Rathbone Global Opportunities Fund Value assessment

Accounting year end at 31 January 2023

Rathbones
Look forward

Dear Investor,

We are working hard on a refresh of our value assessments, where we will be aiming to bring you the same breadth of information in a more concise, digestible format at the beginning of 2024. It's important to us that these documents remain useful to you, our investors, and we welcome any feedback you may have on how we could best achieve this. If you have any recommendations, please send them to rutm@rathbones.com.

Turning to the present, I am pleased to report the board have concluded the Rathbones Global Opportunities fund has provided value for the period covered in this report. The fund has outperformed its benchmark over the recommended holding period, delivering a return of 63% over the past 5 years. This means if you invested £1,000 5 years ago, you would have approximately £1,630 today.

Investing comes with risk, which is what allows us to grow your investment. In times of market stress it can also mean your investment pot can shrink and you can get back less than your originally invested. The Global Opportunities Fund invests in a small number of investments compared to many of our other funds. This means that the performance of a single stock within the portfolio has a greater effect on the value of the fund. This can result in large gains or losses based on the performance of a single stock and accounts for some of the volatility this fund has experienced over the last few years.

We are long term investors; this means we do not chop and change the investments in our funds to try and capture gains from violent moves in a volatile market. This takes investment discipline in treacherous times, but history tells us sticking by our principles provides good outcomes over the long run. This does also mean, in times of market stress, our funds may underperform their benchmark in the short term. This is why we have a recommended holding period (the absolute minimum term you should consider investing in our funds) of 5 years for the majority of our fund range.

This does not make it any more comfortable if you have experienced short term losses on your investments. If you are feeling anxious about your current investments, we would recommend you contact a financial adviser to help you understand your investment position. If you are not able to do this, the UK government (www.moneyhelper.org.uk) have also published some very useful help sheets.

Thank you for your continued support,

Best wishes,

Mike Webb
CEO, Rathbone Unit Trust Management

Who are Rathbones?

We have been in business since 1742 and are listed on the FTSE 250 Index.
We provide individual investment and wealth management services for private clients, charities, trustees and professional partners. We see it as our responsibility to invest for everyone's tomorrow.

Rathbone Unit Trust Management Limited is the asset management arm of Rathbones Group Plc. and a leading UK fund manager. Through its subsidiaries, Rathbones Group Plc. manages £60.2 billion of clients' funds, of which £10.6 billion is managed by Rathbone Unit Trust Management (as at 31 December 2022).

What is a value assessment?

Our regulator, the Financial Conduct Authority (FCA), has asked us to assess the value of our funds.

Assessing value is much more than just looking at the fees which you, our investors, pay or the performance of the fund in isolation. Considering this, we have designed an assessment which looks at nine criteria. We have also appointed an independent research firm, Square Mile Investment Consulting & Research, to provide an impartial report on the value our funds offer compared with the market.

It is the responsibility of our board of directors to consider the outcomes of these assessments, ensure they are clear and fair, and then communicate to you, our investors, if we have delivered value. Or, if not, where we need to improve.

How are we doing?

It is important to us that our value assessments are informative, useful and easy to understand. There is little value in us bombarding you with technical jargon and analysis, so we have tried to explain things simply, in plain English.

We are always looking for ways to improve, so if you have any suggestions on how we can do better, please let us know by emailing rutm@rathbones.com.

Our assessment of the Rathbone Global Opportunities Fund

Our assessment criteria

In this section, our board of directors consider the nine areas we have assessed, both what we offer as a business, and the topics that are specific to each fund.

At the end, they conclude if our funds offer good value for money, offer value for money, or do not offer value for money.

If a fund offers value for money but merits action or further monitoring, or does not offer value for money, we will detail the actions we will take.

Contents

Assessment criteria which cover our entire fund range:

Assessment criteria which are fund specific:

Key

- Fund offers good value for money
- Fund offers value for money but merits action or further monitoring
- Fund doesn't offer value for money
- The assessment criteria is not applicable

Assessment outcome

Our board of directors concluded the Rathbone Global Opportunities Fund offers good value for money.

