

Rathbone Multi-Asset Enhanced Growth Portfolio – August 2023

LWM FUND SPOTLIGHT

RATHBONE MULTI-ASSET ENHANCED GROWTH PORTFOLIO FUND

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

1st August 2011

FUND FACTSHEET

<https://www.trustnet.com/factsheets/O/gryj/rathbone-enhanced-growth-portfolio/>

MANAGEMENT

Manager Name

Start Date

David Coombs

1st August 2011

Will McIntosh Whyte

1st July 2019

RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
1.10	0.61	-18.75	11.86	-8.53	67	89	10.68

OTHER DATA

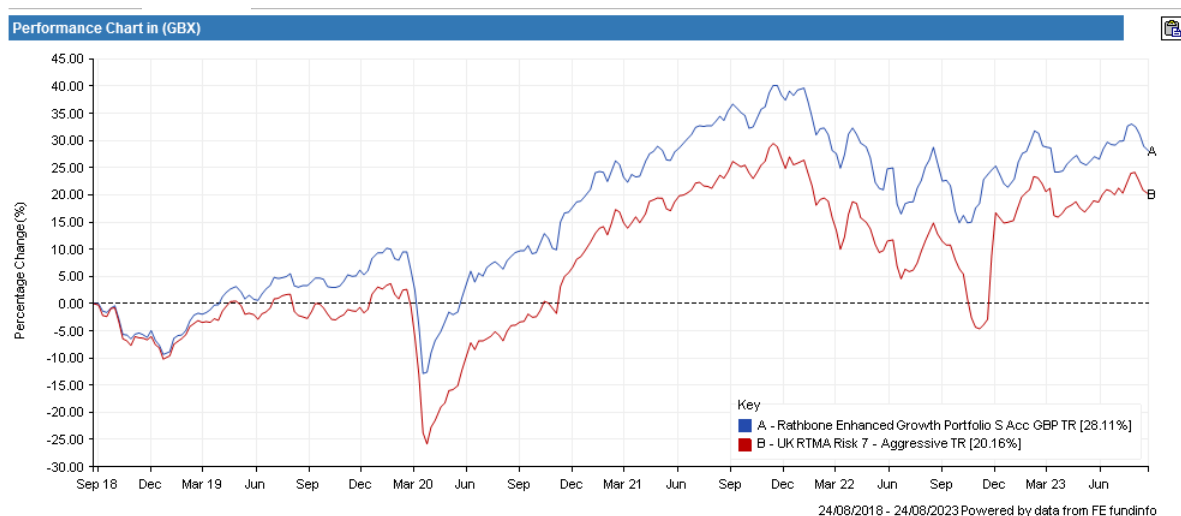
Benchmark	Inflation + 5%
Fund Size	£291.21 million
Fees	0.61%

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BULL POINTS (PRO)	BEAR POINTS (CONS)
<ul style="list-style-type: none"> Actively managed multi asset strategy Stable and well-respected team Offers an alternative source of returns within portfolios Ability to adapt to change quickly 	<ul style="list-style-type: none"> Recent poor performance Volatility the same as equities

FUND PERFORMANCE

Performance from 1st August 2011 – 31st July 2023



Cumulative Performance (GBX)					
	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	1.90%	-0.97%	2.06%	16.97%	28.11%
Sector	2.11%	-1.04%	7.05%	25.52%	20.16%
Relative to Sector	-0.21%	0.07%	-4.67%	-6.82%	6.62%
Rank in Sector	2 / 2	2 / 2	1 / 2	1 / 1	1 / 1
Fund Quartile	4	4	1	1	1

Performance by Calendar Year in (GBX)					
	YTD	2022	2021	2020	2019
Fund	4.80%	-12.53%	15.86%	10.70%	20.00%
Sector	4.73%	-9.15%	13.31%	8.11%	14.49%
Relative to Sector	0.07%	-3.71%	2.25%	2.40%	4.81%
Rank in Sector	2 / 2	2 / 2	2 / 2	1 / 1	1 / 1
Fund Quartile	4	4	4	1	1

