research and resources enabling investments to be chosen that are appropriate to meet the objectives of the fund.
- Units can be bought or sold simply by giving instructions to the Manager by phone, fax or by letter.
- There is no minimum investment period and no penalty for encashment. However, they should not be regarded as short-term investments.
- The value of your holding can easily be monitored as the fund's most recent unit price is published in leading national newspapers, or on our website at www.rutm.com.
- The fund is exempt from tax on gains made on internal transactions. This provides the potential for the fund to grow at a faster rate. You may have a liability for tax when units not held within an ISA are sold.
- An independent trustee holds all underlying assets on your behalf.
- Monthly savings plans are available for all funds.

What are the risk factors?

Please remember that past performance should not be seen as an indication of future performance and that the value of units and the income from them can go down as well as up and you may not get back your original investment. The value of units depends on both the fluctuations in the

financial markets which are outside RUTM's control and on the specific objectives of each unit trust. No warranty is given by us as to the performance or profitability of the investment(s). Tax levels and reliefs depend on individual circumstances and may be subject to future changes.

Changes in exchange rates will affect the value of your investments. For example, if Sterling strengthens against the currency in which your investments are made, the value of your investments will reduce and vice versa.

During periods of high inflation, the real value of your investment may be diminished.

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.

Quoted yields in this document are for illustrative purposes only and are not guaranteed.

For funds that invest in emerging markets, the arrangements in relation to regulation, dealing, liquidity and custody may be less secure than in the UK.

Where the periodic charge is wholly or partly taken out of the fund's capital, distributable income will be increased at the expense of capital which will either be eroded or future growth constrained.

If you exercise cancellation rights, you may not get a full refund as an adjustment may be made for a fall in the value of the investment before notice of cancellation is given.

Units in the funds are not marketed outside the UK.

Further information about risk factors is contained in the Prospectus, which is available on request, free of charge, from the Manager.

Can you make regular contributions to your unit trust?

A savings plan is available on all the RUTM unit trusts shown in the table on page 3, allowing you to make monthly payments and accumulate your unit holding over a period of time. By making regular contributions you will benefit from 'pound cost averaging'; buying more units when prices are low and fewer units when prices are high. Over time the average cost of your units may be lower than the actual average of dealing prices, which helps you build a substantial investment. On opening a savings plan, the Manager requires your first contribution to be made by cheque. Subsequent savings plan contributions will be collected by direct debit on the first business day of each month. Each monthly contribution buys units for you in your chosen fund(s) at the offer price ruling on the first business day of each month. There is no extra charge for the monthly savings plan.

Investments made via the savings plan will be acknowledged in writing but no contract notes will be issued. There is no minimum term for savings plan participation and contributions may be suspended or stopped by giving written instructions to the Manager. Regular subscriptions will be collected until you notify us otherwise.

For ISA investment limits, please see our 'Additional information' leaflet for the RUTM ISA.

What are the aims of the RUTM unit trusts?

Different types of fund are designed to meet different needs, each offering a spread of risk, specialist investment management and tax efficiency.

The Rathbone Ethical Bond Fund

The objective of the fund is to provide a regular, above average income through investing in a range of bonds and bond market instruments that meet strict criteria ethically and financially.

Authorised by the FSA on 29 October 2001 and launched in May 2002.

Risk rating 1

The Rathbone Global Opportunities Fund

The objective of the fund is to provide above average long term capital growth from a global portfolio. The fund will be able to invest in any transferable security in all recognised world financial markets. The income yield will be at best minimal.

Authorised by the FSA on 22 March 2001 and launched in May 2001.

Risk rating 3

The Rathbone High Income Fund

The objective of the fund is to achieve above average and maintainable income but without neglecting capital security and growth. The Manager intends to achieve the objective primarily through the purchase of transferable securities with an above average yield. There is no restriction on the economic sectors or geographic areas in which the fund may invest. However, investments will always be predominantly in the ordinary shares of UK companies.

Authorised by the FSA on 26 April 2006 and launched in May 2006.

Risk rating 2

The Rathbone Income Fund

The objective of the fund is to achieve above average and maintainable income but without neglecting capital security and growth. The Manager intends to achieve the objective primarily through the purchase of ordinary shares with an above average yield. There is no restriction on the economic sectors or geographic areas in which the fund may invest. However, investments will always be predominantly in the ordinary shares of UK companies.

Authorised by the FSA on 12 February 1971 and launched in February 1971.

Risk rating 2

The Rathbone Income and Growth Fund

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.

Authorised by the FSA on 3 October 1989 and launched in October 1989.

Risk rating 2

The Rathbone Smaller Companies Fund

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. It may include those on recognised stock exchanges outside 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.

Authorised by the FSA on 25 August 1993 and launched in September 1993.

Risk rating 3

The Rathbone Special Situations Fund

The objective of the fund is to achieve capital growth from investment in shares temporarily out of favour with the market in which significant recovery is expected. Investment may be in special situations in all economic sectors worldwide. The income yield is likely to be low.

Authorised by the FSA on 16 February 1964 and launched in June 1964.

