

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

Update....

We last reviewed this fund back in October 2015 and very little has changed with regards to our view of the fund. The Fund Manager, James Thomson, has been involved in the management of the fund since its launch in 2001, taking on full time management towards the end of 2003.

It is a global stock picking fund with currently 55 holdings and a focus on “under the radar” companies. James has the freedom to go where the ideas are, but he does focus more on developed economies rather than emerging markets where there is no exposure. Other areas the fund currently has no exposure to are Banks, Oil and Gas, Mining, Japan, Utilities, Alternative Energy and Telecoms. He added it does mean that if these areas are doing well then his fund will underperform.

Over the long term the fund has a great track record but can lag over the short term. The focus is on the companies; ideas are driven by analysts and his own thoughts. Some of the key things that James likes are easy to understand businesses, durable domination, pricing power, entrepreneurial management and gentle innovation.

He is also looking for companies that can add value to the fund in the short to medium term rather than looking at companies that may take years to come round. So this means avoiding turnarounds, indebted cyclical companies etc.

On the flipside he is not wedded to companies and has a very strict sell discipline, which includes any deterioration in fundamentals, change in legislation, regulation, management or business model and material share price underperformance. Additionally, within Rathbones he has a bi-annual CIO challenge of holdings and positioning.

The fund is currently positioned geographically towards the USA, and sector wise towards Online Retailers, Value Retailers, Food, Beverage and Tobacco, Industrials, Credit and Debit Cards, Internet and Tech, Specialist Financials and Healthcare. Breaking this down the themes he is playing includes:

- Health beauty and wellness – companies include Align, Ulta and Kerry
- Escapism – companies like Activision, EA and Paddy Power Betfair
- Improving Lives – Essilor and Fresenius Medical
- Masters of the web – Amazon, Facebook, Rightmove and Autotrader
- Payment technology – Visa, Mastercard and Paypal
- Smart machines – Infineon, ABB and Rational

Looking at the global economy James feels that there is growth in the economy but it is slow. Market sentiment is bearish and therefore if there are surprises on the upside this could be positive news. With BREXIT and Trump he doesn't feel that either will come to pass, and therefore the volatility on the back of this opens up buying opportunities.

In conclusion this is a well-managed fund with a good long-term management team. This is the only strategy that James manages and he invests his own money in the fund which aligns him with investors. One question mark for investors is the positioning; this is mainly a US, UK and European Fund and therefore you could argue it is not a true global fund.

LWM Consultants Ltd

Fund performance

Performance between 1 January 2011 and 7 June 2016 is shown below:

	2011	2012	2013	2014	2015	2016
Rathbone Global Opportunities Fund	-4.67%	9.52%	26.09%	8.74%	14.75%	1.64%
MSCI World	-6.93%	8.21%	21.79%	9.33%	2.89%	3.18%

1, 3 and 5-year performance

	1 Year	3 Years	5 Years	Since Launch
Rathbone Global Opportunities Fund	6.48%	43.09%	64.18%	211.83%
MSCI World	0.78%	23.02%	45.96%	45.71%

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 May 2016. 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.