Discrete Annual Performance to Last Quarter End (GBX)					
	0-12m	12m-24m	24m-36m	36m-48m	48m-60m
Fund	10.36%	-10.95%	25.95%	1.72%	4.70%
Sector	14.58%	-13.32%	31.65%	-6.47%	0.80%
Relative to Sector	-3.69%	2.73%	-4.33%	8.77%	3.88%
Rank in Sector	1 / 2	2 / 2	1 / 1	1 / 1	1 / 1
Fund Quartile	1	4	1	1	1

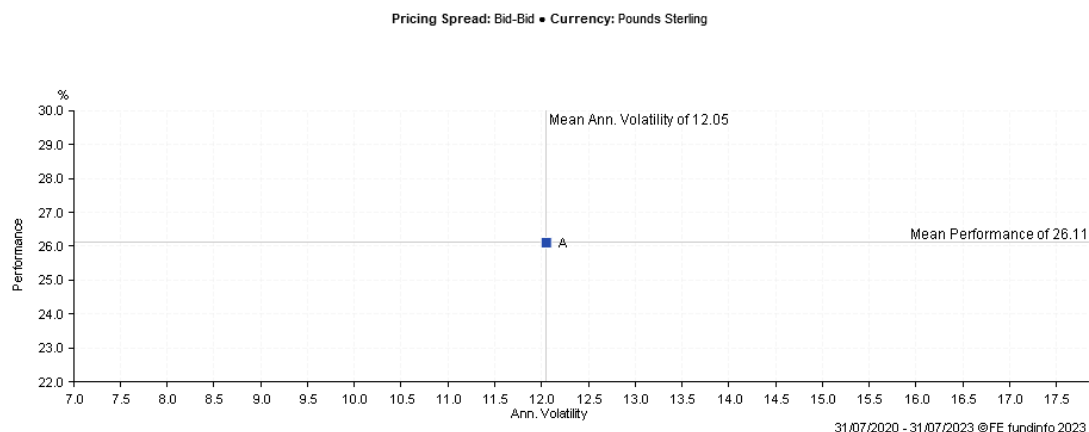
Fund Price Movement (GBX)			
12 Month High	240.42 (Pence)	12 Month Low	202.45 (Pence)

Annualised Ratios Over 36 Months					
	Alpha	Beta	Sharpe	r ²	Volatility
Fund			0.38		12.05
Fund Quartile	N/A	N/A	N/A	N/A	N/A

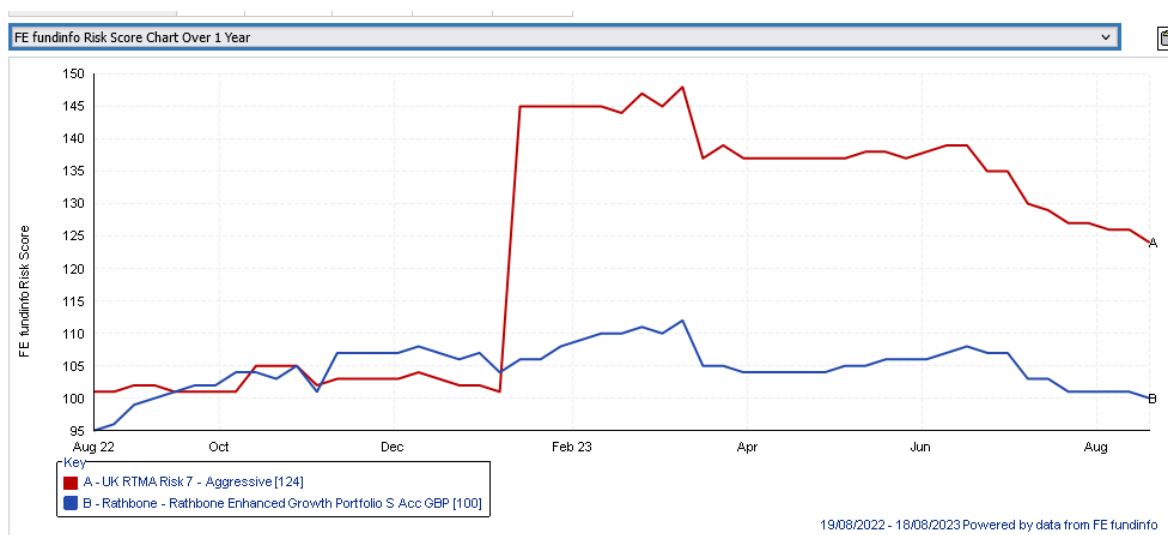
Please note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment 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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VOLATILITY / RISK SCORE