Risk rating 3

Common to the entire range of funds

To meet these objectives, the funds 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.

Full details of the aims and objectives of each fund can be found in the Prospectus which is available from the Manager. All funds are FSA authorised unit trust schemes and have Sterling as a base currency.

How do the funds compare in terms of relative risks?

The aim of the risk index is to set out RUTM's definition of risk for each fund. The ratings are determined by the objectives and investment styles of the funds, and market volatilities. Each fund has been risk-graded on the basis that 1 is lower risk and 4 is higher risk.

1 Lower Risk

This category would include funds predominantly invested in cash, UK preference shares, corporate bonds and government securities. These investments are likely to be less volatile than equities and would have a lower risk/reward profile.

2 Average Risk

This category would include funds investing in UK and global equities. The investment of securities across these markets is likely to reduce the risk and volatility of the fund as a whole. If securities are in a currency other than Sterling, the returns on them will be subject to fluctuations in exchange rates.

3 Above Average Risk

This category would include funds investing in specialised areas; either those that historically have a higher volatility, or securities in specific market sectors which are likely to be more volatile than the underlying market.

4 Higher Risk

This category would include funds that invest in highly volatile countries and/or sectors, where the risk/reward profiles are high.

What is the minimum that you need to invest in a RUTM unit trust?

	Minimum initial lump sum investment	Minimum additional lump sum investment	Minimum Savings Plan
Rathbone Ethical Bond Fund	£1,000	£500	£100
Rathbone Global Opportunities Fund	£1,000	£500	£100
Rathbone High Income Fund	£1,000	£500	£100
Rathbone Income Fund	£1,000 ²	£500	£100
Rathbone Income and Growth Fund	£1,000	£500	£100
Rathbone Smaller Companies Fund	£1,000	£500	£100
Rathbone Special Situations Fund	£1,000 ¹	£500 ¹	£100 ³

The minimum additional investment does not apply to monthly savers.

¹ For the Rathbone Special Situations Fund the minimum investment of £1,000 does not apply to a unitholding registered before 3 November 1993, where the requirement was £250 and additional investment of £500.

² For the Rathbone Income Fund the minimum investment of £1,000 or more does not apply to a unitholding registered before 1 November 1999, where the requirement was £500.

³ For the Rathbone Special Situations Fund a minimum monthly savings plan of £50 was available for those who invested a lump sum of £1,000 and were registered unitholders before 1 May 2001. This option is no longer available.

How can units in RUTM unit trusts be bought?

Units may be bought by providing the Manager's dealing office with instructions in writing, by completing the application form enclosed, or through the dealing line on 0845 300 2101. Orders are transacted at the buying price calculated at the next valuation point.

Payment must be sent with your application or, in the case of orders made by telephone, upon receipt of the contract note (unless otherwise agreed). Settlement is required immediately and in any event no later than the 4th business day following the valuation date. For amounts in excess of £100,000, settlement must be made by electronic bank transfer to HSBC Bank plc, 2nd Floor, 62/76 Park Street, London SE1 9DZ,

Sort Code 40-02-50, Account No. 91270362, Account name: Rathbone Unit Trust Management Limited. Otherwise, please forward a cheque for the net amount, made payable to Rathbone Unit Trust Management Limited, to our administration address (see application form). Savings plan purchases by direct debit will be made at the next valuation point on the first business day of each month.

No interest will be paid prior to investment. Should the Manager receive payment two days or more before the valuation of your chosen fund then monies will be paid into a non-interest bearing client money account.

How do you start a RUTM unit trust savings plan?

Simply complete the application form and Direct Debit Instructions and send it, together with your first contribution by cheque, to our administration address (see unit trust application form).

Can you start a RUTM unit trust investment for a child?

You can open an account for the benefit of a child. Please tick the 'benefit of a child' box and insert the child's initial(s) within the 'Applicant Details' of the application form. Not applicable for ISA investments.

When are RUTM unit trusts valued?

Each fund is valued on a normal business day at midday in order to determine the buying and selling prices of the units.

Each fund is 'dual priced' and units have a buying (offer) price and a selling (bid) price. The difference, which is called the 'spread', reflects underlying dealing expenses and the initial charge. Units in the funds can be bought and sold at these prices which are based on the total assets of the fund minus its liabilities.

The Manager will accept orders at the Manager's dealing office for purchase and sale of units on normal business days between 9.00am and 5.00pm. All orders placed prior to the valuation point will be executed at prices determined by the next valuation.

If at a valuation point, we 'the Manager' believe that no reliable price exists for a company held in a fund or that the most recent price available does not reflect the Manager's best estimate of the price, then we may value the holding at a price which we believe fair and reasonable. This flexibility in pricing allows a more accurate assessment of the value of the holdings of each fund.

How can RUTM unit trusts be sold?

You can sell units by telephone, fax or letter. Telephone or fax instructions must be subsequently confirmed in writing. Written instructions including your name, address and account number, must be given for units held within the savings plan. Sale proceeds will be sent no later than four business days after receipt of the correctly renounced documentation or the sale date, whichever is the later.