1. Improvements to our business

What does this section cover?

We are always striving to improve the services we offer. In this section, our board of directors considered all the projects we are carrying out to improve our business. These projects can have a direct impact on you, our investors, such as a reduction in fund costs, or an indirect impact through our business operating more efficiently.

Assessment summary

Over the last 12 months, Rathbone Unit Trust Management has completed, or is in the process of implementing, a diverse range of projects to improve the outcomes that we provide to our investors. The most notable have been:

- We are investing £6 million over the next three years to upgrade our portfolio management and data management systems using the Charles River investment management solution.
- Our sales and distribution teams have enhanced the CRM (customer relationship management) systems they use to look after our investors throughout every stage of our clients' investment journey.
- We have continued to build and expand our approach to responsible investment – more information can be found on our website.

Assessment outcome

Our board of directors concluded that we have invested significant resources this year to improve our business, and this has had a positive impact on our investors.

2. Corporate culture

What does this section cover?

We believe the right corporate culture encourages positive behaviour which ultimately benefits you, our investors. In this section, our board of directors reviewed several metrics to allow them to determine if our business has a positive corporate culture.

Assessment summary

Our board assessed metrics specific to Rathbone Unit Trust Management. The assessment of our corporate culture considers different aspects of our business. This includes how we demonstrate our values: to be responsible, to show courage, to work together and always be professional, the results of our employee engagement survey, our employee retention rate and how we invest into our business and people to attract and retain talent.

In a survey that was completed in Autumn 2022, Rathbone Unit Trust Management received high ratings from our employees for challenging work, alignment and management support that we offer them. It was noted that we provide them with the support they need to complete their work, that are cared for as people, and we communicate with them openly and honestly. Career path opportunities were flagged by some individuals as an area of desired organisational focus – both across the Rathbones group and within RUTM.

Our Diversity and Inclusion Committee continue to meet monthly to drive progress and positive change across various threads of diversity e.g., neurodiversity, socio-economic background, sexual orientation, and disability. In 2022, we ran a wide range of different communications, events and webinars to help create a sense of belonging for everyone. These have covered Pride, Social Mobility, World Sight Day, National Inclusion Week, Parenting Perspectives, Diwali and Eid, amongst others. Four of our colleagues were shortlisted for a PIMFA Diversity & Inclusion Award 2022.

We are developing a suite of Inclusion Networks which will provide our colleagues with shared characteristics (such as gender, race, ethnicity, sexual orientation, socio-economic background and disability) and their allies, a safe space to come together across the organisation. Our Inclusion Networks will provide support, build empathy and create networking opportunities for under-represented groups, based on our diversity data to date we are starting with a focus on Gender Balance, Race & Ethnicity and Ability Matters.

We are working hard to attract more diversity into our teams. Rathbones' Board has three female directors out of seven, which means we meet our commitment of 33% of female board representation for FTSE 350 companies. We also have three females on our group executive committee (GEC). From 2021, we also meet the requirements of the Parker Review, which encourages the improvement of ethnic and cultural diversity on boards.

Rathbones are signed up to the 10,000 Black Interns initiative. This programme provides six-week internships to Black students, to help kick start their career in the asset management industry. In 2021 the interns at Rathbones were particularly interested in gaining experience within asset management, the interns spent four days with us so they could gain exposure to every part of the product lifecycle. As a follow-on, one of the 2021 interns was offered a full-year placement within Rathbones Group. In June 2022, Rathbones Group doubled the intake hosting four interns with a view to growing our pipeline of diverse talent.

Rathbones Group also have an internal mentoring programme, to enable employees from across the organisation to access support, guidance, and opportunities.

We report annually on our gender pay gap and the action we are taking to address it. To view the latest version, released March 2022, click here.

We have developed our work with specialist providers to ensure we have in depth knowledge of ESG issues which we take into account when we are making investment decisions.

