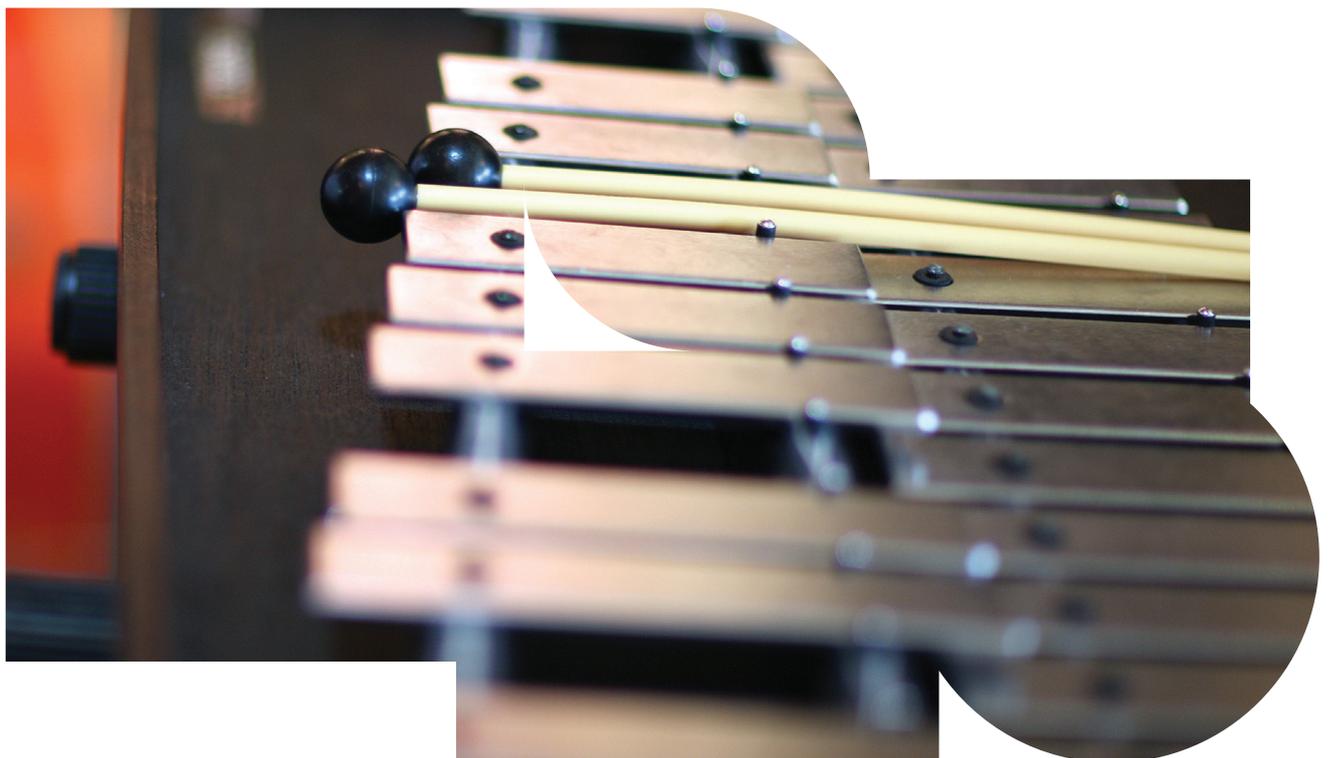


Rathbone Heritage Fund Proposition



Contents

- 02 Broad definition
- 02 What is the proposition?
- 02 Why create this fund in this way?
- 03 What will you get from the fund for your clients?
- 03 Who should own the fund?
- 03 Why do you and your clients need the fund?
- 04 Who is managing the fund?
- 05 Performance – what can be expected?
- 06 What will the fund not aim to do?
- 06 What will the fund aim to do?



Rathbone Heritage Fund

Our long-term value proposition: long-standing team, robust process, high-end service quality.

What we offer you is always driven by our investment capability. The Rathbone Heritage Fund is a logical, global extension of our income range, exploiting our value expertise, this time in a total return fund.