Sales constituting a 'large deal' of £15,000 or more may receive a lower price than the published selling (bid) price.

The Manager reserves the right to close the holding if the remaining value falls below the current applicable minimum.

The Manager's policy is to pay the proceeds of settlement for redemption or cancellation of units, regardless of size, by cash only and not by 'in specie' transfers. For re-registration, stock transfer forms are accepted for unit trust transfers. RUTM reserves the right to vary any charge without prior notice.

The issue and redemption of units will not take place if dealing in the units is suspended by operation of law or any statute at the time being in force.

What are your cancellation rights?

Cancellation rights may be available to investors who purchase units as a result of specific advice or recommendation received from an authorised intermediary. You may cancel such a contract by returning the cancellation notice within 14 days of receipt. You would receive back money subscribed, less a deduction of the amount (if any) by which the buying price of your investment has fallen at the relevant valuation point.

How can you switch between RUTM unit trusts?

You may choose at any time to switch from one RUTM unit trust to another by sending written instructions explaining to us which RUTM unit trusts you would like to switch. We will make any necessary sales and purchases as soon as practicable after the next valuation point following receipt of your instructions. We will make the switches between the unit trusts at discounted terms details of which are available from us or your authorised intermediary. You should be aware that a switch is treated as a disposal and may give rise to a Capital Gains Tax liability.

Where can you find the latest RUTM unit trust prices?

The most recent buying and selling prices, the net distribution yield for equity funds and the estimated gross redemption yield after charges for bond funds are published in The Financial Times Authorised Unit Trusts section, under 'Rathbone Unit Trust Management Limited' and in The Daily Telegraph, or at www.rutm.com.

Will you receive certificates for your RUTM unit trust(s)?

With the agreement of the Trustee, and in line with many other Managers, from 1 July 2000 we ceased to issue unit certificates. When units are sold back to the Manager, certificates will no longer be accepted as a form of renunciation document. A Form of Renunciation will be sent to you with your repurchase contract note. The Form of Renunciation will need to be signed and returned to our administration office, unless we have received clear written instructions, signed by all registered holders.

What statements will you receive?

A distribution statement will be sent half yearly on the respective distribution dates of each fund shown in the table on the next page. The statement will show the number of units bought over the previous six months, the total number of units in your holding and their current value.

At the same time, we will send a Short Report(s) giving information on aspects such as fund performance, top ten largest holdings, fund structure and a commentary from the manager of the fund. Long Reports for each fund are available on request, free of charge, from the Manager.

On the 30 June and 31 December, unitholders will receive a consolidated statement showing, where applicable, their total unit trust and ISA unitholdings for each fund held; the number of units bought since the previous statement, and the total current value of their holdings.

When will you receive a report on your investment?

	Quarterly (no report)	Half yearly	Annual
Rathbone Ethical Bond Fund	30 September/31 March ¹	31 December	30 June
Rathbone Global Opportunities Fund	–	30 September	31 March
Rathbone High Income Fund	30 October/30 April ¹	31 July	31 January
Rathbone Income Fund	–	15 June	15 December
Rathbone Income and Growth Fund	–	28 February	31 August
Rathbone Smaller Companies Fund	–	31 May	30 November
Rathbone Special Situations Fund	–	30 June	31 December

¹ The Rathbone Ethical Bond Fund and the Rathbone High Income Fund have extra quarterly distributions for which no Manager's report is published.

How do we treat income from RUTM unit trusts?

Receiving income

To receive income payments, where applicable, select distribution 'A' units. Income will be paid into your chosen bank account or by cheque on the dates shown in the table above (please complete the income payment mandate on the application form). The Rathbone Global Opportunities Fund does not offer distribution 'A' units.

Units that will not pay income

Alternatively, you may select accumulation 'B' units which are offered by all of the funds. For the Rathbone Ethical Bond Fund, tax credits will be reinvested to purchase further units at the offer price prevailing at the valuation point, within seven business days of receipt by us of such amounts from the Inland Revenue.

For savings plan investments, accumulation units are issued when available.

Income allocations carry a tax credit of 10% for equity funds. The Rathbone Ethical Bond Fund will have distributions paid net of 20% Income Tax. Higher rate taxpayers may be subject to a further tax liability. Realisation of units may give rise to a Capital Gains Tax liability unless acquired within an ISA. If you are in any doubt as to your tax position you should consult an authorised intermediary.

How are your units taxed?

Tax at the lower rate is deducted at source from distributions made before reinvestment of income. Higher rate taxpayers may have a further liability to tax on the distribution. Tax vouchers will be sent with the next half yearly annual reports. Capital Gains Tax may also be payable on the realisation of units, depending upon the unitholder's particular circumstances, and the level of allowable losses and annual exemptions available.

How do we treat Stamp Duty Reserve Tax (SDRT)?

The Trustee of an authorised unit trust is liable to pay Stamp Duty Reserve Tax (SDRT) at the rate of 0.5% of the value of units which are either purchased from or surrendered to the Manager or to the Trustee, and on certain other transfers of units of a unit trust.