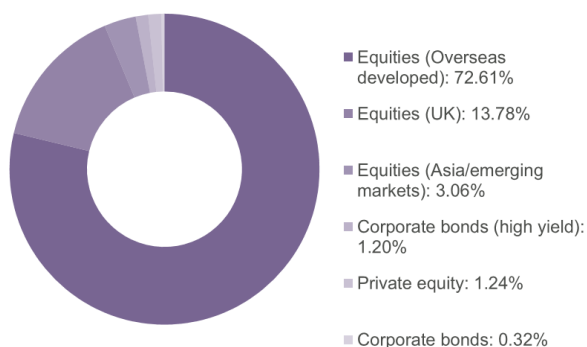


Key	Name	Performance	Annualised Volatility
A	Rathbone - Enhanced Growth Portfolio S Acc GBP in GB	26.11	12.05



Equity-type risk

Currently 92.21% of total fund (range 70%-100%)

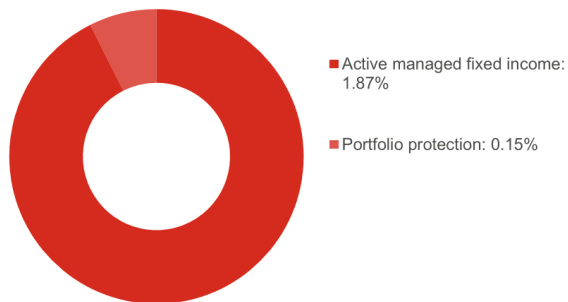


Top direct holdings	%
Microsoft	1.48
Adobe	1.48
Alphabet	1.43
Cadence Design Systems	1.40
ASML	1.37
Amazon	1.35
Apple	1.35
Rentokil	1.34
Ferguson	1.33
Accenture	1.32

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Diversifiers

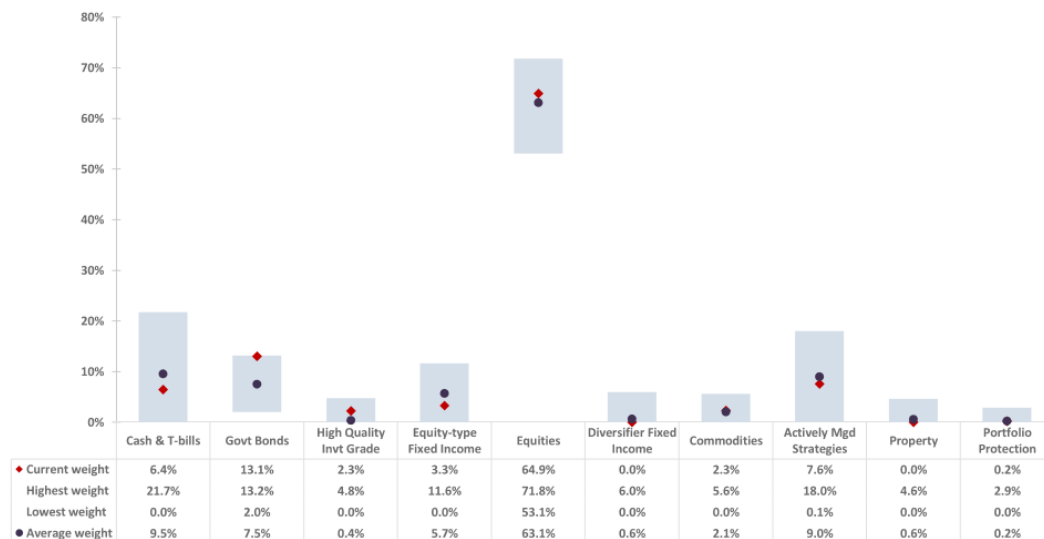
Currently 2.02% of total fund (range 0%-20%)



