

Rathbone Brothers Plc

# 2020 Interim results

July 2020

**Rathbones**  
Look forward





# Financial results

*Jennifer Mathias*

Group Finance Director

Rathbones  
Look forward

# A strong first half

## FUMA outperformed market

- FUMA down 2.0%, outperforming FTSE 100 and MSCI PIMFA Private Investor Balanced decreases of 18.2% and 6.3% respectively

## Strong revenue growth

- Operating income up 3.6% to £179.0m (H1 2019: £172.7m)

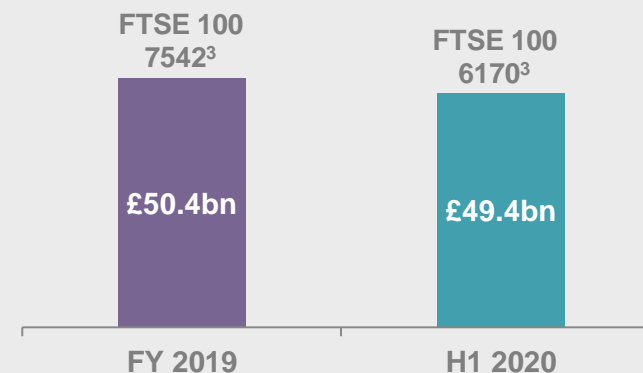
## Resilient underlying profit and margin

- Underlying profit before tax<sup>1</sup> of £46.0m (H1 2019: £46.6m)
- Underlying operating margin<sup>2</sup> of 25.7% (H1 2019: 27.0%, FY 2019: 25.5%)

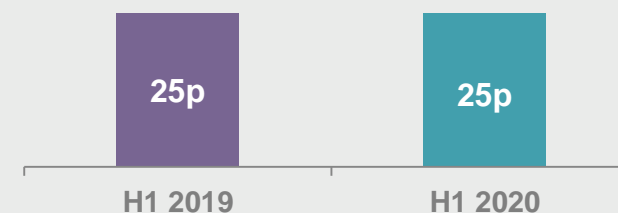
## Dividend reflects robust capital position

- Interim dividend maintained at 25p
- Underpinned by strong balance sheet
- Confidence in medium term prospects

### Funds under management and administration



### Interim dividend per share



<sup>1</sup> See slide 19 for a reconciliation between profit before tax/underlying profit before tax and earnings per share/underlying earnings per share.

<sup>2</sup> Underlying operating profit margin equals underlying profit before tax divided by operating income

<sup>3</sup> Closing level at 31 December 2019 and 30 June 2020

# Funds under management and administration growth offsets market falls

	Investment Management H1 2020 (£bn)	Unit Trusts H1 2020 (£bn)	Total H1 2020 (£bn)	Total H1 2019 (£bn)
<b>Opening funds under management and administration</b>	<b>43.0</b>	<b>7.4</b>	<b>50.4</b>	44.1
Inflows	2.4	1.7	4.1	2.9
– organic <sup>1</sup>	1.9	1.7	3.6	2.7
– purchased <sup>2</sup>	0.5	-	0.5	0.2
Outflow of money	(1.6)	(1.1)	(2.7)	(2.4)
– retained accounts	(1.0)			
– closed accounts	(0.6)			
Market effect and investment performance	(2.4)	-	(2.4)	4.6
<b>Closing funds under management and administration</b>	<b>41.4</b>	<b>8.0</b>	<b>49.4</b>	49.2
<b>Net organic inflows</b>	<b>0.3</b>	<b>0.6</b>	<b>0.9</b>	0.3
<b>Annualised rate of net organic growth<sup>3</sup></b>	<b>1.4%</b>	<b>14.9%</b>	<b>3.4%</b>	1.3%
<b>Total rate of net growth<sup>3</sup></b>	<b>3.6%</b>	<b>14.9%</b>	<b>5.3%</b>	2.1%

## Investment Management Inflows

- £1.9bn organic gross inflows (H1 2019: £1.7bn) in volatile market conditions
- 1.4% net organic growth (H1 2019: -0.2%)
- Charity mandates

## Outflows

- Short term and non fee-paying mandates, pension re-balancing

## Unit Trusts

- Continued strong momentum in net inflows, 68.7% ahead of PY
- Global Opportunities Fund: £2.5bn
- Ethical Bond Fund: £1.7bn
- Multi-Asset Portfolios: £1.3bn
- Income Fund: £0.8bn

<sup>1</sup> Organic growth excludes income items and represents new business from current clients or from new clients (including those via intermediaries).

<sup>2</sup> Purchased growth is defined as corporate or team acquisitions, and new business from investment managers who are on an earn-out arrangement.

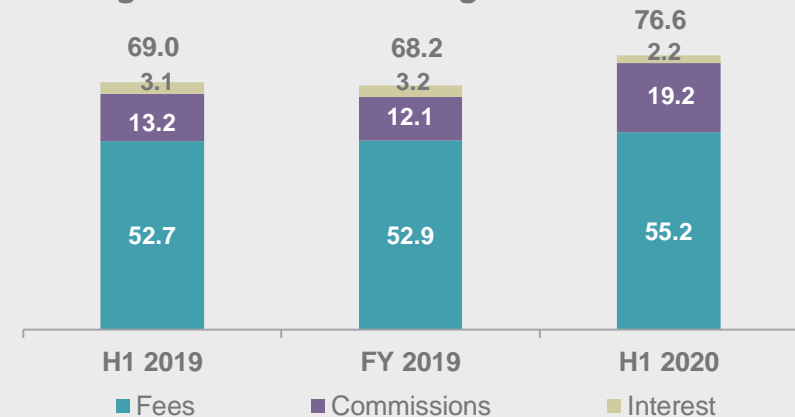
<sup>3</sup> Calculated using unrounded numbers.

# Income growth and margin improvement reflects market volatility

	H1 2020 (£m)	H1 2019 (£m)	% change	FY 2019 (£m)
<i>Average FTSE 100 Index (on quarterly billing dates)</i>	<b>5793</b>	7436	(22.1)	7456
Net investment management fee income	<b>126.3</b>	127.5	(0.9)	260.2
Net commission income	<b>37.3</b>	27.7	34.7	51.1
Net interest income	<b>4.8</b>	7.6	(36.8)	16.4
Fees from advisory services and other income	<b>10.6</b>	9.9	7.1	20.4
<b>Total Operating income</b>	<b>179.0</b>	<b>172.7</b>	<b>3.6</b>	<b>348.1</b>

<sup>1</sup> Operating income excluding interest on own reserves, interest payable on Tier 2 notes issued, interest on lease liabilities, fees from advisory income and other income, divided by the average funds under management on the quarterly billing dates.

## Investment Management bps return on average funds under management<sup>1</sup>



## Investment management fee margin

- 2.3 bps margin improvement driven by tiering effect

## Commissions

- High trading volumes reflect market volatility
- Seasonal effects

## Net interest income

- Base rate reductions in March 2020

# Targeted investment, controlling costs

	H1 2020 (£m)	H1 2019 (£m)	% change	FY 2019 (£m)
<b>Fixed staff costs</b>	<b>59.3</b>	56.4	5.1	110.8
Average FTE <sup>1</sup> employees during the period	<b>1,508</b>	1,505	0.2	1,509
Actual FTE <sup>1</sup> employees during the period	<b>1,522</b>	1,510	0.8	1,512
<b>Variable staff costs</b>	<b>32.1</b>	31.6	1.6	66.8
Variable staff costs as a % of underlying profit before tax and variable staff costs	<b>41.1%</b>	40.4%		43.0%
<b>Other direct expenses</b>	<b>41.6</b>	38.1	9.2	81.8
<b>Total underlying operating expenses</b>	<b>133.0</b>	126.1	5.5	259.4

## Headcount

- Selective hiring to support strategy

## Fixed staff costs

- Salary inflation c.3.3%
- £2.1m S&J synergies delivered
- H2 2020 recruitment expected to be higher

## Variable staff costs

- Growth and deferred equity award costs

## Other direct expenses

- Additional FSCS levy charge of £2.1m in H1 2020; FY2020E: £6.1m
- Remote working savings offset by planned increases in IT licensing and research costs as part of digital strategic initiatives underway

<sup>1</sup> Full time equivalent

# Resilient underlying and statutory profit

	H1 2020 (£m)	H1 2019 (£m)	% change	FY 2019 (£m)
Underlying profit before tax	46.0	46.6	(1.3)	88.7
Underlying operating margin	25.7%	27.0%		25.5%
Charges in relation to client relationships and goodwill	(7.0)	(7.8)	(10.3)	15.9
Acquisition-related costs <sup>1</sup>	(11.7)	(18.8)	(37.8)	33.1
Profit before tax	27.3	20.0	36.5	39.7
Profit after tax	19.4	13.8	40.6	26.9
<i>Effective tax rate (ETR)</i>	28.8%	31.1%		32.2%
Total comprehensive income, net of tax	11.9	13.5	(11.9)	27.2

## Acquisition-related costs

- Anticipated non-underlying items in relation to S&J acquisition
- FY2020 costs of £18 million still expected (£6m expected in 2021)

