The Rathbone Luxembourg Funds SICAV
The Rathbone Multi-Asset Portfolios (Master Fund)
Distribution Technology (DT) ratings (report summary)

Rathbones
Look forward

DYNAMIC PLANNER™
ENSURING INVESTMENT SUITABILITY

A measure of Rathbone's asset allocation strategy

1. The DT ratings of our funds are completely in line with our aims/expectations
2. Their analysis confirms that our Liquidity, Equity-type, Diversifiers (LED) allocation process is an effective tool to manage risk on a consistent basis
3. The ratings are based on our headline asset allocation and not bottom up implementation – as the report notes, our actual volatility is lower than the asset allocation modelling would suggest
4. This means fund selection is an important part of the risk management process
5. The estimated volatility of the fund has remained consistently stable, despite active asset allocation changes, demonstrating good risk control on our part.

What the DT risk ratings mean and what they don't mean

1. They are ratings on the long-term risk in the fund, which take into account the short-term tactical positioning which the fund is able to make

DT says: *"The DT risk profile is a representation of how the fund is likely to behave on average over the long term. A combination of tactical positions or short term changes in market volatility may see the fund rating deviate from this long term expectation and if this becomes a persistent trend for the fund DT would look to modify the initial rating provided."*

The main objective of the DT risk levels and fund risk profiling service is to provide you and your clients with a meaningful measure of the long-term risk of investment strategies and a mechanism for selecting portfolios suitable for investor risk appetites.

2. The actual ratings and where they fall on the DT scale

The scale is measured on a 1 to 10 basis, (with 1 the least risky to 10 the most risky, and cover a volatility range of 0% to 21%). The **Rathbone Total Return Portfolio** is rated at 3 (volatility range of 4.2% to 6.3%); the **Rathbone Strategic Growth Portfolio** and **Rathbone Strategic Income Portfolio** are rated at 5 (volatility range of 8.4% to 10.5%) and the **Rathbone Enhanced Growth Portfolio** is rated at 7 (volatility range of 12.6% to 14.7%).

At end Q2, 2017, DT have created blends of these funds to derive DT risk profiles of 4 and 6 as follows:

DT4: Rathbone Total Return Portfolio (34% to 52%; midpoint 42%) Rathbone Strategic Growth Portfolio (49% to 67%; midpoint 58%)

DT4: Rathbone Total Return Portfolio (34% to 52%; midpoint 43%) Rathbone Strategic Income Portfolio (48% to 66%; midpoint 57%)

DT6: Rathbone Strategic Growth Portfolio (51% to 67%; midpoint 60%) Rathbone Enhanced Growth Portfolio (33% to 49%; midpoint 40%)

In addition, they have calculated the values which would take the expected volatilities to the centre of the respective risk profiles; these values are given in brackets.

3. DT's strategic asset allocation modelling, qualitative information assessed and risk measure

i. The fund's objectives are not set in terms of target asset allocation benchmarks. Long-term strategic asset allocation targets were assessed, but since this is not the way the fund is managed, the risk targets and investment mandate was taken into account in making the final decision.

ii. The report took into account the measures used to manage risk and the risk controls set, such as the volatility targets each fund. Historical asset allocation snapshots and historical performance data (mainly realised volatilities and the distribution of returns) was checked.

iii. Ultimately estimated volatility was used to assess the risk. This was based on long-term strategic asset allocation modelling of the asset allocation snapshots provided using representative indices. DT used estimates of the returns, volatilities and correlations of the underlying asset classes.

iv. Indices are used to model the performance of individual asset classes, based on the assumption that *"that allocations to the broad asset classes used within DT's Dynamic Planner platform are sufficiently diversified to merit the use of assumptions derived from index information at asset class level."*

v. DT methodology is based on the principles of Modern Portfolio Theory (a theory of finance that tries to maximise performance for a given amount of risk) and risk ratings provided by DT are ratings of the long-term strategic asset allocation adopted for a fund.

vi. 'Alternatives' were only represented using broad indices – hedge funds have been aggregated into one group and modelled using the (Investable) HFRI (Hedge Fund Research Inc.) Fund Weighted Composite index. Private Equity was omitted in the modelling process and property was represented using the IPD index.

4. Qualitative information assessed

i. LED (Liquidity, Equity-Risk and Diversifiers) asset allocation and risk methodology plus a bottom up (fund information) qualitative assessment was used – whilst not specifically included in the modelling, DT stated that this information was vital in making their final assessment of where the fund fits in terms of their risk ratings.

ii. They also acknowledged that *"the level of flexibility in the mandate and how far the fund deviates from the strategic position and for how long"* was taken into account.

