

**SHINING A LIGHT ON THE.....
Rathbone Strategic Bond Fund**

AT A GLANCE

| Investment Objective | |
|--|--|
| The objective of the Fund is to focus on achieving a total return comprised of a regular above average income coupled with medium to longer term capital growth from a diversified portfolio of predominantly Sterling denominated (or hedged back to Sterling) fixed interest and other bond instruments, including gilt edged and other sovereign stocks, corporate bonds, convertibles, preference shares, permanent interest bearing shares. Typically, approximately 50% of the value of the Fund will be exposed to such securities through investment in other collective investment schemes. | |

| | |
|----------------------------|---|
| Inception Date | 3 October 2011 |
| Fund Factsheet Link | http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000N4AS |

| Management | |
|---------------------|-------------------|
| Manager Name | Start Date |
| David Coombs | 3 October 2011 |
| Bryn Jones | 3 October 2011 |

| Investment Style Details | |
|---------------------------------|--------------------|
| Equity Style | |
| Market Capitalisation | % of Equity |
| Giant | - |
| Large | - |
| Medium | - |
| Small | - |
| Micro | - |

| Top 10 Holdings | | |
|--|---------------|--------------------|
| Total number of holdings | 109 | |
| Assets in Top 10 Holdings | 30.11% | |
| Name | Sector | % of Assets |
| United Kingdom of Great Britain and N... | - | 4.51% |
| United Kingdom of Great Britain and N... | - | 4.03% |
| United Kingdom of Great Britain and N... | - | 3.23% |
| ML Angel Oak Mltstrgy Inc GBP Inst Dist | - | 2.83% |
| Ashmore SICAV Emg Mkts Sht Dura Z2 GBP | - | 2.82% |
| GAM Multibond Emerging Bond GBP Ra | - | 2.81% |
| United Kingdom of Great Britain and N... | - | 2.80% |
| United Kingdom of Great Britain and N... | - | 2.42% |
| M&G Global Macro Bond GBP J-H Inc | - | 2.42% |
| Investec GSF InvGrdCropBd J Inc GBP Hdg | - | 2.26% |

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| Volatility Measurements | |
|----------------------------|-------|
| 3-Yr Std Dev (volatility) | 2.58% |
| 3-Yr Mean Return (average) | 4.28% |

FUND PERFORMANCE

Performance from 1st January 2013 to 31st October 2018:

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------------------|--------|-------|-------|-------|-------|--------|
| Rathbone Strategic Bond Fund | 4.31% | 6.57% | 0.75% | 9.38% | 6.53% | -1.22% |
| Vanguard Global Bond Index | -0.13% | 7.97% | 1.25% | 3.51% | 2.00% | -1.17% |

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

| | 1 year | 3 years | 5 years | Since launch |
|-------------------------------------|--------|---------|---------|--------------|
| Rathbone Strategic Bond Fund | -0.61% | 14.43% | 23.48% | 47.77% |
| Vanguard Global Bond Index | -1.27% | 3.95% | 13.45% | 21.53% |

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.

UPDATE....

The fund is a strategic bond fund which invests across the fixed income space. These types of funds appeal to those investors looking for fixed income exposure but unsure whether to select corporate or government, investment grade or high yield or perhaps developing vs developed market debt. Effectively this choice is handed to the fund manager.

This fund is in the consistent 50 list which uses a number of measures over a three-year period to identify the best funds across all sectors. This is supported by the performance numbers and the volatility of the fund, which over 12-months is around 1% and over longer periods just over 2%.

The fund currently has the highest weighting to UK Government Bonds (17%) and Corporate Bonds (33%). They are reducing exposure to high yield bonds with deteriorating fundamentals. They like emerging market debt: - at the moment they hold hard currency (dollar) but they have been increasing exposure to local currency debt as this has been getting cheaper. Potentially they see emerging market debt as a surprise for 2019 in terms of positive performance.

In terms of companies they are avoiding certain retailers due to the impact of the likes of Amazon on companies like Debenhams, Sears, Macys, House of Fraser and John Lewis. In the UK 14 shops are closing per day and it just doesn't make sense to invest in these businesses. They did well from holding Tesco's which returned to investment grade, and at that point they took profits.

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They like financials and insurance where they see compelling valuations and opportunities. The strategy also uses other funds where they see this as a cheaper and more liquid way to access the market. They have no overseas currency exposure and all investments are hedged back into sterling. They don't know what the outcome of Brexit will be so by taking this approach they are removing the risk.

In terms of concerns they are not worried about quantitative tightening as they think this will run in the US till 2022. They think the US will slow rate rises but they do think political risk is a concern. The later is likely to create more volatility in the market which they feel will open up opportunities. The fund has an increase weighting to cash which they plan to use as opportunities arise.

In summary, the fund has delivered consistent long-term outperformance and is aimed at those investors looking for fixed income exposure where the choice of where to invest is left to the manager. There are a number of funds in this space and this fund should be compared to others on offer as most funds take different approaches to this.

The source of information in this note has been provided by Rathbone and is correct as at November 2018. 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.