## Short term ETR higher

- Disallowable costs of deferred consideration
- ETR to remain elevated in H2 20; expected to be 1-2% above corporate tax rate (currently 19%) from 2021 onwards

<sup>1</sup> See note 6 of the 2020 interim statement for a full breakdown



# Robust capital position

Assets	30/06/20 (£m)	31/12/19 (£m)
Total own funds <sup>1</sup>	264.7	282.2
Pillar 1 own funds requirement	95.0	96.7
<b>Surplus before Pillar 2</b>	<b>169.7</b>	<b>185.5</b>
Pillar 2A requirement	39.7	39.8
Pillar 2B requirement	31.8	41.5
<b>Surplus after Pillar 2</b>	<b>98.2</b>	<b>104.2</b>
Risk weighted assets (RWAs)	1,187.8	1,209.0
<b>Pillar 2 requirement as % of RWAs</b>	<b>6.0%</b>	<b>6.7%</b>
<b>Group Common Equity Tier 1 ratio<sup>3</sup></b>	<b>21.3%</b>	<b>22.0%</b>
<b>Consolidated leverage ratio<sup>4</sup></b>	<b>6.8%</b>	<b>8.3%</b>

## Pillar 2A requirement

- Lower risk-weighted assets

## Pillar 2B requirement

### Capital conservation buffer

- 2.5% of RWAs

### Countercyclical capital buffer

- In March 2020 the FPC announced a reduction in the buffer rate for UK exposures to 0%
- Not expected to increase before March 2022

### Surplus

- Barclays Wealth Personal Injury and Court of Protection business purchased in H1 2020
- Payment of final 2019 dividend

<sup>1</sup> For a reconciliation between total equity and total own funds, see slide 21

<sup>2</sup> Any additional firm specific buffer remains confidential between the group and the PRA

<sup>3</sup> Common Equity Tier 1 capital as a proportion of total risk exposure amount

<sup>4</sup> Tier 1 capital resources as a percentage of total assets, excluding intangible assets and investment in associates, plus a proportion of off balance sheet exposures



# Business review

*Paul Stockton*  
Chief Executive

Rathbones  
Look forward

# Emerging stronger from the pandemic



## Quality advice supported digitally

### Enriching the client and adviser proposition and experience

- Client communication and digital
- ‘MyRathbones’ portal upgrade and app
- Investment skills, ESG and research output
- Rathbones Select Portfolio

1

Enhancing valued services

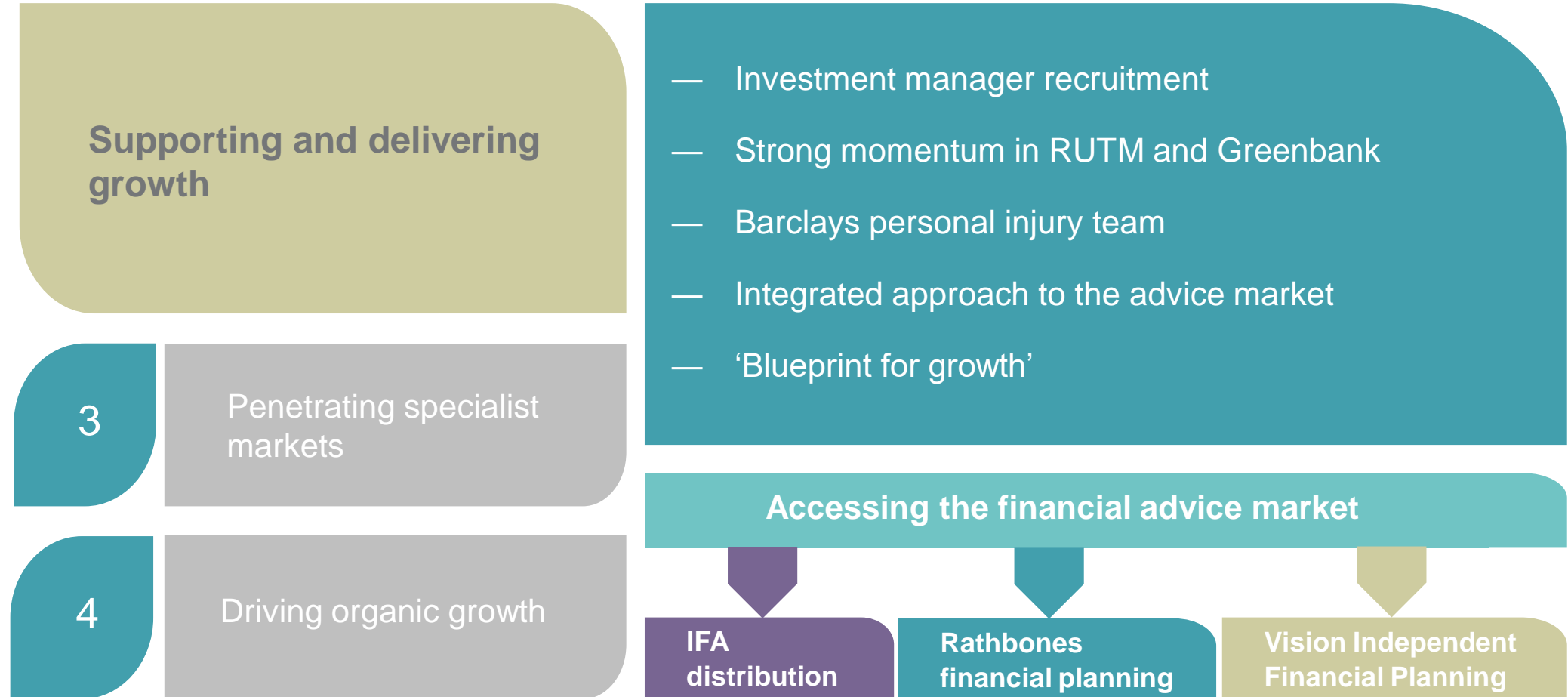
2

Deepening investment skills



‘MyRathbones’

## Growth opportunity and culture





## Leveraging technology

### Inspiring our people

5

Our culture and values

- Flexible working
- Communication, training and well-being
- Chief People Officer
- Diversity and inclusion

### Operating more efficiently

6

Driving productivity

- Momentum behind digital
- Employee productivity & efficiency gains
- Strong foundation
- Chief Operating Officer

# Summary

- Strong first half performance
- Agile and adaptable business model
- Robust balance sheet and capital position
- Emerging stronger





Q&A

Rathbones  
Look forward



# Appendix





# Analysing the balance sheet

Assets	30/06/20 (£'000)	31/12/19 (£'000)	30/06/19 (£'000)
Cash and balances with central banks	2,303,875	1,932,997	1,271,512
Settlement balances	178,416	52,520	126,509
Loans and advances to banks	162,143	177,832	176,172
Loans and advances to customers <sup>1</sup>	134,575	138,412	139,121
Investment securities – fair value through profit or loss	109,874	105,967	126,308
Investment securities – amortised cost	647,068	600,261	917,098
Prepayments, accrued income and other assets	94,394	95,390	93,462
Property, plant and equipment	14,841	15,432	15,713
Right-of-use assets	47,052	49,480	51,396
Current tax asset	888	-	-
Deferred tax asset	1,382	2,636	590
Intangible assets	236,553	227,807	235,653
<b>Total assets</b>	<b>3,931,061</b>	<b>3,398,734</b>	<b>3,153,534</b>