5. Risk targets and consistency

i. The results show that the estimated volatilities, have been consistently within the risk levels arrived at using the volatility targets, despite active asset allocation changes.

Rathbone Total Return Portfolio – The nominal realised volatility for the fund since inception to Q2, 2017 is 4.5% per annum and for the index over the same period is 11.4% per annum. The portfolio is currently above its target volatility of 4.9% (one-third of the MSCI index) by 6.0%.

Rathbone Strategic Growth Portfolio – The nominal realised volatility for the fund since inception to Q2, 2017 is 7.1% per annum and for the index over the same period is 11.4% per annum. The portfolio is currently below its target volatility of 9.7% (two-thirds of the MSCI index) by 5.0%

Rathbone Enhanced Growth Portfolio – The nominal realised volatility for the fund since inception to Q2, 2017 is 8.8% per annum and for the index over the same period is 9.0% per annum. The portfolio is currently above its target volatility of 14.6% (100% of the MSCI index) by 2.0%.

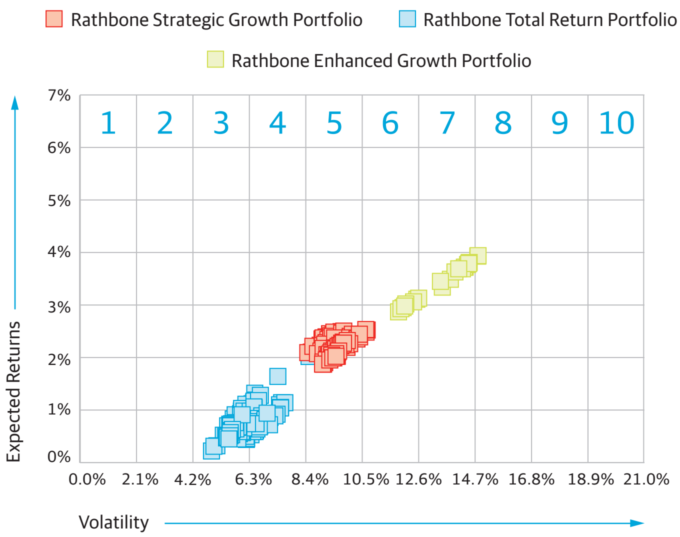

Figure 1: Rathbone's snapshot distribution, since the inception of the funds. Rathbone Total Return Portfolio and Rathbone Strategic Growth Portfolio inception: 10 June 2009. Rathbone Enhanced Growth Portfolio inception: 1 August 2011.

DT gives some guidance as to the interpretation of each risk rating:

Risk Profile 3 – Low risk

(Rathbone Total Return Portfolio)

This means that your client's attitude to accepting risk is below average.

Your client's preferred investment portfolio is likely to contain mainly low-risk investments such as cash and bonds, with a few higher-risk investments such as shares. While a portfolio like this should go up and down in value less than a 'high-risk' portfolio, the value of investments can always go down as well as up.

Summary

i. Your client's attitude to accepting risk is 'low'.

ii. Whilst your client is likely to be concerned with not getting as much back from their investments as they put in, they may also want to make higher returns on their investments.

iii. Your client's preferred investment portfolio is likely to be mainly low-risk investments such as cash and bonds, with a few higher-risk investments such as shares.

Risk Profile 4 – Lowest medium risk

(blend of Rathbone Total Return and Rathbone Strategic Growth Portfolios; or a blend of Rathbone Total Return and Rathbone Strategic Income Portfolios)

This means that your client's attitude to accepting risk is below average.

Your client's preferred investment portfolio is likely to contain mainly low-risk investments such as cash and bonds, with a few higher-risk investments such as shares. While a portfolio like this should go up and down in value less than a 'high-risk' portfolio, the value of investments can always go down as well as up.

Summary

i. Your client's attitude to accepting risk is 'lowest medium'.

ii. While your client is likely to be concerned with not getting as much back from their investments as they put in, they may also want to make higher returns on their investments.

iii. Your client's preferred investment portfolio is likely to be mainly low-risk investments such as cash and bonds, with a few higher-risk investments such as shares.

DT gives some guidance as to the interpretation of each risk rating:

DYNAMIC PLANNER™ PROFILED 5

Risk Profile 5 — Low medium risk

(Rathbone Strategic Growth Portfolio and Rathbone Strategic Income Portfolio)

This means that your client is about average in how much risk they want to take in their investments.

As a result, your client's preferred investment portfolio will contain a balanced mix of lower risk investments such as cash and bonds, and higher-risk investments such as shares. While a portfolio like this should rise and fall in value less than a higher-risk portfolio, the value of investments can always go down as well as up.

