Rathbone Multi-Asset Strategic Income Portfolio Value Assessment

Accounting year end at 30 September 2020

Rathbones
Look forward

Dear investor,

It's important to us that we continually adapt to best serve our investors. To us, this means ensuring that you and all of our other investors are always treated fairly, that we spend time and resource continually improving our business and that we strive to cultivate a positive and diverse culture where our team members can grow. Value for us is more than just looking, in isolation, at the fees you pay, or the performance of your fund.

As we begin 2021, we are excited for the challenges and opportunities that await us. In March last year, many of our funds experienced short-term losses as the global markets fell sharply on the news of coronavirus spreading to the West. Volatility has continued through the last few months, with the US election, Brexit and the mutation of Covid-19 causing further economic lockdowns. However, by ensuring that we stayed true to our investment philosophy and process, the funds have performed well through this period.

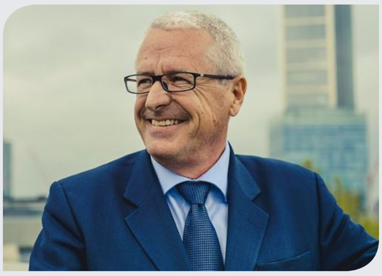
With the vaccine roll out beginning across the globe, we can see the light, but certainly have some way to go before we are at the end of the tunnel. Through this uncertainty, we continue to focus on supporting our staff, so we can continue to deliver the level of service and investment professionalism our investors are accustomed to.

We also continue to use this opportunity to refine how we look after your investments. Following the crash in March, the majority of our funds have recovered and are once again meeting their performance objectives.

I am happy to report the Rathbone Multi-Asset Strategic Income's Portfolio has met its return and volatility objectives over its recommended holding period of five years in the period covered within this report.

As we begin 2021, I thank you for your continued support and send my best wishes to your families and colleagues for the winter months still ahead of us. If you have any questions about the Rathbone Multi-Asset Strategic Income Portfolio's value assessment or any suggestions on how we can improve, please get in touch

Best wishes,



Mike Webb
CEO, Rathbone Unit Trust Management

Who are Rathbones?

We have been in business since 1742 and are listed on the FTSE 250. We provide individual investment and wealth management services for private clients, charities, trustees and professional partners. We see it as our responsibility to invest for everyone's tomorrow.

Rathbone Unit Trust Management Limited is the asset management arm of Rathbone Brothers Plc. and a leading UK fund manager. Through its subsidiaries, Rathbone Brothers Plc. manages £50.5 billion of clients' funds, of which £8.7 billion is managed by Rathbone Unit Trust Management (as at 30 September 2020).

What is a value assessment?

Our regulator, the Financial Conduct Authority (FCA), has asked us to assess the value of our funds.

Assessing value is much more than just looking at the fees which you, our investors, pay or the performance of your fund in isolation. Considering this, we have designed an assessment which looks at nine criteria. We have also appointed an independent research firm, Square Mile Investment Consulting & Research, to provide an impartial report on the value our funds offer compared with the market.

It is the responsibility of our board of directors to consider the outcomes of these assessments, ensure they are clear and fair, and then communicate to you, our investors, if we have delivered value. Or, if not, where we need to improve.

How are we doing?

It is important to us that our value assessments are informative, useful and easy to understand. There is little value in us bombarding you with technical jargon and analysis, so we have tried to explain things simply, in plain English.

We are always looking for ways to improve, so if you have any suggestions on how we can do better, please let us know by emailing rutm@rathbones.com.

Our assessment of the Rathbone Multi-Asset Strategic Income Portfolio

Our assessment criteria

In this section, we consider the nine areas we have assessed, both what we offer as a business, and the topics that are specific to each fund.

We conclude if our funds offer good value for money, offer value for money, or don't offer value for money.

If a fund doesn't offer value for money, we will detail the actions we will take.

Contents

Assessment criteria which cover our entire fund range:

Assessment criteria which are fund specific:

Key

- Fund offers good value for money
- Fund offers value for money but merits action or further monitoring
- Fund does not offer value for money
- The assessment criteria is not applicable

Assessment outcome

The board of directors concluded the Rathbone Multi-Asset Strategic Income Portfolio offers good value for money.