The amount of SDRT for which the Trustee is liable may be reduced depending on the number of units issued and units surrendered in the week the surrender occurs and in the following week. It can also be reduced if the unit trust holds exempt assets such as foreign securities, UK gilts or UK bonds.

The Manager is empowered to charge SDRT according to one of the following methods:

1. The Manager may make an SDRT provision against the tax by directly charging incoming or outgoing investors. Such amounts, known as entry or exit charges, would be paid to the Trustee and form part of the assets of the unit trust out of which SDRT would be paid according to the regulations. This method would have the effect of increasing the cost of units to a purchasing investor and reducing the proceeds of units to an investor selling their units back to the Manager.
2. The Manager may treat SDRT as an additional dealing expense to be charged against the funds assets.

At present, the Manager has decided, in accordance with the Collective Investment Schemes Sourcebook, not to make an SDRT provision but to treat SDRT as an additional expense. Consequently, any SDRT payable will be paid out of the capital of the unit trust and will not be charged to unitholders buying or selling units.

If, in the future, the Manager decides to make an SDRT provision, a notification to unitholders would be required.

The Manager does not intend to make any special arrangements for SDRT on large transactions except in the case of non-exempt transfers between unitholders where the Manager reserves the right to charge SDRT to the transferee. In the interests of equity and fairness to all unitholders, transfers in excess of £15,000 may be subject to this charge.

How much might we pay authorised intermediaries?

If you seek advice, your authorised intermediary will give you details about the cost. This amount will depend upon the size of your investment and, in the case of regular savings, the period for which you make them. It will be paid for out of the charges. The Manager will normally pay authorised intermediaries initial commission of up to 3% of the value of your investment which will be detailed on the contract note. For example, £30 will be paid out of the charges if you invest £1,000.

In addition to the initial commission, we may pay renewal commission at a rate of 0.5% (50 basis points) per annum of the value of your investment to authorised intermediaries. This arrangement will continue annually whilst you remain a unitholder.

At the Manager's discretion, renewal commission may be paid on application following the transfer of business from one authorised intermediary to another. In such circumstances the Manager will require a written request for transfer signed by the unitholder(s) in question.

What are the different quoted bond fund yields?

A redemption yield applies to a fund holding fixed interest securities. The running yield on a unit trust gives an indication of the current level of income. The redemption yield is the running yield adjusted for any capital profit or loss if the stock is held to maturity. In practice, the stock will not usually be held to maturity as the fund manager seeks to reduce any loss by active fund management.

The fund manager believes that a gross income (distribution yield) of between 5% to 6% (including tax and charges) is currently achievable, while maintaining a lower risk approach. However, this is not guaranteed.

What can you do if you have a complaint?

If you have any queries or complaints about the operation of a RUTM fund (or RUTM ISA), please address them in the first instance to the Compliance Officer, Rathbone Unit Trust Management Limited, 159 New Bond Street, London W1S 2UD. Any complaints received will be handled in accordance with our internal complaint procedures. A copy of these are available from the Compliance Officer. If you have occasion to complain, and in the unlikely event that you do not receive a satisfactory response, you may direct your complaint to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

What compensation schemes are available?

We are a participant in the UK Financial Services Compensation Scheme which provides a measure of protection when an investment firm is unable to meet its obligations to its clients. Further information on the scheme and your eligibility is available on request from RUTM or from the UK Financial Services Compensation Scheme (details can be found at www.fscs.org.uk).

When can RUTM amend the terms and conditions?

We will have the right to amend any of the terms and conditions contained herein upon 14 days' notice to you in writing.

What is required to comply with money laundering rules?

To comply with money laundering regulations, by law we are required to undertake various checks on certain sales and purchases valued at over 15,000 Euros or a Sterling equivalent determined by us. We reserve the right to refuse any application to invest in units without providing a reason for doing so to you.

What is the governing law for RUTM unit trusts?

This agreement will be governed by and construed in accordance with English Law. All written communications with you will be in English.

Are telephone calls recorded?

In order to ensure high quality customer service and for your protection, your telephone calls may be recorded and also randomly monitored.

What are the rules on data protection?

Any personal information obtained by us will be processed in accordance with the Data Protection Act 1998. If you do not wish to receive information on other products and services offered by Rathbone Brothers Plc, please write to the Data Protection Officer, Rathbone Unit Trust Management Limited, 159 New Bond Street, London W1S 2UD.

Charges and expenses for RUTM unit trusts

The tables on the following pages show charges relevant to each fund, what is meant by a Total Expense Ratio (TER), and the effect of these charges on your investment(s).

What are the charges and expenses on your RUTM unit trust investment(s)?