Broad definition

1. A stock-picking fund based on the Rathbone income team's investment process.
2. A focused global fund. We have used the expertise that has established the Rathbone Income Fund to create a value-driven, total-return-oriented (rather than income) fund.
3. We seek to build you a portfolio that preserves capital and generates long-term returns.
4. We wish to identify businesses about which we, as a team, feel passionate.

What is the proposition?

1. The fund has great flexibility – unconstrained but within a strict investment process. You should look at it in absolute terms, rather than in relation to a particular style or peer group.
2. Rather than worrying about the short-term movements up or down in prices, your clients really care about whether their investments go down, and stay there. It is only logical, therefore, that we define risk as the threat of a permanent loss of capital.
3. The team is passionate about how they believe this fund should be run. What motivates them is being able to offer a high level of client service and dialogue in a world that lacks loyalty long-term. They have their own money invested in the fund so their interests are aligned with your interests.

Why create this fund in this way?

The fund's flexible, focused and transparent structure addresses many of the flaws in the fund management industry that have tended to generate mediocre results for fund investors over the last ten years and beyond. The fund is designed to deliver your clients high, risk-adjusted returns through the investment cycle.

Flexible

1. The fund has the flexibility to invest where there are the greatest opportunities, regardless of sector classification, market capitalisation, geographical listing, or benchmark inclusion.

We avoid the limitations of narrowly defined mandates, which tend to compromise risk and opportunity by restricting the investment universe.

2. Cash management is a differentiating factor, using cash as a tool for risk mitigation rather than generating returns – strategically used, not fully invested regardless of price.

Cash is raised when opportunities are scarce and deployed when assets are cheap.

3. The fund has a global remit and there are no geographic restrictions.

4. There is no income requirement. Whilst the fund's objectives do not include an explicit income requirement, our approach places a premium on companies that pay high and growing dividends.

Key takeaways – flexibility

- No benchmark
- No geographic restrictions
- No income requirement
- Active cash management

Focused

1. We buy high quality companies at cheap prices. The fund focuses on risk management through the selection of the best companies at the best prices. This is the most effective way to avoid losses and deliver superior long-term returns.

2. The portfolio is concentrated. A conservative attitude to stock selection is concentrated in a portfolio of around thirty investments, diversified by sector and earnings risk exposure. Beyond this, we believe diversification dilutes returns by introducing extra trading costs and weaker investment ideas.

Investments are bought and held for as long as they fit our criteria, giving access to compound growth in capital and income.

3. We do not track an index or follow the 'herd'.

We aim to outperform through our own independent thought.

Key takeaways – focused

- High quality companies at cheap prices
- Low turnover, buy and hold for compound growth
- Concentrated 30 stock portfolio

Transparent

1. A simple, transparent fee structure – the level of management fee reflects the level of service.

There will be no sign-up or redemption fees and no hidden charges. We favour a simple 'institutional' rate of 0.75% per annum, plus an additional 0.15% per annum administration fee charged to the fund.

2. Selected marketing allows advisers and their clients to build a deep long-term understanding of the fund.

Through close and personal contact and dialogue, we create stability in the fund.

3. To further align our interests with those of unitholders, the fund manager will 'eat his own cooking' by investing his own money into the fund.

Key takeaways – transparent

- Simple fee structure
- Selectively marketed
- Investing alongside the managers
- Management from the wholly-owned subsidiary of a FTSE 250 company

“Flexible, focused and transparent.”

“Flexible – investing where there are the greatest opportunities.”

What will you get from the fund for your clients?

1. Your clients will own a long-term vehicle aimed at wealth preservation – a fund seeking equity returns, but with lower risk.
2. You will get a selectively-marketed service. Close contact with our team means that you can keep a close and personal eye on the fund and be able to judge it's continued suitability for your clients.
3. You will get a transparent two-way connect with the investment team. This gives you peace-of-mind through a clear understanding of how the fund is expected to perform given market conditions. The fund benefits from the stability of fund flows that such understanding brings – the team is able to manage the fund in pure form, acting as opportunities arise.

Why do you and your clients need the fund?