Top direct holdings	%
Société Générale US Rates Volatility Trend Note	1.86
Citi S&P digital put contingent on US rates Sept23	0.13
Bank of America S&P put option Jul23	0.02
CATCo Reinsurance Opportunities Fund	0.00
Credit Agricole S&P 95/75% put spread June23	0.00

Asset allocation

Rathbone Multi-Asset Strategic Growth Portfolio – relative to historical min-max allocation

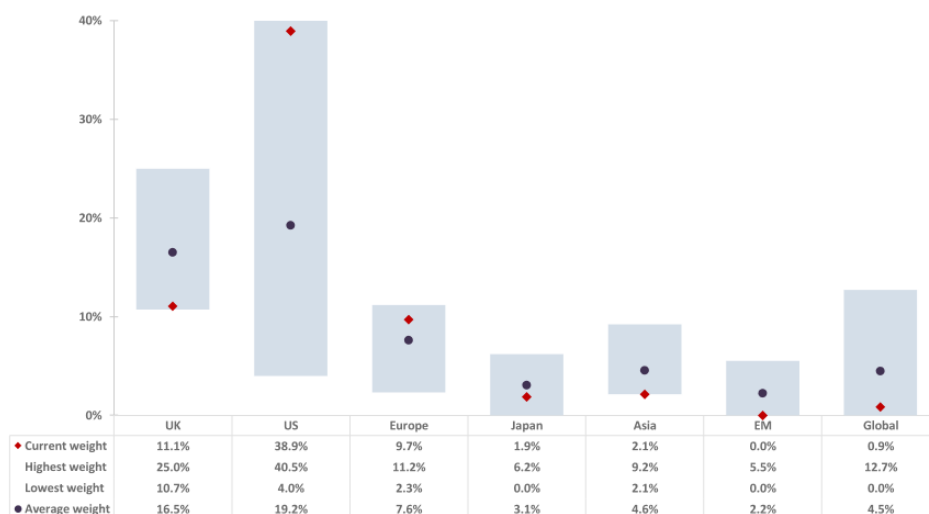


Data source: Rathbones as at 31 March 2023. The use of data from our largest fund, the Rathbone Strategic Growth Portfolio, is by example to show how active we are in using our permissible LED bands and how active we are around asset allocation.

Rathbone Multi-Asset Enhanced Growth Portfolio – August 2023

Equity geographic allocation

Rathbone Multi-Asset Strategic Growth Portfolio – relative to historical min-max allocation




Data source: Rathbones as at 31 March 2023. The use of data from our largest fund, the Rathbone Strategic Growth Portfolio, is by example to show how active we are in using our permissible LED bands and how active we are around asset allocation.

Rathbone Multi-Asset Enhanced Growth Portfolio – August 2023

LWM FUND ANALYSIS

This strategy is part of a range of multi asset funds. These target a return, but the level of risk and return depends on the strategy.

	Fund	Return*	Risk*	Time horizon	Risk ratings
Higher risk	Rathbone Multi-Asset Enhanced Growth Portfolio	Inflation +5% (UK CPI)	Equal to equity risk	5 years +	 7
	Rathbone Multi-Asset Dynamic Growth Portfolio	Inflation +4% (UK CPI)	Five sixths equity risk	5 years +	 6
	Rathbone Multi-Asset Strategic Growth Portfolio	Inflation +3% (UK CPI)	Two thirds equity risk	5 years +	 5
Medium risk	Rathbone Multi-Asset Strategic Income Portfolio	Inflation +3% (UK CPI) Minimum target yield of 3%	Two thirds equity risk	5 years +	 5
	Rathbone Multi-Asset Defensive Growth Portfolio	Inflation +2% (UK CPI)	One half equity risk	5 years +	 4
Lower risk	Rathbone Multi-Asset Total Return Portfolio	Bank of England base rate +2%	One third equity risk	3 years +	 3

*Please note that these are indicative targets and not guarantees.