1. Improvements to our business

What does this section cover?

We are always striving to improve the services we offer. In this section, our board of directors considered all the projects we are carrying out to improve our business. These projects can have a direct impact on you, our investors, such as a reduction in fund costs, or an indirect impact through our business operating more efficiently.

Assessment summary

We have initiated, reviewed and completed several projects over the last 12 months. The most notable have been:

- In response to the impact of Covid-19, we have focused on several initiatives to increase client communication and awareness, ensuring everyone was kept up to date through the uncertainty.
- We have focused heavily on employee welfare over the last 12 months and have completed several successful initiatives to support our team members. We believe a happy, healthy team is what makes a great business.
- We have implemented a state-of-the-art liquidity management system to fully automate our liquidity risk monitoring capabilities.
- We have continued to build and expand our approach to Responsible Investment – more information can be found on our website.

Assessment outcome

Our board concluded that we have invested significant resources this year to improve our business, and this has had a positive impact on our investors.

2. Corporate culture

What does this section cover?

We believe the right corporate culture encourages positive behaviour which ultimately benefits you, our investor. In this section, our board of directors review several metrics to allow them to determine if our business has a positive corporate culture.

Assessment summary

Our board assessed metrics specific to Rathbone Unit Trust Management. The assessment of our corporate culture considers different aspects of our business. This includes how we demonstrate our values: to be responsible, to show courage, to work together and always be professional, the results of our employee engagement survey, our employee retention rate and how we invest into our business and people to attract and retain talent.

Rathbones has taken a number of steps to improve diversity at a wide-range of different levels throughout the organisation, including signing up to the Women in Finance Charter and a commitment to support the progression of women into senior roles within our business. Rathbone Unit Trust Management recently appointed a female non-executive to the RUTM Board and also prides itself on hiring from a range of nationalities and socio-economic backgrounds.

We believe it is in the best interests of our clients that the companies we invest in adopt best practice in corporate governance. Mindful of our responsibilities to you, our investors, we seek to be good, long-term stewards of the investments which we manage on your behalf and we fulfil our fiduciary duty by voting on, and engaging with, the companies in which we invest.

Assessment outcome

Our board of directors concluded, based on the available metrics, that Rathbone Unit Trust Management has a positive corporate culture.

3. Quality of service you receive

What does this section cover?

Service is more than just how fast we reply to an enquiry. When we consider the services we provide, we look at the breadth of knowledge and expertise of our fund managers and the analysts that support them, the qualifications we offer our employees to ensure they continually grow, and how efficient we are when trading on your behalf. This section assesses the range and quality of services we provide you. We have considered both the quality of service that we provide you directly, as well as the quality of services that we procure on your behalf.

Assessment summary

In our assessment of quality of service, we considered a range of different areas. The most notable were:

- Covid-19 crisis. In light of the uncertainty that has surrounded so many of us during the course of the year, we have improved the different methods we use to keep you updated about what is happening with your investments, and have increased the different platforms we use to do this.
- Professional development. The average number of hours our staff undertake continuous professional development (CPD) greatly exceeds the regulatory requirement. Over the last year, the 32 RUTM Certified individuals have completed over 1,500 hours of training and development. Rathbones also actively supports employees in undertaking additional professional qualifications, such as the Chartered Financial Analyst qualification.
- How we vote on your behalf. Where voting rights allow, we actively engage with companies we invest in on environmental, social and governance issues and publish a report annually about how we have voted. This is available on our website.
- Our research and investment processes. Both of these processes are personal to each fund management team, as we believe their knowledge and expertise add significant value to your investments. Their individual processes are scrutinised twice a year by our chief investment officer who ensures that each of our managers employ robust processes to select appropriate investments and fulfil the requirements of their fund's investment mandate.
- The services we receive on your behalf. These are managed by our operational oversight team and governed by our outsourcing governance committee.
- How we handled complaints. We reviewed how many complaints we received and how quickly we resolved them.
- How well we traded. We reviewed the transaction costs associated with our funds, which is an indicator of how efficiently we trade on your behalf.