The charges for each fund are:	Manager's charges		Other approximate charges	Total Expense Ratio (TER)
	Initial	Annual		
Rathbone Ethical Bond Fund	4.00%	1.25% ¹	0.09%	1.34%
Rathbone Global Opportunities Fund	5.50%	1.50%	0.14%	1.64%
Rathbone High Income Fund	5.50%	1.50% ^{1,2}	0.11%	1.61%
Rathbone Income Fund	5.50%	1.50% ¹	0.05%	1.55%
Rathbone Income and Growth Fund	5.50%	1.50% ¹	0.09%	1.59%
Rathbone Smaller Companies Fund	5.50%	1.50%	0.08%	1.58%
Rathbone Special Situations Fund	5.50%	1.50%	0.09%	1.59%

¹ For the Rathbone Ethical Bond Fund, the Rathbone High Income Fund, the Rathbone Income Fund, the Rathbone Income and Growth Fund and the Rathbone Smaller Companies Fund, the Manager's annual charge is taken from capital. This is due to the fact that these funds' investment objectives place an emphasis on the generation of income for unitholders, and making the charge in this way enables the Manager to address these objectives more easily. However, unitholders should be aware that this will mean that capital may be eroded or growth restricted to the extent of the charge. While there may, as a result, be a reduction in liability for Capital Gains Tax, there will be some increase in Income Tax liability for tax paying unitholders.

² For the Rathbone High Income Fund, all charges are taken from capital.

The New Collective Investment Schemes Sourcebook, issued by our regulator – the Financial Services Authority – permits* the printing and publication costs applicable to the production of the Manager's half-yearly reports to be borne by the unit trust to which the reports relate.

*Effective from 1 February 2007.

What is the Total Expense Ratio (TER) and how is it calculated?

The TER represents the reduction in fund performance caused by all annual operating costs (including administration, trustee and audit fees), not just the basic Annual Management Charge (AMC). It does not include the initial charge, which is shown separately, or transaction expenses.

The formula used to calculate TER highlights that it is calculated as a proportion of the same net assets as the AMC.

The TER (%) is defined as:
$$\frac{\text{Total Net Operating Expenses (£) + AMC paid (£)}}{\text{Fund Value (£)}} \times 100$$

Below is a worked example using the Rathbone Income Fund. The figures used are from the latest available (at time of print) audited annual accounts, dated 15 October 2007.

A worked example: The Rathbone Income Fund

Fund value (mid price)*	1,175,642,767		
AMC paid**		£17,718,218	
Trustee fees	£277,585		
Safe custody	£112,849		
FSA fees	£338	+	
Auditor fees	£10,811		
Registration fees	£61,012		
Tax	£2,232		
Printing & publication costs	£24,851		
Total net operating expenses		£489,678	
TER	1.55%	=	$\frac{\text{£18,207,896}}{\text{£1,175,642,767}} \times 100$

*Calculated as an average of daily fund values over the year to 15 October 2007.

**AMC paid is 1.5% of the fund value.

What is the effect of charges on your RUTM unit trust investment?

There is an initial charge based on the creation price of units which is included in the buying price. There is also an Annual Management Charge (AMC) which is accrued on a daily basis along with other expenses such as the Auditor's fee, Registrar's fee and Trustee's fee. These expenses are deducted from the income of each fund, with the exception of the AMC in the case of the funds indicated in the charges table.

The effect of charges on an investment of £1,000, assuming growth of 6% per year over 10 years, is set out on the following pages. Please note that:

- These figures are only examples and are not guaranteed – they are not minimum or maximum amounts. Your return depends on how your investments grow, meaning that you could get back more or less than this.
- All investment managers use the same rates of growth for illustrations, but their charges vary.
- Inflation would reduce what you could buy in the future with the amounts shown.
- The investment return could be affected by fluctuations in exchange rates.

All dual priced unit trusts have a buying price (offer price) which is higher than the selling price (bid price). The difference is known as the 'spread' and it includes the fund's initial charge and the costs involved in buying and selling the underlying shares for you. The tables do not take account of any discounts you may receive when purchasing units.

The income shown in the next tables is based on the yield at the time this document was produced. The actual income paid may be more or less than the amount shown in the tables.

Rathbone Ethical Bond Fund

Spread 4%, Annual and Administrative Charge 1.34%, Estimated Gross Redemption Yield after Charges 5.08%

At end of year	Investment to date £	If income distributed		What you might get back £	If income reinvested	
		Effect of deductions to date £	Income to date £		Effect of deductions to date £	What you might get back £
1	1000	56	46	957	56	1004
3		90	138	952	93	1098
5		128	229	946	137	1201
10		245	455	932	287	1503

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £245 if income is distributed and £287 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.00% a year to 4.06% a year if income is distributed and to 4.16% if income is reinvested. The Annual Management Charge is paid out of capital, and other expenses are paid out of income.

Rathbone Global Opportunities Fund

Spread 6%, Annual and Administrative Charge 1.64%, Net Income Yield 0.00%

At end of year	Investment to date £	If income distributed		What you might get back £	If income reinvested	
		Effect of deductions to date £	Income to date £		Effect of deductions to date £	What you might get back £
1	1000				80	980
3					125	1066
5					179	1159
10					362	1429

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £362. Putting it another way, this would have the same effect as bringing investment growth from 6.00% a year to 3.63%. All charges and expenses are paid out of income (capital may be used where there is insufficient income).