Summary

i. Your client's attitude to accepting risk is 'low to medium'.

ii. Whilst your client is likely to be concerned with not getting as much back from their investments as they put in, they also probably want to make higher returns on their investments.

iii. Your client's preferred investment portfolio is likely to include a balanced mix of lower-risk investments such as cash and bonds, and higher-risk investments such as shares.

DYNAMIC PLANNER™ PROFILED 6

Risk Profile 6 — High medium risk

(blend of Rathbone Strategic Growth and Rathbone Enhanced Growth Portfolios)

This means that your client is about average in how much risk they want to take in their investments.

As a result, your client's preferred investment portfolio will contain a balanced mix of lower risk investments such as cash and bonds, and higher-risk investments such as shares. While a portfolio like this should rise and fall in value less than a higher-risk portfolio, the value of investments can always go down as well as up.

Summary

i. Your client's attitude to accepting risk is 'high medium'.

ii. Whilst your client is likely to be concerned with not getting as much back from their investments as they put in, they also want to make higher returns on their investments.

iii. Your client's preferred investment portfolio is likely to include low-risk investments such as cash and bonds, as well as higher-risk investments such as shares.

DYNAMIC PLANNER™ PROFILED 7

Risk Profile 7 — Highest medium risk

(Rathbone Enhanced Growth Portfolio)

This means that your client is above average in how much risk they want to take in their investments.

Because of this, your client's preferred investment portfolio will contain higher-risk investments such as shares, with fewer low-risk investments such as cash and bonds. Because of this, there is a possibility they may not get back as much money on their investments as they put in, particularly in the short term.

Summary

i. Your client's risk is 'highest medium'.

ii. Your client's priority is likely to be making higher returns on your investments but they are still probably concerned about losing money due to rises and falls.

iii. Your client's preferred investment portfolio is likely to contain mainly higher-risk investments such as shares with a few lower-risk investments such as bonds.

DYNAMIC PLANNER™ PROFILED 8

Risk Profile 8 — High risk

This means that your client is above average in how much risk they want to take in their investments.

As a result, your client's preferred investment portfolio will contain higher-risk investments such as shares, with fewer low-risk investments such as cash and bonds. Because of this, there is a possibility that your clients may not get back as much money on their investments as they put in, particularly in the short term.

Summary

i. Your client's attitude to accepting risk is 'high'.

ii. Your client's priority is likely to be making higher returns on their investments but they are still probably concerned about losing money due to rises and falls.

iii. Your client's preferred investment portfolio is likely to contain mainly higher-risk investments such as shares with a few lower-risk investments such as bonds.

Notes and caveats:

The estimated long-term volatility of the MSCI World Equity index is 19%. The ratings provided in their report are based on DT's investment planning assumptions as set in the review at the end of June 2017. Ratings are issued quarterly (with a delay of a few weeks). The ratings are based on fund information provided by Rathbone Unit Trust Management and data available from Financial Express (FE).

The actual risk profile of a fund:

i. Over the long-term will depend on, amongst other things, the level of flexibility in the mandate and how far the fund deviates from the strategic position and for how long.

ii. Will depend on the actual allocations the fund manager holds over the investment horizon as well as any differences between the manager's holdings within an asset class and the benchmark adopted for that asset class in this analysis.

iii. This analysis looks at the fund's benchmark allocations in terms of asset allocation only, and does not take into account any additional sources of risk in the fund, or any risk reduction techniques used through the use of derivatives or other.

iv. For the funds, the volatilities of nominal returns are shown.

DT has over 1,000 intermediary firms and 9,000 advisers from the largest distributors such as SimplyBiz and Bankhall, leading Nationals such as Bellpenny and Lighthouse Group and professional regional firms such as Informed Choice who use their Dynamic Planner propositions. This ensures their investment advice meets both the regulators requirements for ensuring investment suitability for their clients and drives profitability from improved systems and processes.

DT also works with over 100 Asset Managers & DFM's to risk profile over 1,000 investment solutions and we have integrated with over 25 of the leading platforms and providers to enable streamlined and time saving investment implementation processes.

Past performance should not be seen as an indication of future performance. The value of investments and the income from them may go down as well as up and you may not get back your original investment.

Rathbone Unit Trust Management Limited
8 Finsbury Circus, London EC2M 7AZ
Tel +44 (0)20 7399 0000
Fax +44 (0)20 7399 0057

International information line
+44 (0)20 7399 0800
international@rathbones.com
rutm.com

5292.09.17