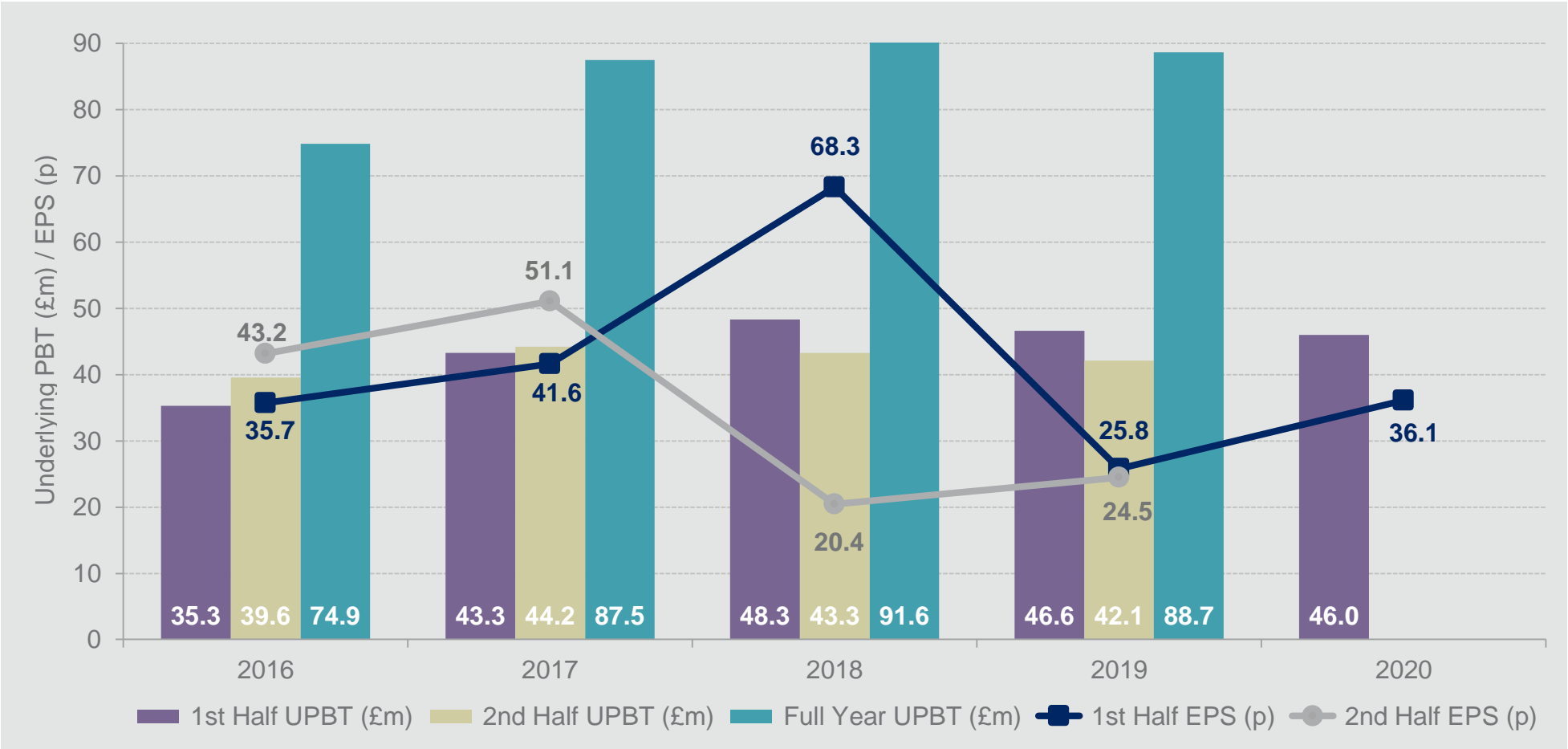
Banking operational and shareholder cash	Working capital
Financing related	Equity capital related

Liabilities	30/06/20 (£'000)	31/12/19 (£'000)	30/06/19 (£'000)
Deposits by banks	3	28	-
Settlement balances	189,795	57,694	109,773
Due to customers	3,071,196	2,668,645	2,382,588
Accruals, deferred income and other	90,478	93,263	88,820
Lease liabilities	58,492	61,004	62,840
Current tax liabilities	-	4,766	5,205
Deferred tax liabilities	-	-	-
Subordinated loan notes	19,989	19,927	19,866
Retirement benefit obligations	16,447	8,014	9,696
<b>Total liabilities</b>	<b>3,446,400</b>	<b>2,913,341</b>	<b>2,678,788</b>

Equity	30/06/20 (£'000)	31/12/19 (£'000)	30/06/19 (£'000)
Called up share capital	2,868	2,818	2,804
Share premium/other reserves	238,778	240,724	243,839
Retained earnings	243,015	241,851	228,103
<b>Total equity</b>	<b>484,661</b>	<b>485,393</b>	<b>474,745</b>
<b>Total liabilities and equities</b>	<b>3,931,061</b>	<b>3,398,734</b>	<b>3,153,534</b>

<sup>1</sup> Loans and advances to customers largely consist of the investment management loan book, but also include overdrafts, trust and pension debtors and other debtors

# Underlying profits before tax<sup>1</sup> (£m) and basic EPS (p)



<sup>1</sup> See slide 19 for a reconciliation between underlying profit before tax and profit before tax for HY 2019 and HY 2020

# Earnings per share

	H1 2020			H1 2019		
	Pre tax (£m)	Post tax (£m)	EPS (p) <sup>1</sup>	Pre tax (£m)	Post tax (£m)	EPS (p) <sup>2</sup>
Underlying profit attributable to shareholders	46.0	36.2	67.5	46.6	38.1	71.4
Charges in relation to client relationships and goodwill	(7.0)	(5.7)	(10.7)	(7.8)	(6.3)	(11.8)
Acquisition-related costs	(11.7)	(11.1)	(20.7)	(18.8)	(18.0)	(33.8)
Profit attributable to shareholders	27.3	19.4	36.1	20.0	13.8	25.8

<sup>1</sup> Weighted average number of shares in issue in the year ended 30 June 2020 (basic) = 53,714,423

<sup>2</sup> Weighted average number of shares in issue in the year ended 30 June 2019 (basic) = 53,326,270

# Segmental results

H1 2020	Investment Management (£m)	Unit Trusts (£m)	Indirect (£m)	Total (£m)
Net investment management fee income	106.4	19.9	-	126.3
Net commission income	37.3	-	-	37.3
Net interest income	4.8	-	-	4.8
Fees from advisory services and other income	10.2	0.4	-	10.6
<b>Operating income</b>	<b>158.7</b>	<b>20.3</b>	<b>-</b>	<b>179.0</b>
Staff costs – fixed	(42.9)	(2.1)	(14.3)	(59.3)
Staff costs – variable	(23.9)	(4.8)	(3.4)	(32.1)
Other direct expenses	(37.1)	(4.6)	(18.6)	(60.3)
Allocation of indirect expenses	(31.2)	(3.7)	34.9	-
<b>Profit before tax</b>	<b>23.6</b>	<b>5.1</b>	<b>(1.4)</b>	<b>27.3</b>

H1 2019	Investment Management (£m)	Unit Trusts (£m)	Indirect (£m)	Total (£m)
Net investment management fee income	110.6	16.9	-	127.5
Net commission income	27.7	-	-	27.7
Net interest income	7.6	-	-	7.6
Fees from advisory services and other income	9.3	0.6	-	9.9
<b>Operating income</b>	<b>155.2</b>	<b>17.5</b>	<b>-</b>	<b>172.7</b>
Staff costs – fixed	(39.7)	(1.9)	(14.8)	(56.4)
Staff costs – variable	(21.1)	(3.9)	(6.6)	(31.6)
Other direct expenses	(42.2)	(3.8)	(18.7)	(64.7)
Allocation of indirect expenses	(34.9)	(3.4)	38.3	-
<b>Profit before tax</b>	<b>17.3</b>	<b>4.5</b>	<b>(1.8)</b>	<b>20.0</b>



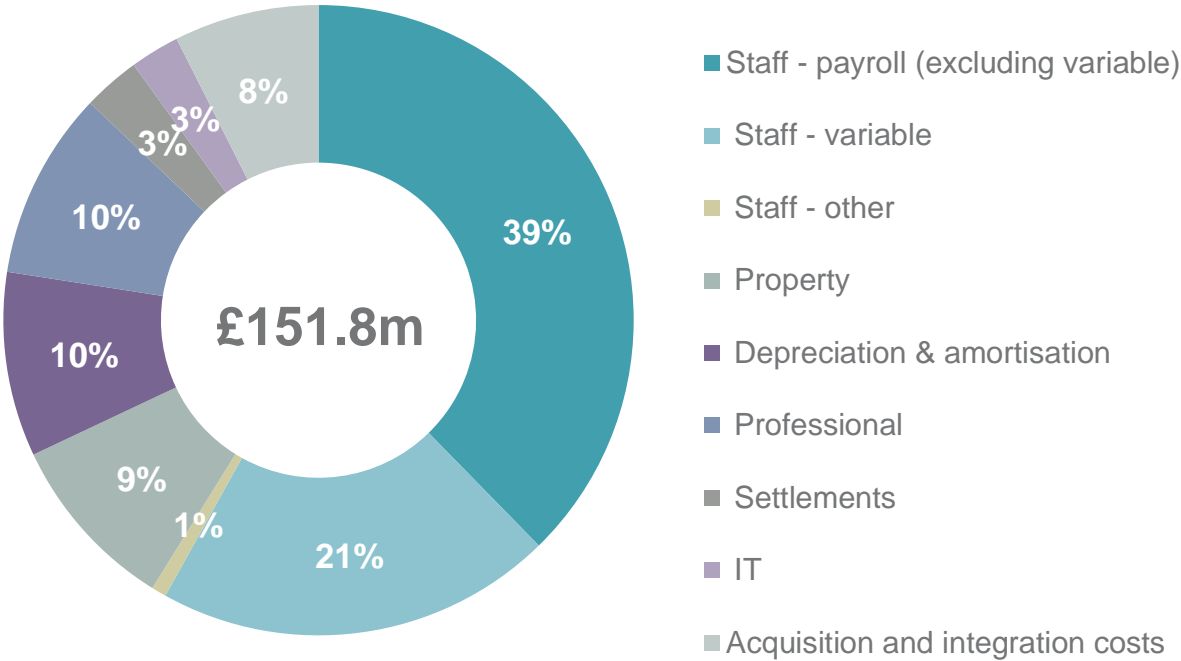
## Reconciliation of equity to total own funds

