

SHINING A LIGHT ON THE.....
Rathbone Multi Asset Enhanced Growth Portfolio Fund

AT A GLANCE

Investment Objective
The objective of the fund is to deliver a greater total return than the CPI measure of inflation + 5%, after fees, over any rolling five-year period by investing with our Liquidity Equity Diversifiers (LED) framework. The fund aims to deliver this return with no more volatility than that of the FTSE Developed stock market index. To meet the objective, the fund manager will invest globally in government and corporate bonds with no restriction on their credit quality, equities, collective investment schemes and structured products. Up to 10% of the fund can be invested directly in contingent convertible bonds.

Inception Date	1 st August 2011
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000MPO5

Management	
Manager Name	Start Date
David Coombs	1 st August 2011

FUND PERFORMANCE

Performance from 1st January 2016 to 30th September 2022:

	2016	2017	2018	2019	2020	2021	2022
Rathbone Multi Asset Enhanced Growth Portfolio Fund	16.06%	15.15%	-6.44%	20.00%	10.70%	15.86%	-18.49%
Morningstar UK Adv Tgt Alloc NR GBP	22.93%	12.43%	-5.13%	18.68%	5.99%	16.31%	-9.32%
CPI + 5%	6.56%	7.97%	7.10%	6.30%	5.59%	10.39%	12.04%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years (pa)	5 years (pa)	Since launch (pa)
Rathbone Multi Asset Enhanced Growth Portfolio Fund	-14.60%	2.84%	4.22%	6.48%
Morningstar UK Adv Tgt Alloc NR GBP	-5.12%	4.39%	5.62%	8.12%

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.

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Tracking Error	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
4.37	-0.22	-	100.13	109.89	50.00	1.01	(1.43)	Growth/Large

Volatility Measurements

3-Yr Std Dev (volatility)	13.35%
3-Yr Mean Return (average)	5.87%

Investment Style Details

Giant	33.13%
Large	29.19%
Medium	23.70%
Small	4.09%
Micro	0.93%

Top 5 Holdings (85 Equity Holdings, 7 Bond Holdings, 72 Other Holdings)

SPDR® Russell 2000 US Small Cap ETF	-	2.77%
SG Issuer S.A. 0%	-	2.21%
Adobe Inc	Technology	1.43%
HgCapital Trust Ord	-	1.40%
iShares Agribusiness ETF USD Acc	-	1.38%

Top 5 Sectors

Industrials	18.92%
Technology	17.88%
Financial Services	15.42%
Consumer Cyclical	12.26%
Healthcare	10.08%

Top 5 Regions

United States	61.46%
United Kingdom	15.55%
Japan	3.75%
France	3.68%
Switzerland	2.58%

Fund Benchmark

Fund Benchmark	CPI +5%
Fund size (Mil)	GBP 225.74
Ongoing Charge	0.63%

Bull points (pros)

- Actively managed multi asset strategy
- Stable and well-respected team
- Offers an alternative source of returns within portfolios
- Ability to adapt to change quickly

Bear points (cons)

- Recent poor performance
- Volatility the same as equities

UPDATE....

The Rathbone team run a range of risk-targeted funds. The Enhanced Growth Portfolio is the highest risk strategy carrying equity type risk. It targets a return of Inflation plus 5% over a 5-year time frame. The strategies use the same investment approach:

- Flexibility – a global unconstrained investment approach
- Daily managed and directly invested
- Robust risk management tools
- Straight forward fund construction

The strategy follows a LED approach:

- Liquidity (assets that be sold easily, which may have low credit risk but may carry interest rate and currency risk). Asset types include cash, US dollars, euros and yen, government bonds and high-quality investment grade
- Equity type risk (equities and all assets expected to be highly correlated with equities during periods of market stress). Asset types include corporate bonds (investment graded and high yield), emerging market debt, global equities and private equities, REITS and commodities
- Diversifiers (low correlation to equities). Asset types include commodities, infrastructure, non G10 government bonds and put options

The discussion centred around their current views and where they see opportunities. The strategy has a reduced exposure to the UK because of the political instability. The mess within the UK was not helped by poor communication by the government and the approach of the Bank of England which has been weak. The approach is to compete with the EU on tax as the UK has lost access to the single market and so needs to make the country attractive to grow the economy. This has not been communicated, and the combination of the media and Bank of England have created an air of uncertainty. For this reason, they have reduced the UK exposure.

In terms of fixed income, this strategy has a lower exposure, but for the first time for over 10 years they have been buying gilts. They have also been adding to corporate bonds as there have been distressed sellers in the market and this enabled them to pick up some great opportunities. They also feel for the first time in a long while that investors will be rewarded for holding credit.