Assessment outcome

Our board of directors concluded, based on the available metrics, that Rathbone Unit Trust Management has a positive corporate culture.

3. Quality of service you receive

What does this section cover?

Service is more than just how fast we reply to an enquiry. When we consider the services we provide, we look at the breadth of knowledge and expertise of our fund managers and the analysts that support them, the qualifications we offer our employees to ensure they continually grow, and how efficient we are when trading on your behalf. This section assesses the range and quality of services we provide you. We have considered both the quality of service that we provide you directly, as well as the quality of services that we procure on your behalf.

Assessment summary

In our assessment of quality of service, we considered a range of different areas. The most notable were:

- Planning for the future. Our people are the heart and soul of what we do, with our culture as the driving force behind the success of our business. Although our staff retention rate is high, we believe it is prudent to have a robust succession plan to enable us to continue to deliver a quality service to you in the period covered in this report, we have overseen the smooth transition of a new chief investment officer, Tom Carroll, following the well-earned retirement of Julian Chillingworth after serving 21 years at Rathbones.
- Hybrid working. We, alongside our third parties, have successfully adapted to hybrid working, enabling us to continue to deliver the service you expect.
- Open communication. We have continued to maintain our high levels of communication and advisers support, post pandemic restriction easing. Over the last nine months, we have also added back in face-to-face events as well, giving them a choice of medium to interact with us, which best suits them and their business. We continue to receive positive feedback on our accessibility, our open and honest flow of information and our support for our investors.
- Professional development. The average number of hours our staff undertake continuous professional development (CPD) greatly exceeds the regulatory requirement. Over the last year, 32 Rathbone Unit Trust Management certified individuals have completed over 1,536 hours of training and development. Rathbones also actively supports employees in undertaking additional professional qualifications, such as the Chartered Financial Analyst qualification.
- How we vote on your behalf. Where voting rights allow, we actively engage with companies we invest in on environmental, social and governance issues and publish a report annually about how we have voted. This is available on our website – click here to review it.
- The services we receive on your behalf. These are managed by our operational oversight team and governed by our outsourcing governance committee.
- How we handled complaints. We reviewed how many complaints we received and how quickly we resolved them. We also conduct trend analysis on complaints as an early warning indicator within our product governance process.
- How well we traded. We reviewed the transaction costs associated with our funds, which is an indicator of how efficiently we trade on your behalf.

Assessment outcome

Our board of directors concluded that, based on the areas assessed, Rathbone Unit Trust Management offers a good quality of service.

4. Performance of your fund

What does this section cover?

We check how our funds have performed against their objectives, after all fees have been paid, to see if we have delivered what we aimed to achieve.

If a fund has underperformed its benchmark, we explain why and assess whether the fund has invested in line with its 'mandate'. A fund's mandate is the investment strategy which was designed by the fund manager and agreed by our chief investment officer; it dictates how a fund manager can invest.

For illustrative purposes we also measure our fund's performance against a 'cash' return to give you an idea of how your money would have grown in a UK bank account versus investing in our fund. We use the Bank of England base rate to approximate the interest you may have received in a bank account. Cash in a bank account does of course have a very different risk profile to equity or bond investments and so is not directly comparable.

Why is the investment objective of a fund important?

The objective of a fund is important because it shows how a fund aims to perform. When we assess a fund's performance, we do so relative to its objective.

You'll notice that our funds' objectives are measured over three, five or 10 years. This is the time period you should plan to invest for – a 'recommended holding period'. Each fund's recommended holding period was chosen based on the historic performance of the fund and how we expect the fund to perform in the future. This doesn't mean the objective of the fund is guaranteed and there is always a chance you will get back less than you had invested.

This also means that the fund may perform very differently to the objective in the short-term. For example, returns or volatility could be much less, or much more, than the stated objective if measured over, for example, a six-month period.