	H1 2020 (£m)	FY 2019 (£m)	H1 2019 (£m)
<b>Equity</b>			
Share capital and share premium	216.0	213.8	211.7
Reserves	308.7	313.6	303.8
<b>Less:</b>			
- Own shares	(46.1)	(42.0)	(36.8)
- Intangible assets <sup>1</sup>	(225.8)	(218.9)	(226.4)
<b>Total Common Equity Tier 1 capital resources</b>	<b>252.8</b>	<b>266.5</b>	<b>252.3</b>
<b>Tier 2 capital resources</b>	<b>11.9</b>	<b>15.7</b>	<b>17.1</b>
<b>Total own funds</b>	<b>264.7</b>	<b>282.1</b>	<b>269.4</b>

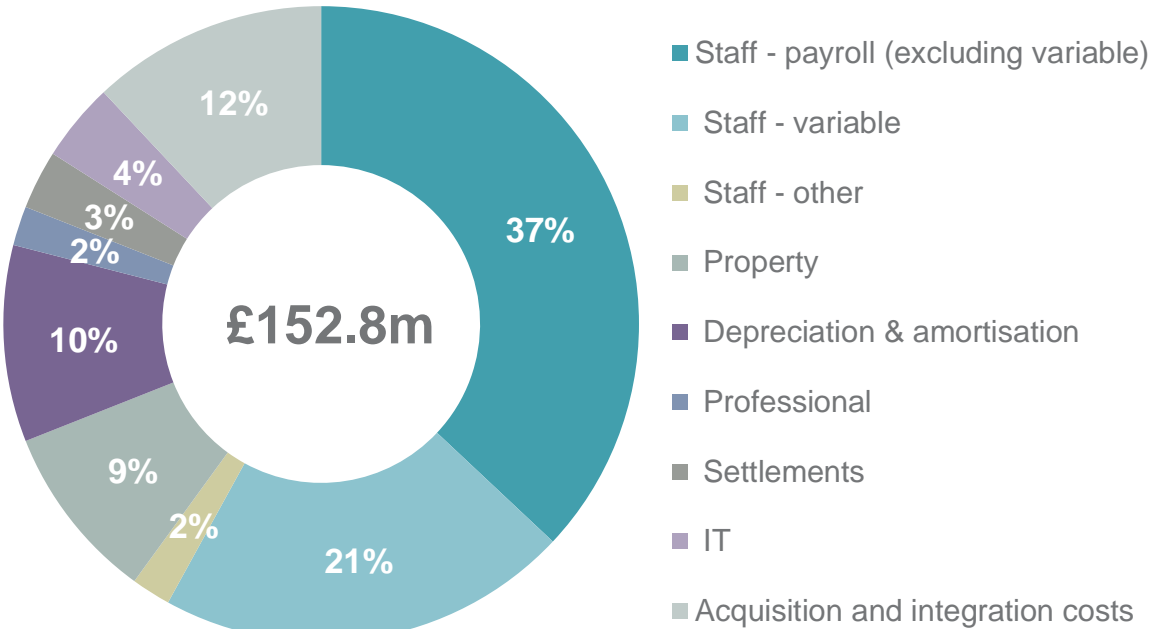
<sup>1</sup> Net book value of goodwill, client relationship intangibles and software are deducted directly from capital resources.

# Total operating expenses

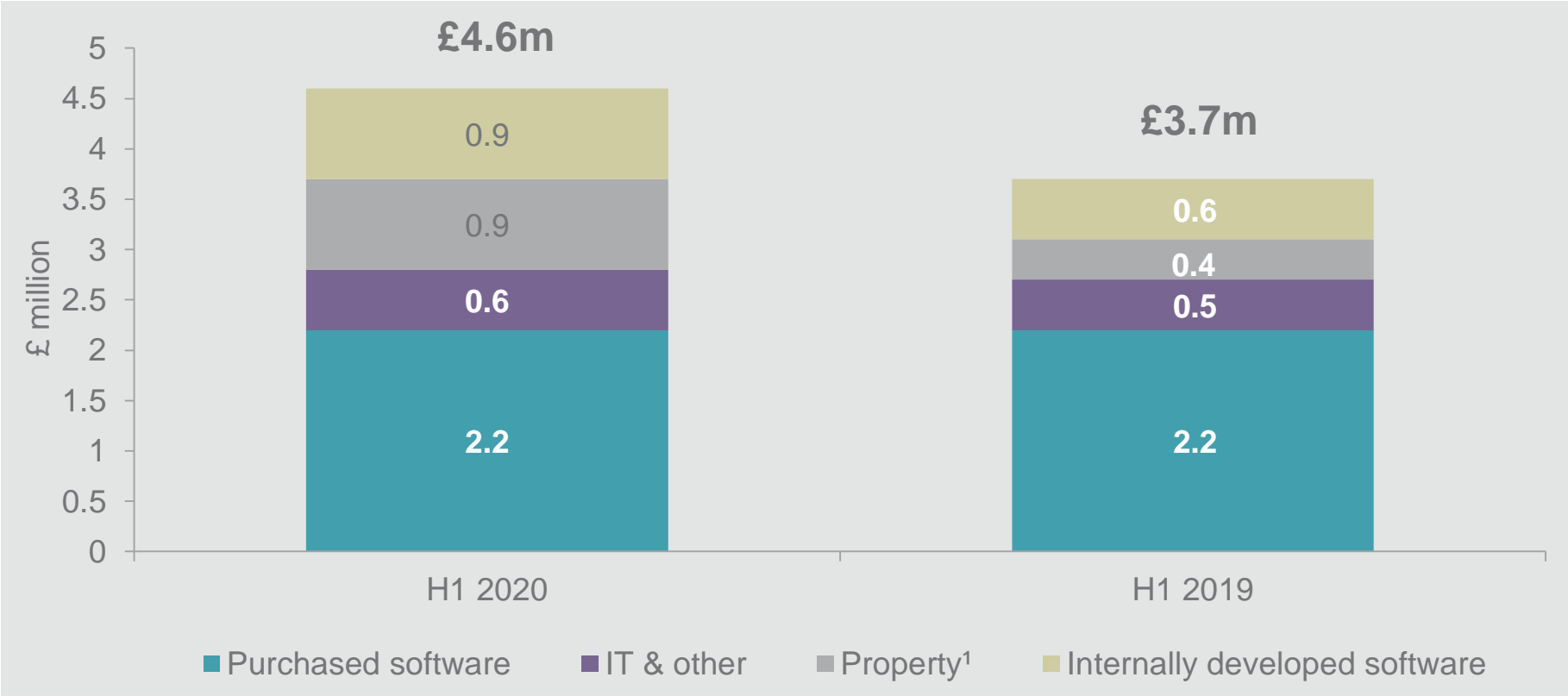
H1 2020



H1 2019



# Capital expenditure



FY2020 and FY2021 expenditure expected to be in line with FY2019 (£11.6m)

<sup>1</sup> Property expenditure in general only includes leasehold improvements from the consolidated financial statements. IT & other expenditure also includes some move-related expenditure such as IT equipment and furniture

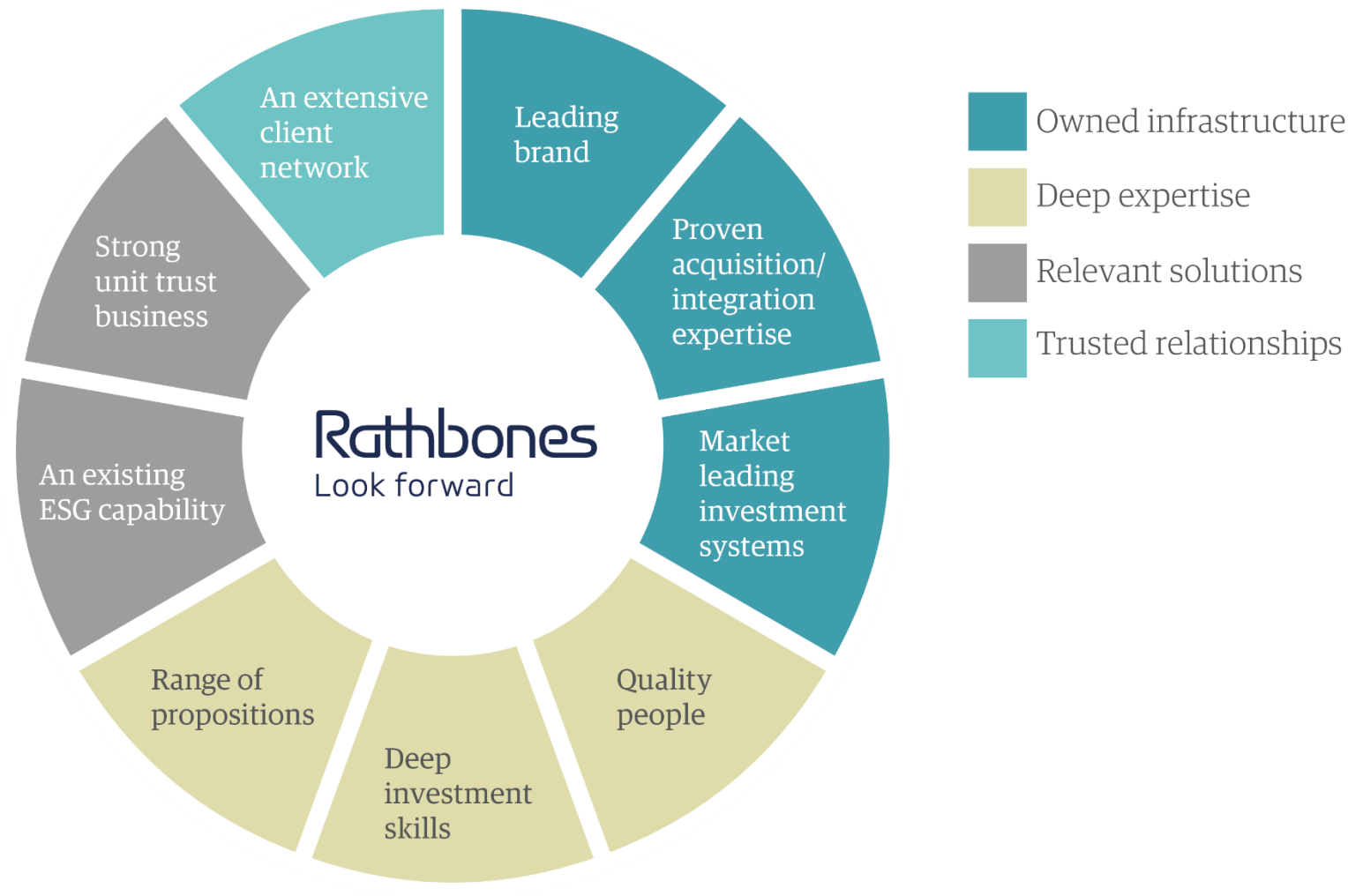
# Investment management service level breakdown

