

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

Update....

The Rathbone Global Opportunities Fund is a good global fund with strong performance but as we highlighted it does favour the US and UK with no direct exposure to Japan and Emerging Markets. There is no doubt that the manager plays to his strengths but for those seeking a truly global fund this might not appeal.

In this update we covered the investment environment, and some of the main holdings (the good and the bad!)

We started by talking about the risks facing the fund; the two main risks seen by James are a weakness in the dollar and a reversal in the direction of China and therefore a resurgence in commodities. Obviously he doesn't feel these will happen but they are risks. What he feels is certain is that we face greater volatility.

He explained that he favours the US which is now back to the top of the global growth chart ahead of China. All the stats from the US are really positive as well – housing and construction are in a strong place, car and truck sales are up and unemployment is down. The average P/E ratio is 15 x earnings and this is slightly behind the long term average.

But investor sentiment is not good and his view is that the valuations are not based in euphoria. If investor sentiment changes then the markets have plenty more to deliver. Even with a rate rise he doesn't see this as a problem. The US makes up 60% of the fund and the UK 20% where he feels there is plenty of good ideas and innovation.

Areas he is avoiding include banks, mining, oil and gas, Japan, utilities, telecom and emerging markets. Areas he likes include the US, UK, specialist retail, online retail, internet and technology, healthcare, industrials, non-bank financials and food and beverage.

We talked about those stocks which haven't work for the fund and that includes Alibaba, Wisdom Tree and Deckers. Alibaba have an 80% market share in China but have suffered significant falls, James sold out in August but continues to watch the stock should opportunities arise in the future. With Deckers their brands include Ugg Boots and have suffered from poor inventory management, James sold out in January. Wisdom Tree is a specialist ETF provider which has suffered recently but they continue to hold.

On the plus side Betfair, Anbarella and Rightmove have all produced strong returns. Betfair has double its share price this year with its active customer base growing due to innovation and more recently it has merged with Paddy Power another innovator in the area of gambling. Anbarella make chips for go pro and are about 1 to 2 years ahead of their competition and Rightmove continues to dominate the market with strong pricing power, its shares did fall last year due to worries on a competitor but this has since corrected.

In summary this remains a good fund with strong performance fundamentals. It will not match all investors needs if they are seeking a truly global fund and that is an important consideration.

LWM Consultants Ltd

Fund performance

Performance between 1 January 2010 and 30 September 2015 is shown below:

	2010	2011	2012	2013	2014	2015
Rathbones Global Opportunities Fund	26.59%	-4.67%	9.52%	26.09%	8.74%	3.87%
iShares MSCI World Dist	11.97%	-7.32%	7.46%	21.87%	10.53%	-5.58%

1, 3 and 5-year performance

	1 Year	3 Years	5 Years
Rathbones Global Opportunities Fund	12.40%	45.84%	66.12%
iShares MSCI World Dist	-0.72%	28.88%	39.08%

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 October 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.