Our assessment is based on several factors. We assess the fund against its objective while considering the prevailing economic and market backdrop, how the fund manager's investment philosophy and process should have performed, and how we believe the fund may perform in the future.

It's important to understand that sometimes a fund could underperform its objective, even though the fund manager is investing in line with their investment policy (which financial instruments they are allowed to invest in) and their investment process (how they pick their investments). This can be because of a general market downturn that affects all the assets a fund manager might invest in. Underperformance could also happen because the type of assets a fund invests in, or its 'style' of investment, is 'out of favour'.

What is the objective of the Rathbone Global Opportunities Fund?

We aim to deliver a greater total return than the Investment Association (IA) Global sector, after fees, over any five-year period. Total return means the return we receive from the value of our investments increasing (capital growth) plus the income we receive from our investments (dividend payments). We use the IA Global sector as a target for our fund's return because we aim to achieve a better return than the average of funds that are similar to ours.

We compare our asset allocation to the FTSE World Index to give you an indication of how our fund is positioned against the global stock market.

Who looks after the Rathbone Global Opportunities Fund?

James Thomson
Lead Fund Manager

James has been at Rathbones for more than 20 years and has been the lead manager on the Rathbone Global Opportunities Fund since 2003. He is an executive director of Rathbones' fund management business. He was educated in the United States, originally hails from Bermuda and still rides a scooter to work.

Sammy Dow
Fund Manager

Sammy co-manages the fund along with James. He joined Rathbones in July 2014 from JP Morgan Cazenove, where he worked for 14 years in Pan-European Equity Sales providing both primary and secondary advice to Hedge Funds, Institutional and Private clients.

Assessment summary

The Rathbone Global Opportunities Fund aims to deliver a greater total return than the Investment Association (IA) Global sector, after fees, over any five-year period.

We also measure our fund's performance against a 'cash' benchmark to give you an idea of how your money would have grown in a UK bank account versus investing in our fund. We use the Bank of England base rate to approximate the interest you may have received in a bank account. In the five years ending 31 January 2023, if you had invested £1,000 in a UK bank account, you would have received approximately 3.43% or £34.32. If you had invested £1,000 in our fund, you would have received approximately 157.92% or £1,579.18 (based on the return of the accumulation of the I-class, as this is the largest class in this fund).

Assessment outcome

Our board of directors concluded that the Rathbone Global Opportunities Fund has consistently met its objective and outperformed its benchmark.

5. Costs charged to the fund

What does this section cover?

In this section we assess the costs charged to the fund, which are paid by you, our investors, to invest in our fund. We assess whether these costs are reasonable for the level of service we provide you (or the level of service we receive from third parties on your behalf).

Understanding fund costs

Fund costs are complicated. The most important cost for you to understand is the ***total cost of your investment***, as this is how much you pay every year to invest your money into our fund.

The ***ongoing charges figure (OCF)*** is the easiest cost to compare between funds, which we also refer to as the ***UCITS total cost of investment***. You can find this cost on all funds' Key Investor Information Documents (KIIDs).

The total cost of your investment is expressed as a percentage. You can work out roughly how much you pay per year by multiplying the value of your investment by the percentage cost. An example of this is £1,000 x a cost of 0.50% per annum = £5 per annum.

If you invest in funds using the services of a financial adviser or through an investment platform, they will also charge you additional costs on top of the fees you pay for investing in our funds. You can request a breakdown detailing the full fees you pay, including the fees you pay for our funds, from your financial adviser or investment platform.

Explaining the different parts of fund costs

It's not essential that you understand the underlying cost components when investing in our funds, but as we know it can be useful, we've broken it down below.