This fund is at the highest end of the risk scale, targeting inflation + 5% over a 5 year plus period. This has been challenged due to the higher inflation.

	1 year	3 years	5 years	Annualised since inception*
Rathbone Multi-Asset Enhanced Growth Portfolio	0.29%	22.08%	28.21%	7.04%
UK Consumer Price Index +5%	14.08%	39.08%	57.86%	8.01%
Volatility as % of FTSE Developed (£) [Target <100%]	103.25%	95.67%	90.73%	95.75%

The reason why an investor might select this could be two-fold. One, as part of a diversified portfolio of assets to provide an alternative means of returns and allowing a manager to drive those returns. The second could be as a standalone single investment, effectively fully handing over the responsibility of how the money is invested.

This is one of the most recognised teams and they have an excellent reputation. They believe that risk is good because without it you can't get returns. It doesn't mean they take undue risk, but it is about identifying that risk and then allocating assets accordingly to drive those returns. To reduce the level of risk they consider durable businesses and those that are aligned to structural trends.

One of the key elements is the ability to adapt quickly to change. The chart below is important. This strategy will have a higher weighting to equities and this shows how that varies. So effectively it is pulling different levers to drive those returns.

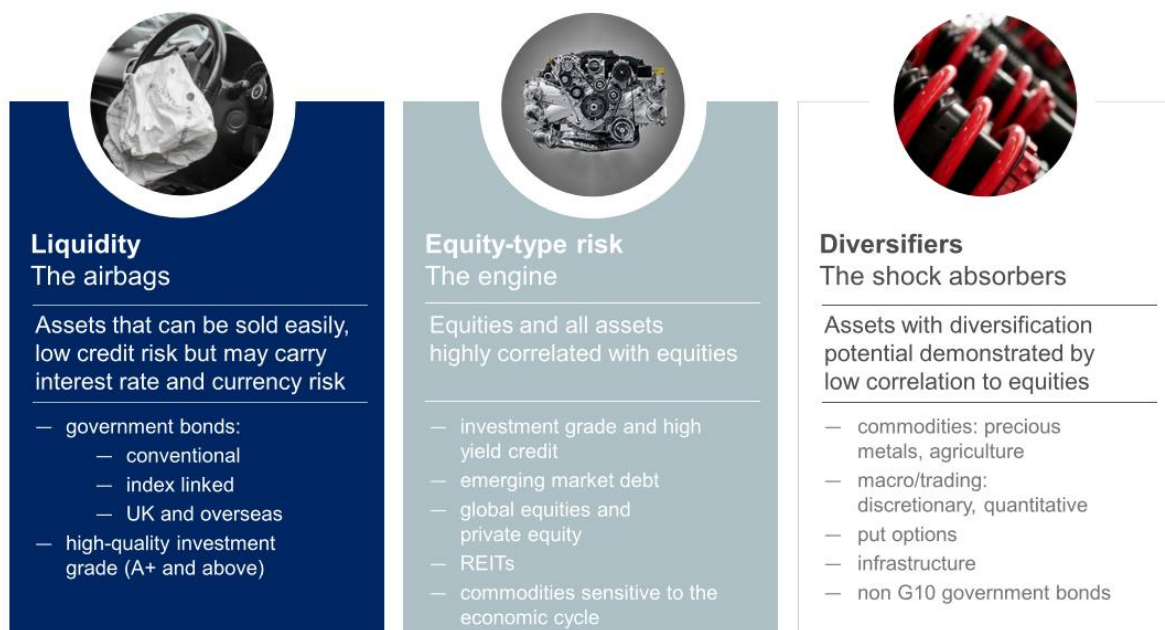
Rathbone Multi-Asset Enhanced Growth Portfolio – August 2023

Rathbone Multi-Asset Strategic Growth Portfolio – relative to historical min-max allocation






Data source: Rathbones as at 31 March 2023. The use of data from our largest fund, the Rathbone Strategic Growth Portfolio, is by example to show how active we are in using our permissible LED bands and how active we are around asset allocation.

