

**SHINING A LIGHT ON.....
RATHBONE GLOBAL OPPORTUNITIES FUND**

Update....

We have in the past reviewed the process behind the fund. It is a good global fund and will appeal to investors. One concern which remains is that it is not a true global fund with a heavy bias to the US (currently 65%) and no exposure to Japan and Emerging Markets.

In all the updates with the manager you feel that he plays to his strengths and therefore avoids areas he doesn't know as well. This is not a negative but for those investors searching out a true global fund this fund may not appeal.

The fund is not large in comparison to other global funds which can be advantageous (i.e. it can invest on a more multi-cap basis) and interestingly they have recently appointed a co-manager.

James started by explaining that recent volatility has made it harder for active managers to outperform over the short term. He started by outlining where the fund has underperformed and where it has done well.

Small and mid-cap have underperformed over the last quarter and 30% of the fund is invested in this area. Some areas of retail have hurt the fund as has industrials and being underweight in utilities (which was up over 30%) and healthcare hasn't helped.

What has helped is the strong weighting to US stocks and the US dollar, being underweight oil and gas and being zero weighted to emerging markets (especially Russia and Brazil).

Some of the poor stocks included ASOS and Hargreaves Lansdown which they have now sold out of and on the plus side include Signet Jewellers and Restoration Hardware both of which demonstrate that selective retail investments have performed well for the fund.

Other holdings they like include Carmax who sell used cars offering a no haggle policy and guarantee to buy your old car and Constellation Brands which sell Corona and Modelo which are increasingly popular in the US.

Often listening to the manager we feel we are listening to a US fund manager with a bit of exposure to global stocks. His underweights in Japan and Emerging Markets reflect a focus on developed markets and his overweight to the US does make this difficult to blend.

His concerns over emerging markets are around oil and the instability this may cause especially with Russia and Venezuela and the potential contagion impact. He also has concerns about China and that this is reversing and therefore the potential fallout from this.

With the US although the fund is heavily skewed to this area he does have concerns that job growth is flat, pointing to the fact the figures in Texas are not a reflection of all of the US but he does believe the oil prices are benefiting the US consumer.

In conclusion this is a well-managed fund but it worries me that this is not a true global fund. He has been able to deliver good numbers and this may be because the US has been one of the strongest regions for the last two years. He is concerned about short term volatility and clearly he is trying to

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avoid areas where this may spike. For investors looking for a true global fund then perhaps this won't appeal but for those looking for a developed market global fund with a bias to the US then this may be a good option.

Fund performance

Performance over the last five years is shown below:

	2010	2011	2012	2013	2014
Rathbones Global Opportunities Fund	26.59%	-4.67%	9.52%	26.09%	8.74%
Db x-trackers FSE All-World Ex UK	16.83%	-8.33%	9.75%	20.98%	12.06%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

The source of information in this note has been provided by Rathbone and is correct as at January 2015. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well rise.