With the Retail Distribution Review (RDR) industry environment now in place, we believe that the structure of the fund is closely aligned with the needs of your client. They are more worried about capital preservation and growth over the long-term at lower volatility levels than short-term sector rankings. This is deeply aligned with our private client ethos and philosophy.

Is this fund for you and your clients?

1. Having a conservative approach, the fund is likely to outperform falling markets and keep in touch with 'bull' markets to generate attractive long-term returns. We call this 'winning by not losing'.
2. The fund will perform very differently to passive equity funds and will appeal to anyone that subscribes to our methodology. Selective marketing means that asset-gathering focuses on our clients that fully understand and buy into the concept and process behind the fund.
3. It is appropriate for those with long-term objectives and liabilities.
4. The investment style and high level of service are aimed at meeting the requirements of family offices, high net worth individuals, charities, endowments, and pension funds.



“Better informed clients make better partners.”

Who is managing the fund?



Carl Stick

Carl is a Board Director of Rathbone Unit Trust Management and plays a key role in the development of Rathbone's investment process. He is also the manager of the Rathbone Income Fund, which he has been running since January 2000. He is I.I.M.R. qualified and a Fellow of the Securities Institute.



Kate Pettem

Kate works within the team as an investment analyst. She joined Rathbones in September 2012, having worked as a senior analyst at UBS. Originally from Canada, Kate has over twenty five years of investment experience, both as a fund manager and an analyst, focussing for much of that time on North American equities. A graduate of the University of Toronto, Kate holds the Securities and Investment Institute, Certificate of Securities and is a CFA (Chartered Financial Analyst) charter-holder.



Siyuan Lin

Siyuan works within the investment team as a global equity analyst with specific reference to Asian markets. She joined Rathbones in April 2013, having worked as a Research Analyst for three years in Martin Currie's emerging market team. She holds the Investment Management Certificate and is a CFA (Chartered Financial Analyst) charter-holder.



Neil Smith

Neil Smith works within the investment team as a research assistant; providing in-depth investment analysis with a focus on sustainable investment. He graduated from Plymouth University with a Bachelor of Science degree in law and politics. Neil has over eight years' experience working for Rathbone Unit Trust Management. He holds the Investment Management Certificate.



“A strong and consistent team with rare longevity and expertise.”

“Focused – a concentrated global fund for long-term investment.”

Performance – what can be expected?

In the short-term

1. In difficult markets, the fund should outperform because of its robust approach to risk management through careful stock selection.
2. In more speculative markets, the fund is likely to lag.
3. The ‘cost’ of any short-term underperformance is outweighed by attractive risk-adjusted returns through the investment cycle.

In the medium-to-long-term

1. The fund aims to minimise losses through diligent stock selection. Compound growth in capital and income should take care of the rest.
2. Protection against the longer-term threats of higher inflation and interest rates is provided by companies with:
 - Durable earnings from strong competitive positions
 - Robust balance sheets
 - Cheap share prices with a wide margin of safety
 - Growing dividends

“Your close two-way connect with the investment team – gives you peace-of-mind from a clear understanding of how the fund is expected to perform in different market conditions.”





What will the fund not aim to do?

- The fund will not chase short-term performance.
- The fund will not target a yield.
- We will not chase assets across the retail market.
- The fund will not succumb to peer group comparison.
- We will not pursue lower quality companies with a hope of improvement.
- We will not try to diversify by adding significantly more stocks to the portfolio.

What will the fund aim to do?

- Take a long-term perspective.
- Management based on risk = permanent loss of capital.
- Management using a conservative approach.
- Have stability of fund flows through understanding and transparency.
- Emphasising the importance of dividend investing for superior long-term returns.
- Clear and simple approach – thinking and acting differently to the market.

“Our investment process is our competitive advantage.”

Rathbone Unit Trust Management Limited

8 Finsbury Circus, London EC2M 7AZ

Tel 020 7399 0000

Fax 020 7399 0057

Information line

020 7399 0399

rutm@rathbones.com

rathbonefunds.com

Authorised and regulated by the
Financial Conduct Authority

A member of the
Investment Association

A member of the Rathbone Group.
Registered No. 02376568

Rathbones
Look forward