The chart below shows the risk framework they work within:



Below are the key structural trends they consider.

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Health bomb	Climate change	Customer experience	Digitisation	Modern utilities	High Street 3.0
					
Eurofins	Global Agribusiness ETF	Ecolab	Accenture	Amazon	Nike
Roche	Tomra	Costco	Ansys	Alphabet	Adobe
Abbott Labs	Christian Hansen	Linde	Assa Abloy	Rentokil Initial	Ulta Beauty
Thermo Fisher Scientific	SIG Combibloc	Discover Financial Services	ASML	Visa	Squarespace
Dexcom	Aptiv	Ulta Beauty	Amphenol	Microsoft	Next
Edwards Lifesciences	Kurita Water		Equinix	Mastercard	Kion
Boston Scientific			Cadence Design Systems	Activision	Shopify

In their most recent update they discussed the AI revolution and inflation. They also talked about short and long term disruption. In terms of inflation, they see this coming down and therefore this is a short term disruption.

However, AI is more complicated. One of the points they make is that no-one knows what the final impact of AI will be in 10, 20 or 50 years. Therefore, it is important to avoid the hype. It doesn't mean they don't have exposure, it is just about being selective.

So for example, both Linde and Rentokil Initial, which are holdings, use AI to improve productivity. Watching how this works will help them in deciding future investments.

They have made some small tweaks to the holdings. They added Boston Scientific who have many different products to help with blockages, the most well known being to unclog arteries! They sold Jack Henry which supplies software to US regional banks due to the turmoil in smaller US lenders.

They took profits from Shopify and SIG Combibloc and added to Aptiv and Estee Lauder.

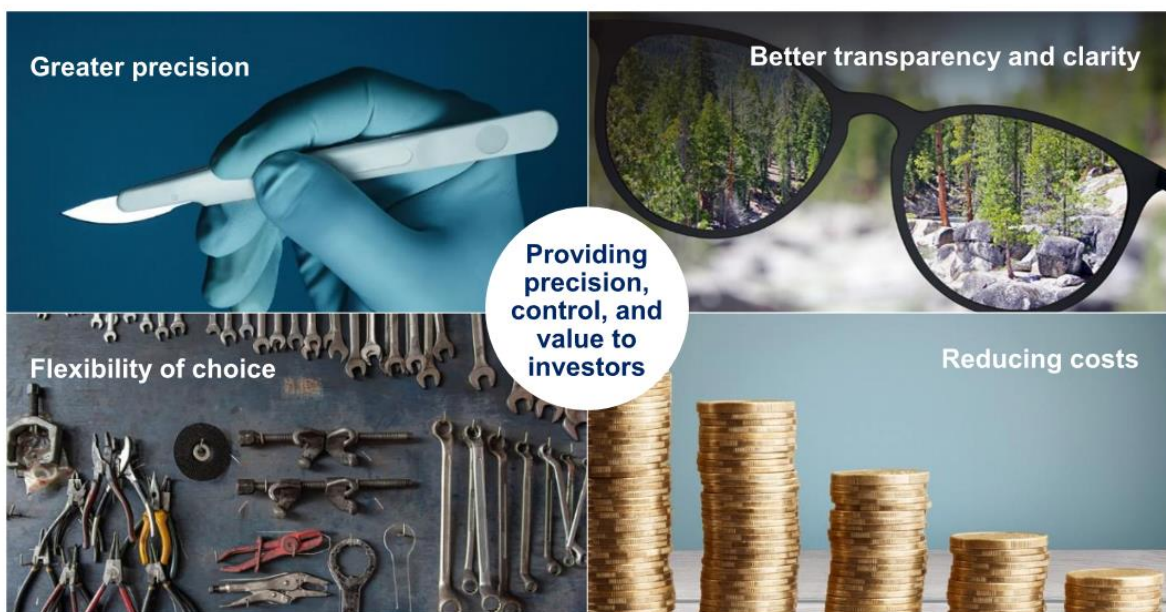
In terms of economies, they feel that Europe and the US are in technical recessions, but it is very difficult to understand as the data changes daily. Their focus is on keeping the portfolio as prepared as possible for whatever comes over the horizon.