Assessment outcome

Our board of directors concluded that, based on the areas assessed, Rathbone Unit Trust Management offers a good quality of service.

The board noted the substantial investment by Rathbone Brothers Plc., the parent company of Rathbone Unit Trust Management, into environmental, social and governance considerations and will continue to monitor the effectiveness of this investment within Rathbone Unit Trust Management.

4. Performance of your fund

What does this section cover?

We check how our funds have performed against their objectives, after all fees have been paid, to see if we have delivered what we aimed to achieve.

If a fund has underperformed its benchmark, we explain why and assess whether the fund has invested in line with its 'mandate'. A fund's mandate is the investment strategy which was designed by the fund manager and agreed by our chief investment officer; it dictates *how* a fund manager can invest.

We also measure each fund's performance against a 'cash' benchmark to give you an idea of how your money would have grown in a UK bank account versus investing in our fund. We use the Bank of England base rate to approximate the interest you may have received in a bank account.

Why is the investment objective of a fund important?

The objective of a fund is important because it shows how a fund aims to perform. When we assess a fund's performance, we do so relative to its objective.

You'll notice that our funds' objectives are measured over three, five or 10 years. This is the time period you should plan to invest for – a 'recommended holding period'. Each fund's recommended holding period was chosen based on the historic performance of the fund and how we expect the fund to perform in the future. This doesn't mean the objective of the fund is guaranteed and there is always a chance you will get back less than you had invested.

This also means that the fund may perform very differently to the objective in the short-term. For example, returns or volatility could be much less, or much more, than the stated objective if measured over, for example, a six-month period.

Our assessment is based on a number of factors. We assess the fund against its objective while considering the prevailing economic and market backdrop, how the fund manager's investment philosophy and process should have performed, and how we believe the fund may perform in the future.

It's important to understand that sometimes a fund could underperform its objective, even though the fund manager is investing in line with their investment policy (which financial instruments they are allowed to invest in) and their investment process (how they pick their investments). This can be because of a general market downturn that affects all the assets a fund manager might invest in. Underperformance could also happen because the type of assets a fund invests in, or its 'style' of investment, is 'out of favour'.

What is the objective of the Rathbone Multi-Asset Strategic Income Portfolio?

We aim to deliver an income of 3% or more each year. We also aim to deliver a greater total return than the CPI measure of inflation +3%, after fees, over any rolling five-year period by investing with our Liquidity Equity Diversifiers (LED) framework. Total return means the return we receive from the value of our investments increasing (capital growth) plus the income we receive from our investments (interest and dividend payments). We use the CPI +3% as a target for our fund's return because we aim to grow your investment above inflation.

We aim to deliver this return with no more than two-thirds of the volatility of the FTSE Developed stock market Index. As an indication, if global stock markets fall, our fund value should be expected to fall by around two-thirds of that amount. Because we measure volatility over a five-year period, some falls may be larger or smaller over shorter periods of time. We aim to limit the amount of volatility risk our fund can take because we want our investors to understand the risk they are taking in terms of the global stock market.

Who looks after the Rathbone Multi-Asset Strategic Income Portfolio?

David Coombs is head of the team that is responsible for managing the Rathbone Multi-Asset Portfolio funds. He joined Rathbones in 2007 after spending 19 years with Baring Asset Management where he managed multi-asset funds and segregated mandates. He began his career with Hambros Bank in 1984.

Will McIntosh-Whyte is a fund manager on the Rathbone Multi-Asset Portfolio Funds, the offshore Luxembourg-based SICAVs, as well as the Rathbones Managed Portfolio Service (MPS), working alongside David Coombs. He joined Rathbones in 2007, having worked previously as a specialist researcher for Theisen Securities. Will was appointed as an investment manager in 2011, running institutional multi-asset mandates and is a member of Rathbones' Fixed Income Funds Committee.

Assessment summary

The objective of the Rathbone Multi-Asset Strategic Income Portfolio aims to deliver an income of 3% or more each year. We use the CPI +3% as a target for our fund's return because we aim to grow your investment above inflation.