	30 Jun 2020 (£m)	31 Dec 2019 (£m)	30 Jun 2019 (£m)	Change 6 months (%)	Change 12 months (%)
Direct	30,355	31,013	29,906	(2.1)	1.5
Financial Adviser linked <sup>1</sup>	8,524	8,735	8,440	(2.4)	1.0
<b>Total Discretionary</b>	<b>38,879</b>	39,748	38,346	(2.2)	1.4
<b>Non-Discretionary Investment Mgmt</b>	<b>1,957</b>	2,550	3,374	(23.2)	(42.0)
<b>Execution Only</b>	<b>2,330</b>	2,412	2,299	(3.4)	1.3
<b>Gross Investment Mgmt FUMA</b>	<b>43,166</b>	44,710	44,019	(3.4)	(1.9)
<b>Discretionary wrapped funds<sup>2</sup></b>	<b>(1,846)</b>	(1,745)	(1,537)	5.8	20.1
<b>Total Investment Mgmt FUMA</b>	<b>41,320</b>	42,965	42,482	(3.8)	(2.7)

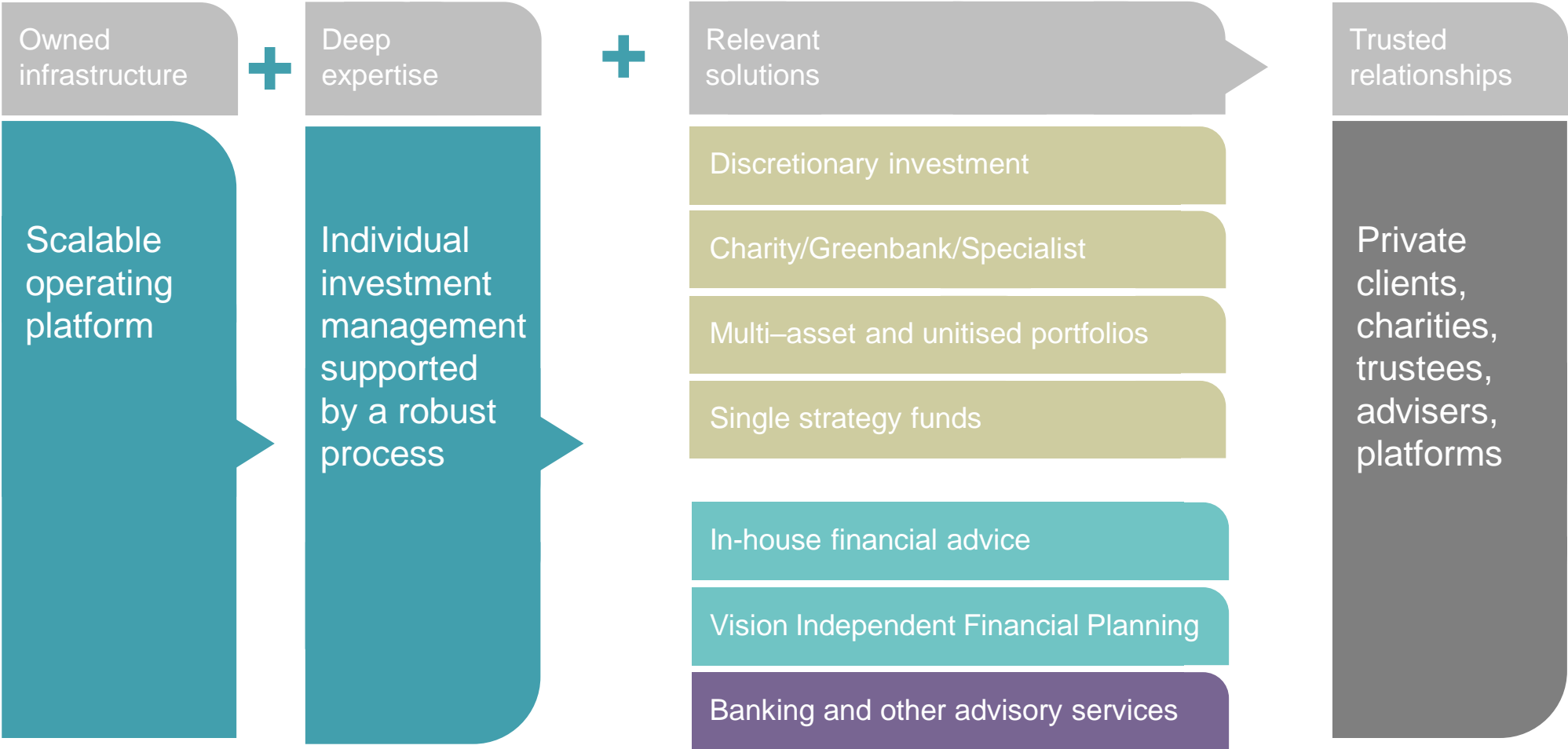
<sup>1</sup> The balance of financial adviser linked business is spread across non-discretionary investment management and execution only business.

<sup>2</sup> Discretionary wrapped funds represent funds operating by Unit Trusts, managed by both Investment Management teams and Unit Trusts fund managers

# Rathbones has the platform to succeed...

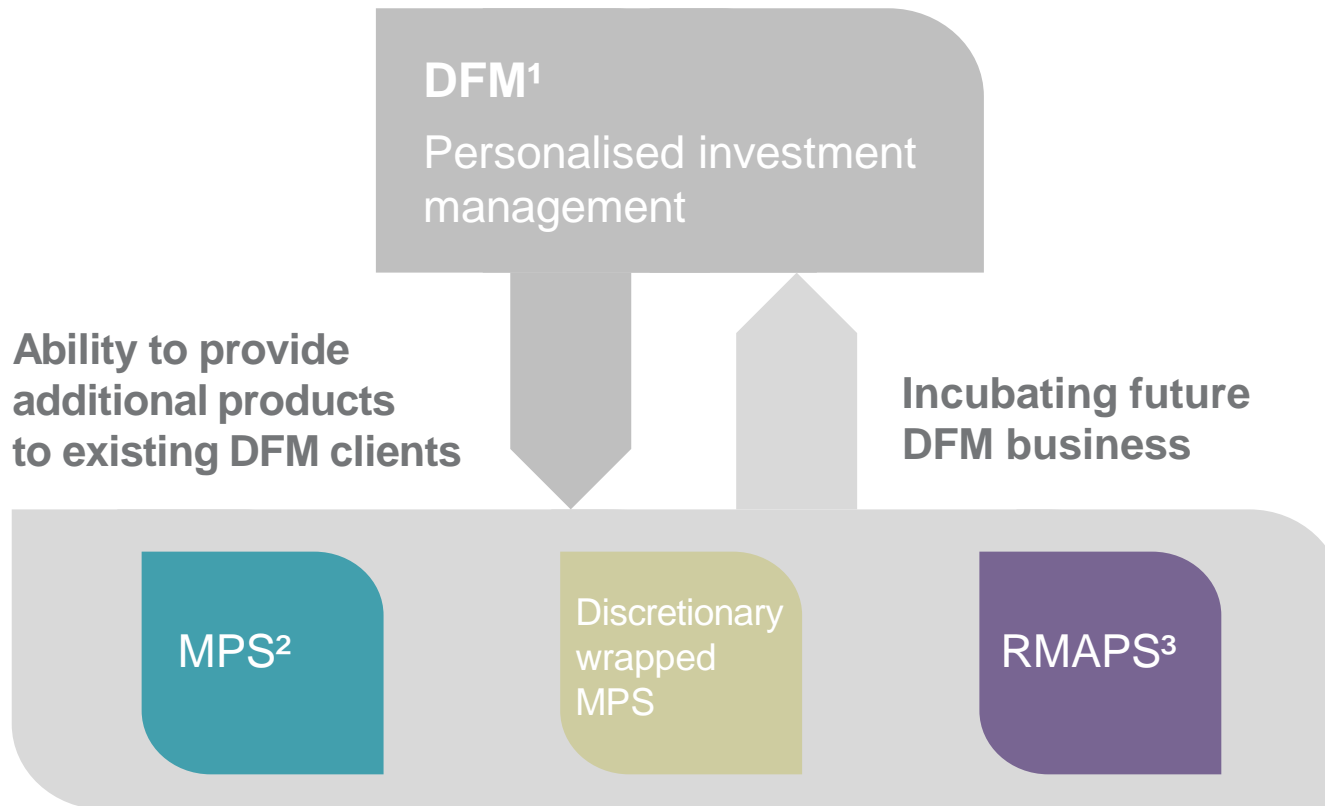


...with a robust business model...