The cost of investing in a fund		Which can be compared to...	The cost of running a football club	
Annual management charge (AMC)	This is the fee you pay us to pick the best investments for the job and manage your money.	→	**Football manager's salary**	This is the salary the club pays the football manager to develop the strategy and also pick the best players for the job.
Other costs	These are the fees you pay for services used to run the fund such as auditors' and trustees' fees. Some fund managers charge a fixed fee. We only charge you for services used to run the fund you invested in. We pay a number of costs on behalf of our funds. For example, in 2021 we paid £1,042,698 for external research to support our fund managers in making investment decisions.	→	**Cost of running the football club**	This is the cost of maintaining the football club's arena (such as maintaining the pitch and printing tickets).
Transaction costs	These are the costs you pay when our fund managers buy and sell investments in the fund on your behalf. This includes **explicit** transaction costs (such as tax and broker commission). And **implicit** transaction costs (which are intangible and represent the opportunity gained or lost when the price of an investment moves whilst a fund manager is trying to buy that investment).	→	**Cost of buying and selling football players**	This is the commission the club pays to an agent for organising the sale and purchase of a football player. It is also the % difference in cost between the price for which bidding to buy a player starts, and the price you eventually end up paying. For example, you start bidding for a player at £1,000,000 and end up paying £1,100,000. Your implicit transaction cost would be 10%.

Explaining the different ways to calculate costs

As we are bound by two different regulations, which are dictated by the Financial Conduct Authority, we have to publish costs based on two different calculations. These regulations are called UCITS and MiFID II. You will see these terms throughout this report.

Very simply, MiFID II costs include transaction costs, or in our example, the cost of buying and selling football players. UCITS costs do not include transaction costs unless they are "material", which ours are not. In practice, the way these costs are calculated are much more complicated than how we've explained here. If you would like more information on the technicalities of fund cost calculation, please get in touch.

Assessment summary

The charges of the Global Opportunities Fund are as follows (basing our analysis on the cost of the I-class):

Cost	UCITS costs	MiFID II costs
AMC	0.75%	0.75%
Other costs	0.03%	0.03%
Transaction costs	n/a	0.10%
Total cost of investment	**0.78%**	**0.88%**

This means if you invested £1,000 for one year, you would be charged £7.80 (calculated using the UCITS total cost of investment.

Assessment outcome

Our board of directors concluded that, the Rathbone Global Opportunities charges represents good value for money.

6. Economies of scale

What does this section cover?

When funds get bigger, you pay proportionally less for the fixed costs of running the fund. For example, when a fund grows considerably, the management company should be able to negotiate lower costs on your behalf. This is called economies of scale – a proportionate saving in cost gained by an increase in scale or size. In this section, we assess if all economies of scale have been passed onto you, the investor.

Some asset managers charge a fixed percentage admin fee, so it doesn't matter how large the fund grows, investors don't benefit from the saving in cost gained by an increase in fund size. We only charge for services used to run the fund and never charge a fixed percentage admin fee, so as our funds grow, you benefit from lower fixed costs. If a fund is small, we may choose to pay some of these charges on behalf of our investors. We do this to make the funds' annual management charge more affordable and to attract more investment into the fund. As the fund grows, all investors benefit from paying proportionally less fees.

Some asset managers tier their annual management charges based on the size of their funds. We think this is an unsustainable method to pass on economies of scale. In the event of a market correction where a fund is significantly reduced in size, we wouldn't want to ask you to pay more for the management of your investment. For this reason, we have chosen not to tier the annual management charges of our funds.

We will continue to monitor the annual management charges of our funds to ensure they are appropriate.

Assessment summary

All costs charged to the Rathbone Global Opportunities Fund have been assessed to determine if all available benefits from economies of scale were passed on to you, our investors.

Assessment outcome

The costs charged to run our funds are periodically benchmarked against the industry and renegotiated on your behalf. The last renegotiation, conducted in 2022, reduced costs across our fund range by almost £1 million per annum. Our board of directors concluded that these economies of scale have been passed on to you, Rathbone Global Opportunities Fund's investors.

7. Costs compared to the fund's peers and sector

What does this section cover?

It's important that the costs of our funds reflect the service you receive. We believe that cost cannot be assessed in isolation alone and must be considered alongside a fund's performance, the type of assets in a portfolio and the quality of services that we offer. We do not believe that value means selling our services at the cheapest price.