Rathbone High Income Fund

Spread 6%, Annual and Administrative Charge 1.61%, Net Income Yield 4.65%

At end of year	Investment to date £	If income distributed		What you might get back £	If income reinvested	
		Effect of deductions to date £	Income to date £		Effect of deductions to date £	What you might get back £
1	1000	79	42	937	80	980
3		121	127	932	124	1067
5		168	211	927	178	1161
10		312	419	914	358	1433

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £312 if income is distributed and £358 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.00% a year to 3.52% a year if income is distributed and to 3.66% if income is reinvested. All charges and expenses are paid out of capital (income may be used where there is insufficient capital).

Rathbone Income Fund

Spread 6%, Annual and Administrative Charge 1.55%, Net Income Yield 3.87%

At end of year	Investment to date £	If income distributed		What you might get back £	If income reinvested	
		Effect of deductions to date £	Income to date £		Effect of deductions to date £	What you might get back £
1	1000	79	32	949	79	981
3		120	96	967	122	1069
5		168	162	986	174	1164
10		316	331	1034	349	1442

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £316 if income is distributed and £339 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.00% a year to 3.62% a year if income is distributed and to 3.72% if income is reinvested. The Annual Management Charge is paid out of capital, and other expenses are paid out of income.

Rathbone Income and Growth Fund

Spread 6%, Annual and Administrative Charge 1.59%, Net Income Yield 3.43%

At end of year	Investment to date £	If income distributed		What you might get back £	If income reinvested	
		Effect of deductions to date £	Income to date £		Effect of deductions to date £	What you might get back £
1	1000	79	28	952	79	981
3		122	85	977	124	1067
5		170	144	1003	176	1162
10		324	298	1070	355	1436

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £324 if income is distributed and £355 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.00% a year to 3.57% a year if income is distributed and to 3.68% if income is reinvested. The Annual Management Charge is paid out of capital, and other expenses are paid out of income.

Rathbone Smaller Companies Fund

Spread 6%, Annual and Administrative Charge 1.58%, Net Income Yield 1.60%

At end of year	Investment to date £	If income distributed		What you might get back £	If income reinvested	
		Effect of deductions to date £	Income to date £		Effect of deductions to date £	What you might get back £
1	1000	79	13	967	79	981
3		122	41	1025	123	1068
5		173	70	1086	176	1162
10		339	150	1254	354	1437

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £339 if income is distributed and £354 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.00% a year to 3.65% a year if income is distributed and to 3.69% if income is reinvested. The Annual Management Charge is paid out of capital, and other expenses are paid out of income.

Rathbone Special Situations Fund

Spread 6%, Annual and Administrative Charge 1.59%, Net Income Yield 0.01%

At end of year	Investment to date £	If income distributed		What you might get back £	If income reinvested	
		Effect of deductions to date £	Income to date £		Effect of deductions to date £	What you might get back £
1	1000	79	0	981	79	981
3		124	0	1067	124	1067
5		176	0	1161	176	1162
10		355	1	1435	355	1436

The last line in the table shows that over 10 years the effect of total charges and expenses could amount to £355 if income is distributed and £355 if income is reinvested. Putting it another way, this would have the same effect as bringing investment growth from 6.00% a year to 3.68% a year if income is distributed and to 3.68% if income is reinvested. All charges and expenses are paid out of income (capital may be used where there is insufficient income).

Rathbone Unit Trust Management Limited

159 New Bond Street, London, W1S 2UD

Information Line: 020 7399 0399

Telephone: 020 7399 0000

Facsimile: 020 7399 0057

Email: rutm@rathbones.com

Website: www.rutm.com

Copies of the Prospectus, the latest Manager's report and the Trust Deed in respect of each fund are available on request, free of charge, from the Manager.

Historic TER figures are available on request, free of charge, from the Manager.