## ...and product offerings suitable for the clients of today and tomorrow



- ✓ A product range that is suitable for clients, financial advisers and intermediaries
- ✓ Provides a cost effective solution for wealth management services for small and growing portfolios
- ✓ Ability to adapt to evolving client needs

<sup>1</sup> Discretionary fund management

<sup>2</sup> Managed Portfolio Service

<sup>3</sup> Rathbone Multi-Asset Portfolio Service

## Building on our ESG capability

- £1.7 billion in Rathbone Greenbank Investments (30 June 2019: £1.5 billion)
- £1.7 billion in Ethical Bond Fund (30 June 2019: £1.4 billion)
- Launched Rathbone Global Sustainability Fund in 2018
- Became full signatories to the Institutional Investors Group on Climate Change (IIGCC)
- Signed a letter to the EU heads of state and government calling for a sustainable recovery in the EU
- Signed the letter to the Prime Minister from over 200 businesses supporting a green coronavirus recovery plan
- Active approach to proxy voting using new sustainability themed voting policy across all our holdings

### PRI annual survey results

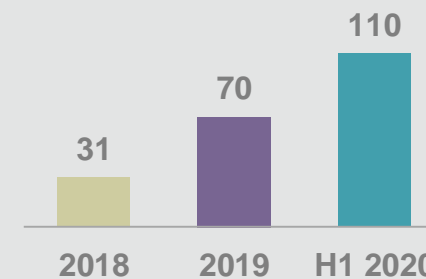
#### *Strategy and governance*

**A+** Median score: **A**

#### *Listed equity- active ownership*

**A** Median score: **B**

### Direct ESG engagement with companies



**110**  
companies  
engaged

# Accessing the financial advice market

## RFP - in-house financial planning

- Whole of market advice through 21 in-house financial planners for clients with complex needs
- Regulated advice on a one-off or ongoing basis
- Complement and support existing relationships between IMs and their clients
- Increasingly important part of presenting “One Rathbones” in pitches for UHNW clients
- Continued investment for growth

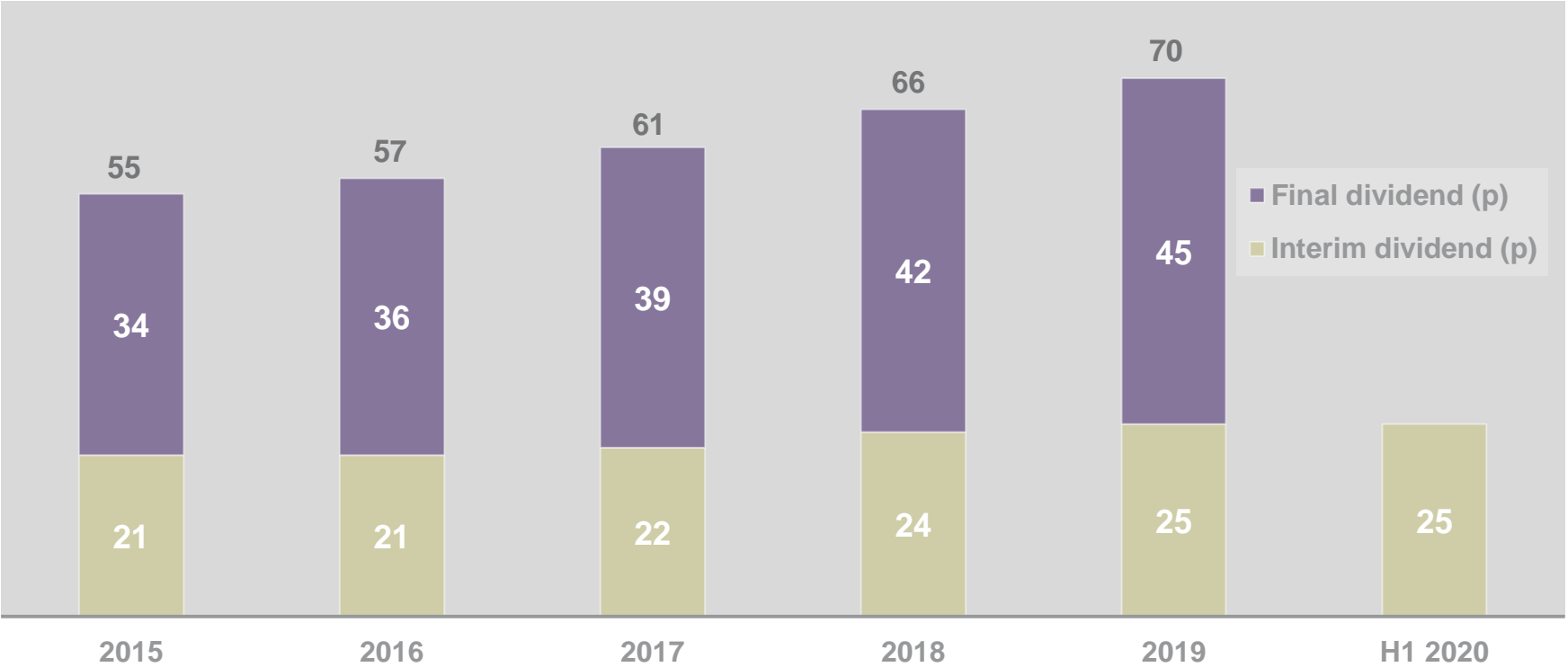
## Vision Independent Financial Planning

- Independent IFA network committed to DFM investment solution
- Focused on mass affluent to HNW segments
- £1.9bn FUA, 131 self-employed advisers
- Targeting average recruitment of 10 IFAs per year

## Distribution of investment services to external IFAs

- Combined RIM/RUTM sales team and market presence with a new integrated proposition to on-board IFA firms
- DFM distribution specialist in each of the 6 regions
- 19 firms on-boarded in H1 using new integrated approach
- Ongoing support
- Complemented by existing IM local and other relationships

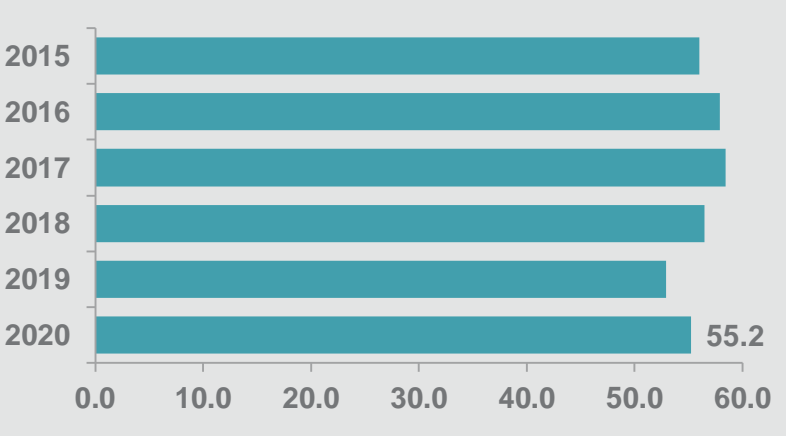
# Dividends



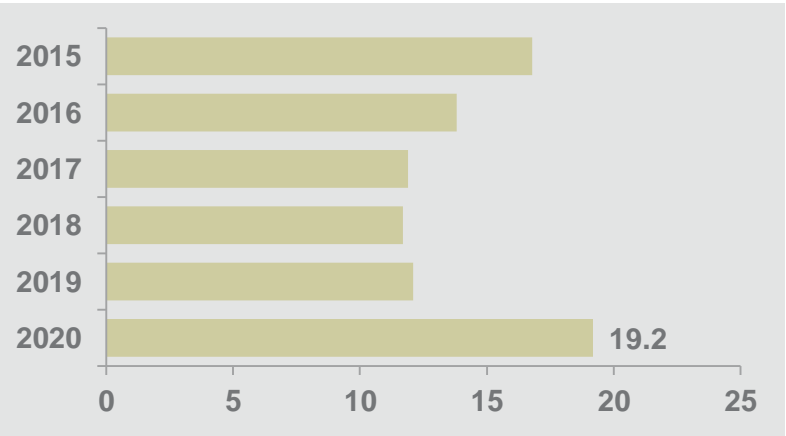
Dividend cover (underlying EPS)	2.1x	2.1x	2.3x	2.2x	1.9x	2.7x
Dividend Cover (Basic EPS)	1.8x	1.4x	1.5x	1.3x	0.7x	1.4x
Dividend Growth	5.8%	3.6%	7.0%	8.2%	6.1%	-

