


Rathbones
Look forward

Rathbones Strategic Bond Quarterly Risk Profile Update Note

Q2 2018



Summary

| Fund | Weighted average asset allocation [^] | Latest historical asset allocation [*] | Comparable DT volatility [†] | Assigned risk profile | Status |
|-----------------------|--|---|---------------------------------------|-----------------------|---|
| Strategic Bond | 3 (3) | 3 (3) | 2 (2) | 3 |  |

We have continued to place the profiled fund on a green status.

We have based our review on the approach that was agreed at the start of the risk profiling service and used the DT capital market assumptions for Q2 2018. There have been no changes to the risk profile boundaries this quarter.

Comments and notes from previous reviews

Q4 2016 – Q1 2018

We have continued to place the profiled fund on a green status.

Q2 2016

We have continued to place the profiled fund on a green status.

This quarter the allocations of the Fund have been positioned very close to the upper boundary of DT 3, due to increased investment at the expense of cash holdings. The April and May allocations were both positioned just above the DT 3 boundary while the June allocation increased cash slightly to be positioned just below the boundary,

We note, however, that the comparable volatility maintains a level in line with that achieved by AA 2.

As the allocations remain within acceptable parameters for the profile and the achieved volatility is below that achieved by the assigned risk profile, we have maintained the green status of the Fund.

() Analysis based on data to the end of December 2017 are shown in brackets.

[^] The weighted average approach incorporates the strategic asset allocation (if applicable) and the distribution of historical asset allocations.

^{*} This column provides the position of the expected volatility based on the latest historical asset allocation (i.e. March 2018). The figure in brackets illustrates the position of the volatility based on the previous quarter's allocation.

[†] DT has a set of asset allocation models which are managed to operate within each profile's boundaries. This column compares the annualised rolling volatility of each solution to the DT models and shows which model has been closest since inception. The rolling volatility period in each instance is assessed based on the performance data provided.

Please see Appendix for the Red, Amber & Green status descriptions.

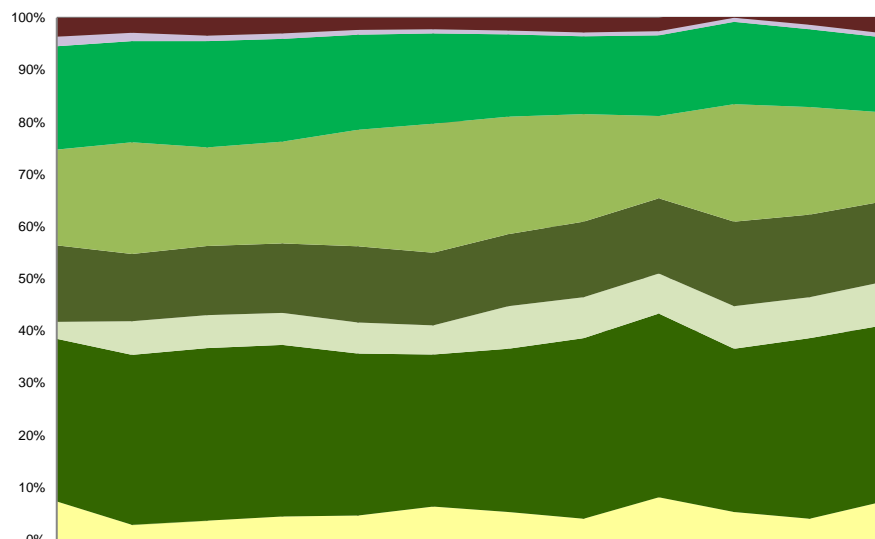
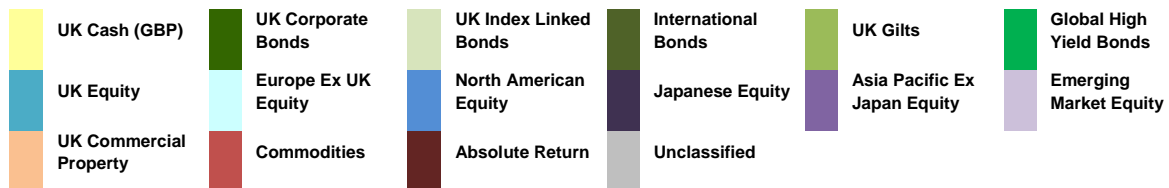
Analysis

Volatility analysis



The graph above shows the annualised volatility of returns over rolling 36 month periods.

Asset allocations



Strategic Bond

The chart above illustrates the changes in asset allocations on a monthly basis for the Strategic Bond Fund for the year to March 2018

Fund Objectives and Initial Methodology

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. During extreme market conditions Rathbone may decide to safeguard the interests of investors by moving the entire portfolio into gilt edged stocks.

To meet the objective, the fund may also invest, at Rathbone's discretion, in other transferable securities, money market instruments, warrants, cash and near cash and deposits. Use may be made of stock-lending, borrowing, hedging and other investment techniques permitted by the FSA rules and by the investment limits set out in the prospectus.

The fund was launched in October 2011.

Appendix



A **red** status indicates that the solution's current risk profile is no longer appropriate to the DT scale and that it will be changed at next quarter's review unless action is taken by the asset management team.



An **amber** status indicates that one or more of the measures considered may indicate the possibility of an alternative risk profile. This could be due to short-term tactical positioning within the solution or other market considerations, and does not imply that the long term risk profile should necessarily change.



A **green** status indicates that the solution is in line with the assigned fund risk profile and no action is needed.

Basis of Preparation and Use

You should not rely on this information in making an investment decision and it does not constitute a recommendation or advice in the selection of a specific investment or class of investments.

The analysis in this report has been based on data and information provided by Rathbones as at 31 March 2018.

The information does not indicate a promise, forecast or illustration of future volatility or returns. The outputs represent a range of possible indications of volatility and returns for various collections of asset classes. Distribution Technology Ltd ("DT") is not liable for the data in respect of direct or consequential loss attaching to the use of or reliance upon this information.

DT does not warrant or claim that the information in this document or any associated form is compliant with obligations governing the provision of advice or the promotion of products as defined by the Financial Services Act.

Copyright

Distribution Technology Ltd 2015 onwards. All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or any means, electronic or mechanical, including photocopying and recording for any purpose other than the purchaser's personal use without the written permission of DT.

Source of information

Bank of England, Barclays Capital Inc., Bloomberg LLC, Heriot Watt University Gilt database, International Monetary Fund (IMF) and Office of National Statistics

Publication date

10/05/2018

Trademarks

DT may have patents or pending patent applications, trademarks, copyrights or other intellectual property rights covering subject matter in this document. The furnishing of this document does not give you any license to these patents, trademarks, copyrights or other intellectual property rights except as expressly provided in any written license agreement from DT.

All other companies and product names are trademarks or registered trademarks of their respective holders.

www.dynamicplanner.com