We also measure our fund's performance against a 'cash' benchmark to give you an idea of how your money would have grown in a UK bank account versus investing in our fund. We use the Bank of England base rate to approximate the interest you may have received in a bank account. The fund was launched on 1 October 2015. If you had invested £1,000 in a UK bank account on the same day as the fund was launched, you would have received approximately 2.39% or £24. If you had invested £1,000 in our fund, you would have received 27.02% or £270.

Assessment outcome

Our board of directors concluded that the Rathbone Multi-Asset Strategic Income Portfolio has consistently met its objective and outperformed its benchmark.

5. Costs charged to the fund

What does this section cover?

In this section we assess the costs charged to the fund, which are paid by you in order to invest in our fund. We assess whether these costs are reasonable for the level of service we provide you (or the level of service we receive from third-parties on your behalf).

Understanding fund costs

Fund costs are complicated. The most important cost for you to understand is the ***total cost of your investment***, as this is how much you pay every year to invest your money into our fund.

The ***ongoing charges figure (OCF)*** is the easiest cost to compare between funds, which we also refer to as the ***UCITS total cost of investment***. You can find this cost on all funds' Key Investor Information Documents (KIIDs).

The total cost of your investment is expressed as a percentage. You can work out roughly how much you pay per year by multiplying the value of your investment by the percentage cost.

If you invest in funds using the services of a financial adviser or through an investment platform, on top of the fees you pay for investing in our funds, they will also charge you additional costs. You can request a breakdown detailing the full fees you pay, including the fees you pay for our funds, from your financial adviser or investment platform.

Explaining the different parts of fund costs

It's not essential that you understand the underlying cost components when investing in our funds, but we know it can be useful, so we've broken it down below.

The cost of investing in a fund		Which can be compared to...	The cost of running a football club	
Annual management charge (AMC)	This is the fee you pay us to pick the best investments for the job and manage your money.	→	**Football manager's salary**	This is the salary the club pays the football manager to develop strategy and pick the best players for the job.
Other costs	These are the fees you pay for services used to run the fund (such as auditor's and trustee's fees). Some fund managers charge a fixed fee. We only charge you for services used to run the fund you had invested in. We pay a number of costs on behalf of our funds. For example, in 2019 we paid £912,740 for research the fund managers used to invest in stocks.	→	**Cost of running the football club**	This is the cost of maintaining the football club's arena (such as maintaining the pitch and printing tickets).
Transaction costs	These are the costs you pay when our fund managers buy and sell investments in the fund on your behalf. This includes **explicit** transition costs (such as tax and broker commission) and **implicit** transaction costs (which are intangible and represent the opportunity gained or lost when the price of an investment moves whilst a fund manager is trying to buy that investment).	→	**Cost of buying and selling football players**	This is the commission the club pays to an agent for organising the sale and purchase of a football player. It is also the % difference in cost between the price for which bidding starts for a player, and the price you eventually end up paying. For example, you start bidding for a player at £1,000,000 and end up paying £1,100,000. Your implicit transaction cost would be 10%.

Explaining the different ways to calculate costs

As we are bound by two different regulations, which are dictated by the Financial Conduct Authority, we have to publish costs based on two different calculations. These regulations are called **UCITS** and **MiFID II**. You will see these terms throughout this report.

Very simply, MiFID II costs include transaction costs, or in our example, the cost of buying and selling football players. UCITS costs do not include transaction costs.

In practice, the way these costs are calculated are much more complicated than how we've explained here. If you would like more information on the technicalities of fund cost calculation, please get in touch.

Assessment summary

Below are the costs in the Rathbone Multi-Asset Strategic Income Portfolio:

Cost	UCITS costs	MiFID II costs
AMC	0.50%	0.50%
Other costs	0.25%	0.33%
Transaction costs	n/a	0.09%
Total cost of investment	**0.75% (OCF)**	**0.92%**

This means if you invested £1,000 for one year, you would be charged £7.50 (calculated using the UCITS total cost of investment).