# Analysis of operating income

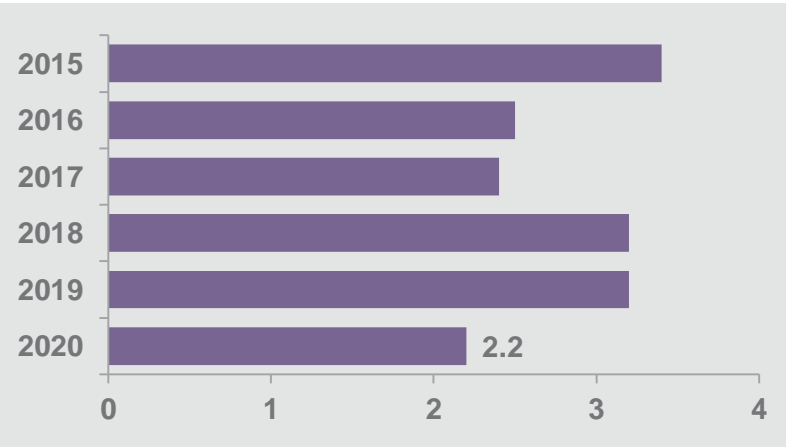
Basis point return from fees



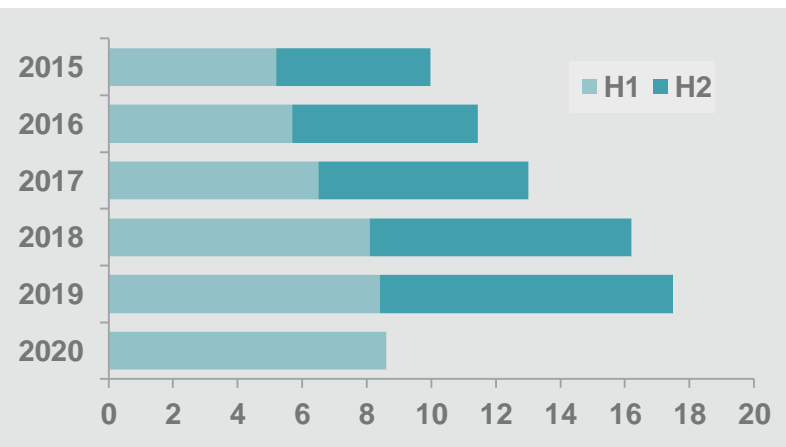
Basis point return from commission



Basis point return from interest

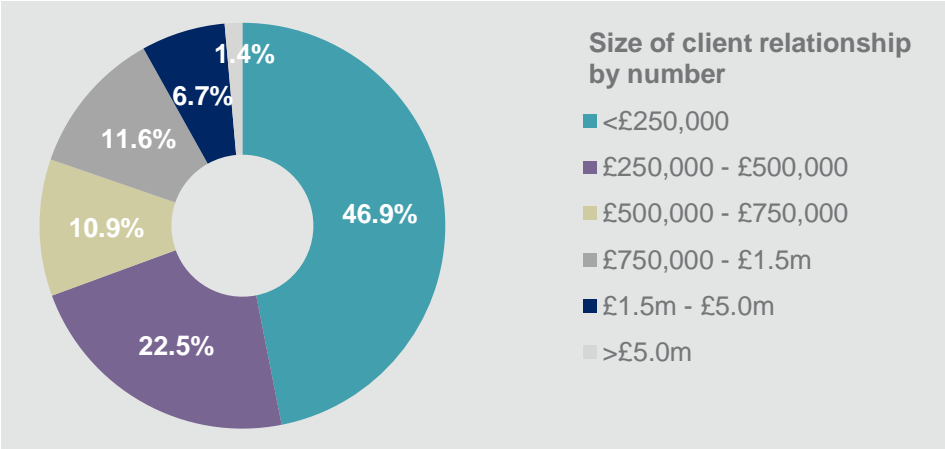
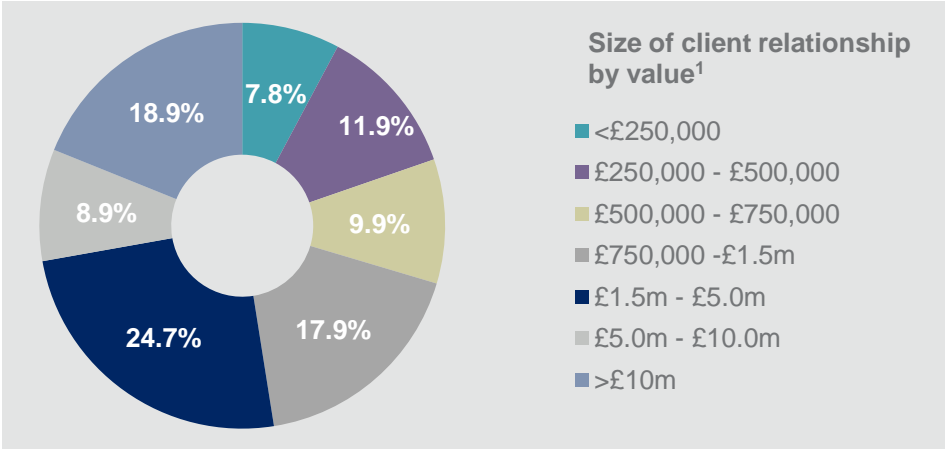
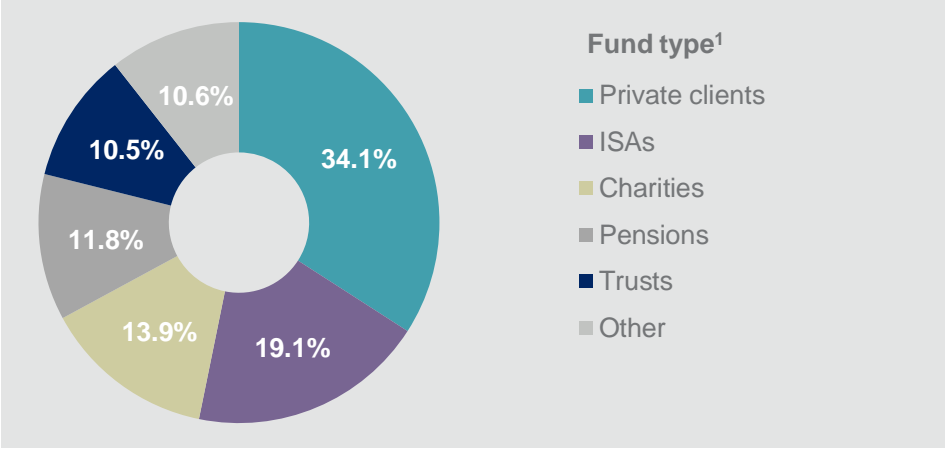
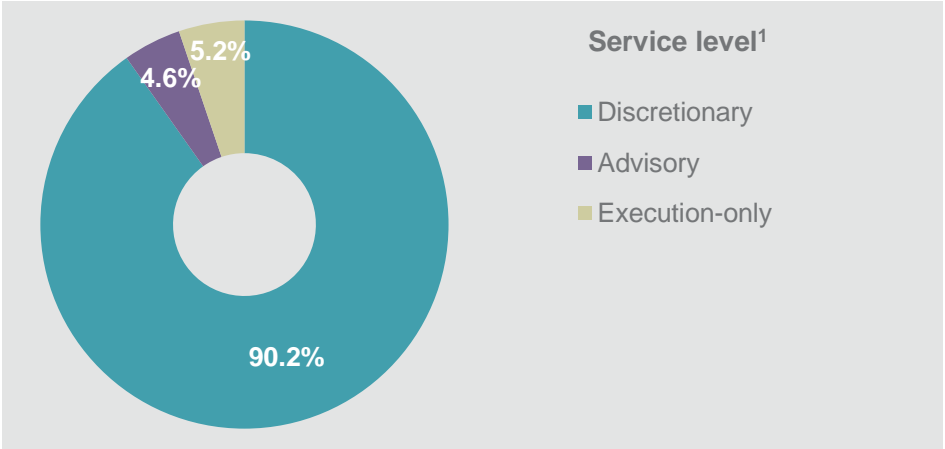


Advisory fee income (£m)