We assess our funds based on their performance, taking into account the cost you paid to invest, against an independently selected peer group and the wider market sector. In other words, how much you got for the fees you paid us, against what you would've got if you'd invested with any of our peers. We consider the results of this analysis keeping in mind the service Rathbones provides and the prevailing economic and market backdrop.

Assessment summary

The Rathbone Global Opportunities Fund has three share classes:.

Share class	Total UCITS costs	Total MiFID II costs
R-class	1.53%	1.63%
I-class	0.78%	0.88%
S-class	0.52%	0.62%

Assessment outcome

Our board of directors concluded that when reviewed against the Rathbone Global Opportunities Fund's performance, it offers good value for money.

Our R-class is a legacy share class in which we no longer accept new business. In theory, if you are a shareholder of our R-class you pay 1%, or £10 for every £1,000 invested, more in fees every year. In practice, a portion of this fee is given back – or "rebated" – to your financial advisor. The agreement you have with your financial advisor will dictate what proportion of this fee gets paid back to you. These types of agreements were phased out at the end of 2012 following a change in regulation.

In 2020, the FCA introduced powers to allow us to switch which share class you invest in if it led to a better outcome. We reviewed the circumstances of our R-class shareholders and moved the majority from the R-class to the lower cost I-class, where we could definitively prove our investors would receive a better outcome. A small proportion of investors were not moved as we could not determine if they would be better or worse off.

Over the past 3 years, the number of investors in our R-class has fallen substantially. The board have asked us to review whether we can move all remaining investors and close our R-class across our fund range. We will carry out this review in the first half of 2023.

8. The difference between share classes

What does this section cover?

Investment funds can offer different share classes. Share classes usually have different investment minimums (the minimum amount you need to invest) and different costs (how much you pay annually for your investment). Although share classes have different investment terms, they all invest in the same fund.

The larger the investment minimum, the lower the charge for managing your investment. This is like getting a cheaper price for buying product in bulk rather than buying one at a time. For this reason, when you invest through a third-party like an investment platform or a financial adviser, your money is pooled with other people's money and you may have access to a cheaper share class than if you were to invest directly with us. In this section of the assessment, we have determined if unitholders are invested in appropriate share classes.

Assessment summary

The Rathbone Global Opportunities Fund has three share classes:

Share class	Minimum investment	Annual management charge
R-class	£100,000,000	1.50%
I-class	£1,000	0.75%
S-class	£100,000,000	0.49%

Assessment outcome

Our board of directors concluded that all investors are in the appropriate share class.

9. The fund compared to similar investment services we offer

What does this section cover?

It's important to us that all our investors receive fair investment terms when they choose to invest their money in Rathbone funds. In this section, the board considers the investment terms that we offer you compared with those we offer our institutional and international investors. Comparable services include the international range of Rathbone funds which are registered in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier, and 'segregated mandates', which are pots of money managed by our fund managers separately from our UK fund range for large institutional investors.

Assessment summary

There are two comparable services to the Global Opportunities Fund, a sub-advised mandate and one offshore SICAV (Rathbone SICAV Global Opportunities Fund), both run by the same Portfolio Management team. The sub-advised mandate is directly comparable to the S-class. The offshore SICAV portfolio runs the same strategy and currently has share classes which are directly comparable to the I-class.

Assessment outcome

Our board of directors concluded that investors receive fair investment terms when compared to those invested in comparable services.

Glossary of terms

AMC	Annual Management Charge
FCA	Financial Conduct Authority
MiFID II	Markets in Financial Instruments Directive II
OCF	Ongoing Charges Figure
UCITS	Undertakings for the Collective Investments in Transferable Securities

Rathbone Unit Trust Management Limited
8 Finsbury Circus, London EC2M 7AZ
Tel 020 7399 0000

Information line
020 7399 0399
rutm@rathbones.com
rathbonefunds.com

Rathbones
Look forward

8422.05.23