Assessment outcome

The board of directors concluded that, when reviewed against the Rathbone Multi-Asset Strategic Income Portfolio's performance, all charges are reasonable, with several initiatives in the business being established to actively reduce other costs and transaction costs.

6. Economies of scale

What does this section cover?

When funds get bigger, you pay proportionally less for the fixed costs of running the fund. For example, when a fund grows considerably, the management company should be able to negotiate lower costs on your behalf. This is called economies of scale – a proportionate saving in cost gained by an increase in scale or size. In this section, we assess if all economies of scale have been passed onto you, the investor.

Some asset managers charge a fixed percentage admin fee, so it doesn't matter how large the fund grows, investors don't benefit from the saving in cost gained by an increase in fund size. We only charge for services used to run the fund and never charge a fixed percentage admin fee, so as our funds grow, you benefit from lower fixed costs.

Some asset managers tier their annual management charges based on the size of their funds. We think this is an unsustainable method to pass on economies of scale. In the event of a market correction where a fund is significantly reduced in size, we wouldn't want to ask you to pay more for the management of your investment. For this reason, we have chosen not to tier the annual management charges of our funds.

We will continue to monitor the annual management charges of our funds to ensure they are appropriate.

Assessment summary

All costs charged to the Rathbone Multi-Asset Strategic Income Portfolio have been assessed to determine if all available benefits from economies of scale were passed on to you, our investors.

Assessment outcome

The board of directors concluded all available economies of scale have been passed on to the Rathbone Multi-Asset Strategic Income Portfolio's investors.

7. Costs compared to the fund's peers and sector

What does this section cover?

It's important that the costs of our funds reflect the service you receive. We believe that cost cannot be assessed in isolation alone and must be considered alongside a fund's performance, the type of assets in a portfolio and the quality of services that we offer. We do not believe that value means selling our services at the cheapest price.

We assess our funds based on their performance, taking into account the cost you paid to invest, against an independently selected peer group and the wider market sector. In other words, how much you got for the fees you paid us, against what you would've got if you'd invested with any of our peers. We consider the results of this analysis keeping in mind the service Rathbones provides and the prevailing economic and market backdrop.

Assessment summary

Share class	Total UCITS costs	Total MiFID II costs
S-class	0.75%	0.92%

Assessment outcome

Our board of directors concluded that, when reviewed against its performance, the Rathbone Multi-Asset Strategic Income Portfolio's costs offer good value for money.

8. The difference between share classes

What does this section cover?

Investment funds can offer different share classes. Share classes usually have different investment minimums (the minimum amount you need to invest) and different costs (how much you pay annually for your investment). Although share classes have different investment terms, they all invest in the same fund.

The larger the investment minimum, the lower the charge for managing your investment. This is similar to getting a cheaper price for buying product in bulk rather than buying one at a time. For this reason, when you invest through a third-party like an investment platform or a financial adviser, your money is pooled with other people's money and you may have access to a cheaper share class than if you were to invest directly with us. In this section of the assessment we have determined if unitholders are invested in appropriate share classes.

Assessment outcome

Our board of directors concluded that the Rathbone Multi-Asset Strategic Income Portfolio has only one share class.

9. Your fund compared to similar investment services we offer

What does this section cover?

It's important to us that all our investors receive fair investment terms when they choose to invest their money in Rathbone funds. In this section, the board considers the investment terms that we offer you compared with those we offer our institutional and international investors. Comparable services include the international range of Rathbone funds which are registered in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier and 'segregated mandates', which are pots of money managed by our fund managers separately from our UK fund range for large institutional investors.

Assessment summary

The team that manages the Rathbone Multi-Asset Strategic Income Portfolio manages three institutional segregated mandates which follow similar strategies.

Assessment outcome

Our board of directors concluded that investors receive fair investment terms when compared to those invested in comparable services.

Glossary of terms

AMC	Annual Management Charge
FCA	Financial Conduct Authority
MiFID II	Markets in Financial Instruments Directive II
OCF	Ongoing Charge Fee
UCITS	Undertakings for the Collective Investments in Transferable Securities

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

Rathbones
Look forward

7133.01.21