Authorised and regulated by the Financial Services Authority

A member of the Investment Management Association

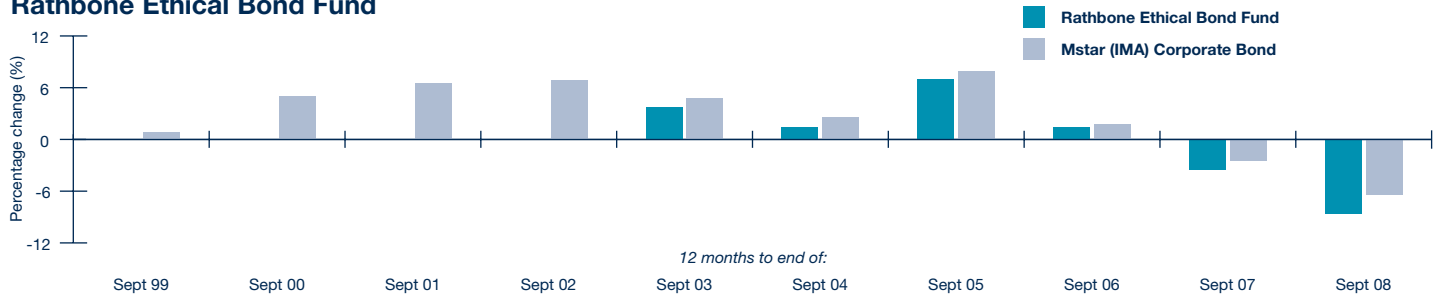
A member of the Rathbone Group

Registered No. 2376568

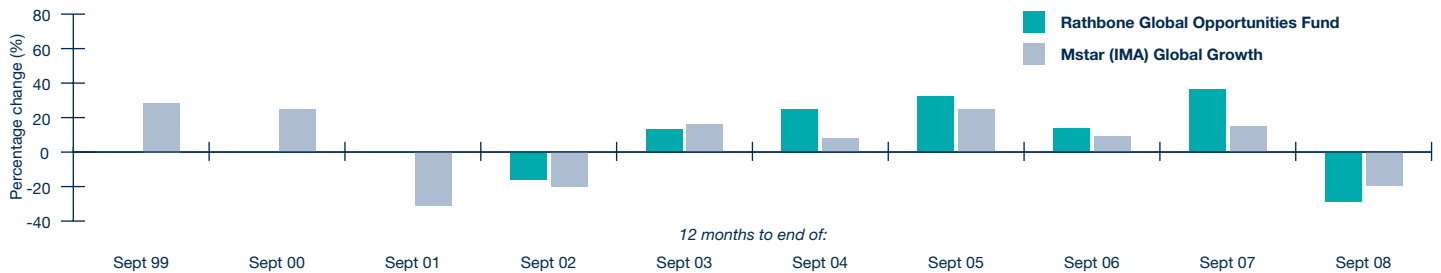
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Discrete Annual Performance

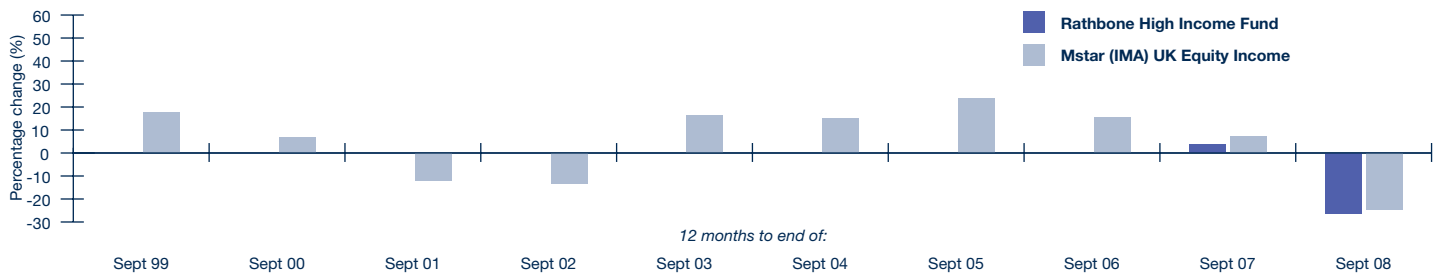
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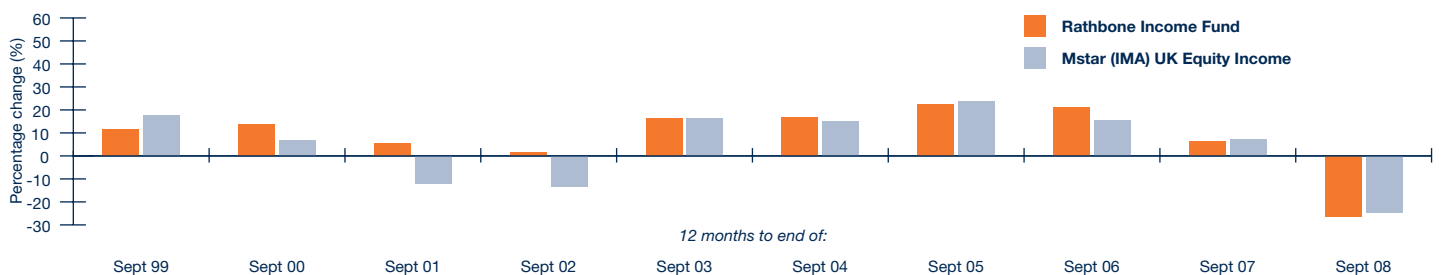
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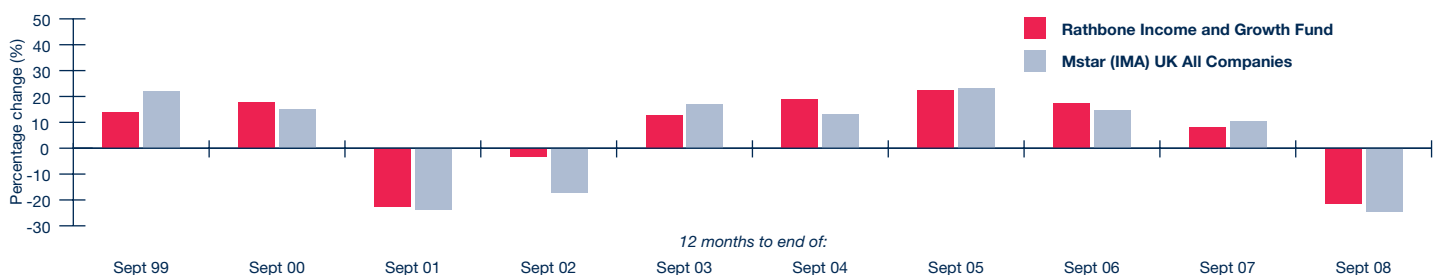
Rathbone High Income Fund