The update provided a glimpse of how the strategy works. The summary below is how the team works:

Stepping out of the bubble

- twice weekly 'Costa' meeting
- paying attention to the white papers as well as the pink ones
- travelling around the country meeting people
- diverse sources of information to challenge consensus

When there is an environment where things change so much a strategy such as this comes into its own. They invest directly into assets rather than effectively creating a “fund of funds”. The chart below sums this up well.

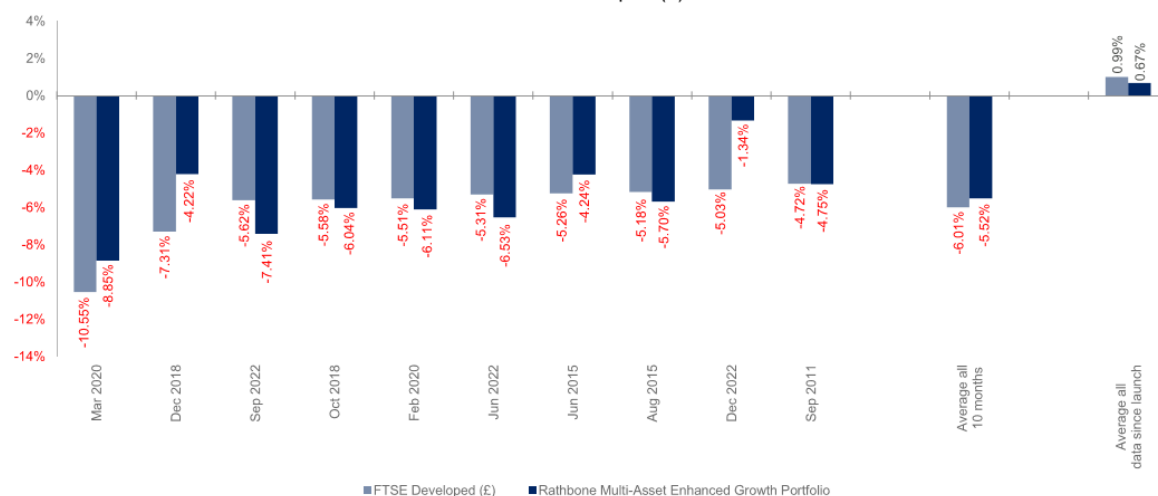


In summary, this is a strategy which can be held as part of a diversified portfolio or a standalone investment. Performance has been challenged due to higher inflation, however over the long term it has provided consistency of returns. This is not immune to negative returns, and it is worth ending with the chart below which shows their ten worst performing months.

Rathbone Multi-Asset Enhanced Growth Portfolio – August 2023

Rathbone Multi-Asset Enhanced Growth Portfolio Ten worst-performing months*

Rathbone Multi-Asset Enhanced Growth Portfolio vs. FTSE Developed (£)



Past performance should not be seen as an indication of future performance.

Data source: FE fundinfo as at 31 May 2023. *A comparison of the ten months in which the greatest falls have been experienced by the FTSE Developed TR (£) index since the inception of the fund, vs. the returns of the fund in those same months in GBP.

The source of information in this note has been provided by Rathbones and is correct as of August 2023. 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. We would also recommend that you receive advice before following up on any decision.

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