They have no exposure to infrastructure and property as they see better opportunities in credit. They also feel this will be challenged as the cost of capital goes up. In terms of country exposure, they prefer the US as they feel it is in a stronger position and likely to come out of a recession quicker. Inflation should be more controlled as they are self-sufficient on energy. They also don't have the same issues as the UK with trade unions and the aftermath of Brexit.

They have significantly less exposure to Europe as there is no common fiscal policy and so difficult to understand the risk. There are also concerns over energy and how this will impact Europe.

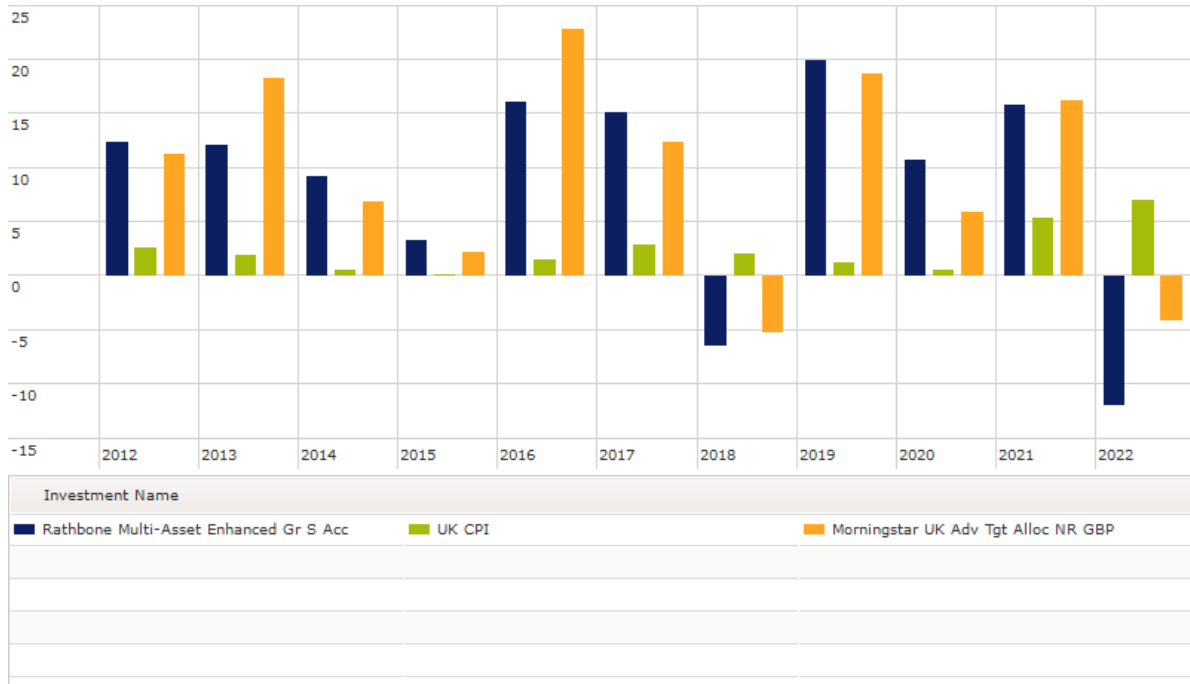
They have stopped buying US gilts as they are reflecting fair pricing. In terms of equities, they think the market is challenging now. In terms of companies, they are looking for profitable businesses with low levels of debt. They think any recession will clear out zombie companies (heavily indebted held up by low interest rates) and benefit well managed companies. One company they have added to is Next, as they feel they could come out of this recession with fewer rivals and a stronger market position.

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Another holding they have added is Apple, which is trading at a significant discount. They have increased diversifiers to include S&P “put options”, interest rate volatility, emerging market currency momentum and futures curve rates.

They have started to sell down commodities, and they have no renewables as they feel there is a great deal of change coming into the market.

Performance has been challenged but this is reflective of the wider market.



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In summary, this is part of a group of funds and investors can select the level of risk they are comfortable with. This strategy has the highest exposure to equities and the volatility will reflect this. This can act as a good blend within portfolios and the team are active to move the portfolio to where they see the best opportunities. Risk is a key element of this, and they only invest in high quality assets. They will buy where there are distressed sellers, but these will still be high quality investments. The risk element is the fundamental part of the strategy as they need to get this right to get the returns.

The source of information in this note has been provided by Rathbone and is correct as of October 2022. 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 decide based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.