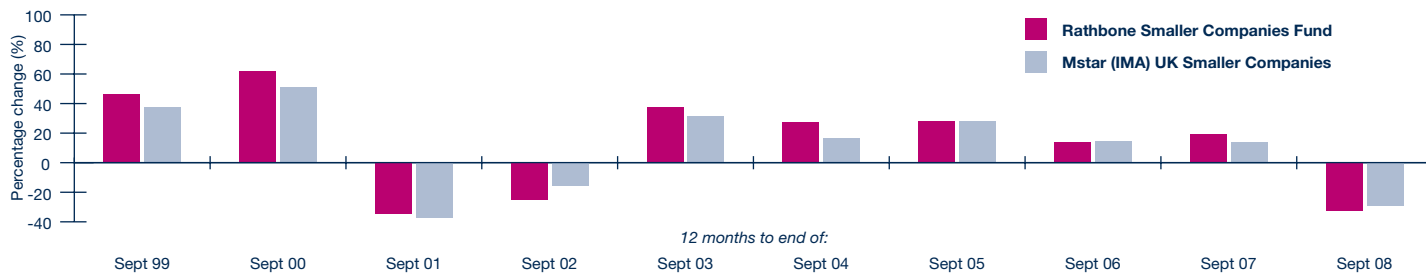
Rathbone Income Fund



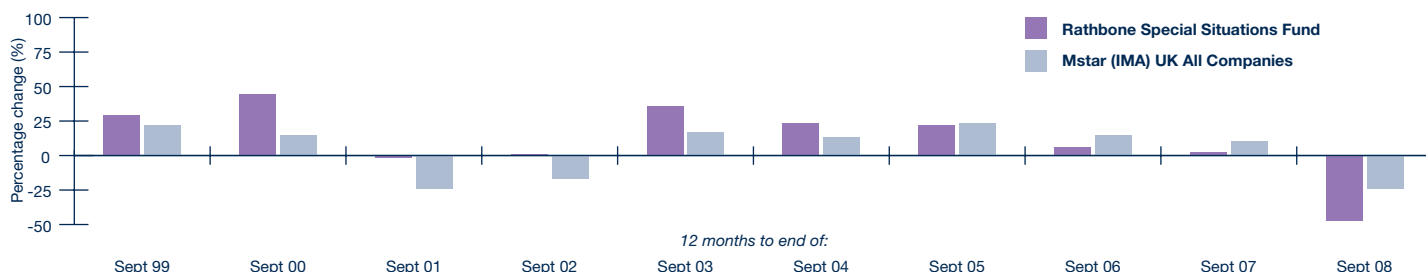
Rathbone Income and Growth Fund



Rathbone Smaller Companies Fund



Rathbone Special Situations Fund



Portfolio Turnover Rate

Given that each trade (a purchase or a sale) carries a transaction cost to the fund, it is important to monitor the rate at which stocks are bought and sold in a period (the PTR). The PTR equals the value of purchases or sales of a portfolio's stocks, whichever is less, divided by the average value of the portfolio's stocks. A 100% portfolio turnover rate occurs if all stocks, on average, are replaced once during the period.

Fund:	Portfolio Turnover Rate	
	Month of September 2008	Year end to September 2008
Rathbone Ethical Bond Fund	4.14%	142.29%
Rathbone Global Opportunities Fund	6.17%	48.80%
Rathbone High Income Fund	3.16%	81.66%
Rathbone Income Fund	3.07%	35.03%
Rathbone Income and Growth Fund	-0.49%	45.88%
Rathbone Smaller Companies Fund	3.75%	83.13%
Rathbone Special Situations Fund	0.81%	37.95%

The annual PTR has been calculated according to the following formula:

$$\frac{(\text{Stock purchases} + \text{stock sales}) - (\text{unit creations} + \text{unit cancellations})}{(\text{Average fund value over 12 months})} \times 100$$

Annual PTR Figures are available from our website www.rutm.com

Rathbone Unit Trust Management Limited

159 New Bond Street, London, W1S 2UD
 Information Line: 020 7399 0399
 Telephone: 020 7399 0000
 Facsimile: 020 7399 0057
 Email: rutm@rathbones.com
 Website: www.rutm.com

Fund and sector performance – Data Source – © 2008 Morningstar, Inc. All rights reserved. Morningstar, bid to bid, net income re-invested.

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.

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