# Investment management client base

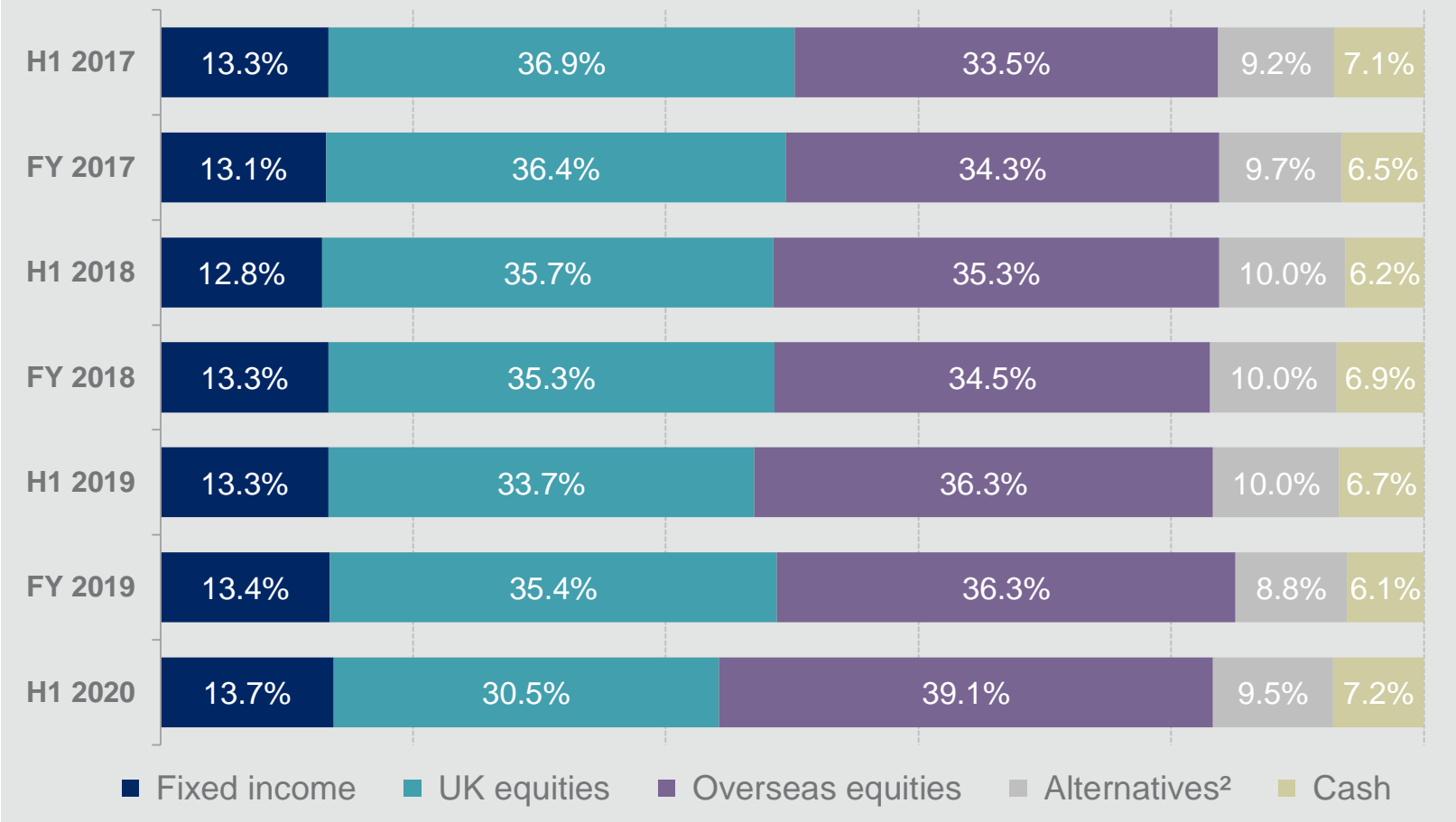
## Analysis of funds under management



<sup>1</sup> As a percentage of total funds under management at 30 June 2020



# Where our clients' assets are invested<sup>1</sup>

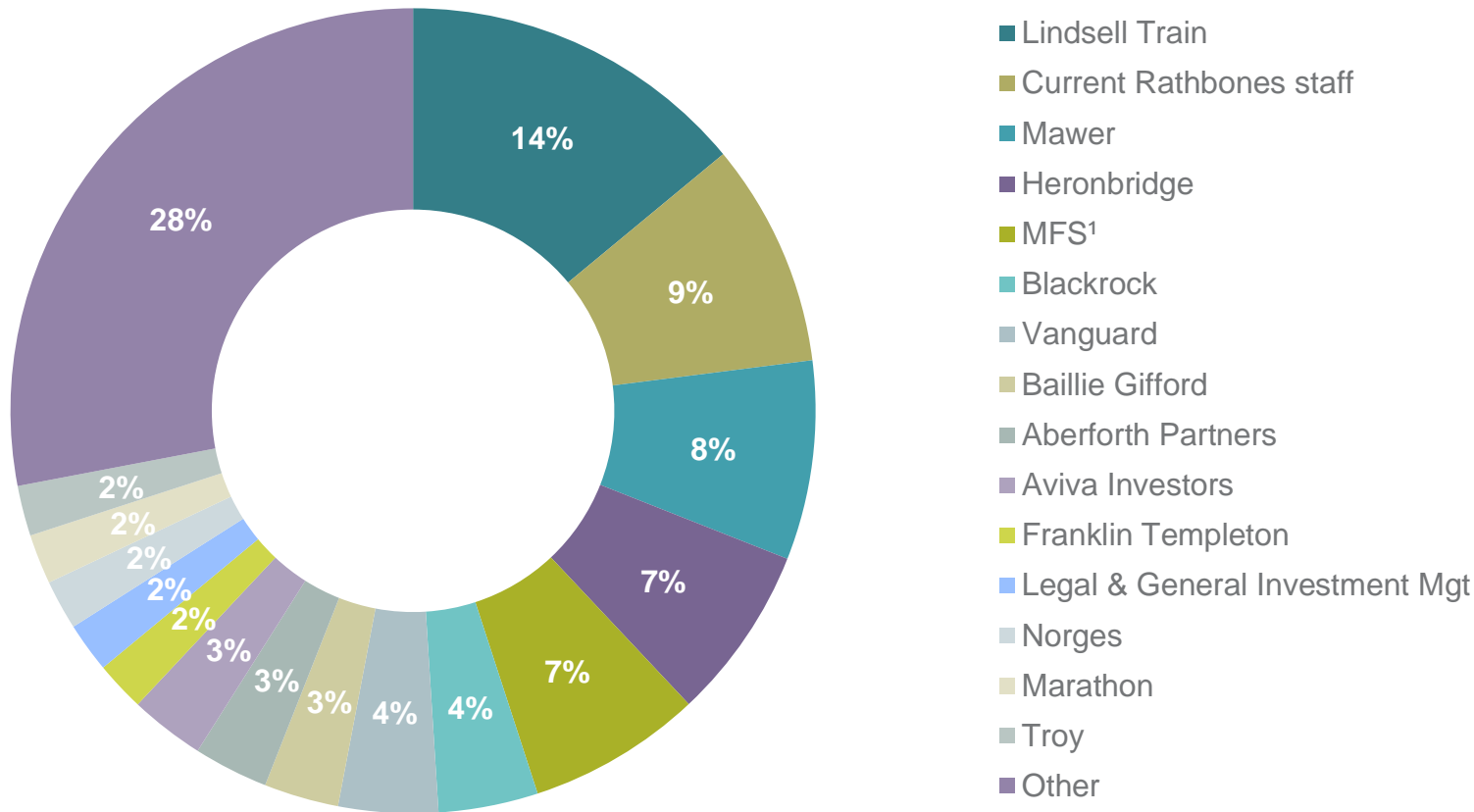


Direct holdings  
**52.2%**

Collectives (funds)  
**47.8%**

<sup>1</sup> Total Investment Management including Rathbone Investment Management International.  
<sup>2</sup> Including fund of hedge funds and structured products.

# Shareholders at 30 June 2020



<sup>1</sup> Includes shares held by MFS International Management

## Performance: retail funds

Performance <sup>1</sup> and Quartile Ranking at 30 June 2020	1 year		3 year		5 year		10 years		Size of fund (£m) <sup>7</sup>
Rathbone Global Opportunities Fund I Acc <sup>4</sup>	19.01%	1	55.82%	1	122.59%	1	325.39%	1	2,503.56
Sector: IA Global	5.36%		23.58%		63.09%		157.72%		
Rathbone Global Sustainability Fund I Acc <sup>2</sup>	12.60%	1							16.60
FTSE World (£)	5.82%								
Sector: IA Global	5.36%								
Rathbone Heritage Fund I Inc	1.44%		7.57%		35.41%				20.44
UK Consumer Price Index +3% <sup>6</sup>	3.58%		14.78%		25.66%				
FTSE World (£)	5.82%		27.78%		79.98%				
Rathbone Income Fund I Inc <sup>4</sup>	-13.11%	2	-11.32%	3	8.05%	2	111.82%	1	824.51
FTSE All Share	-12.99%		-4.60%		15.17%		91.84%		
Sector: IA UK Equity Income	-13.58%		-10.66%		4.68%		87.57%		
Rathbone UK Opportunities Fund I Inc <sup>3,4</sup>	-4.84%	1	-3.30%	2	12.89%	2	127.10%	1	39.64
FTSE All Share	-12.99%		-4.60%		15.17%		91.84%		
Sector: IA UK All Companies	-11.03%		-5.08%		11.53%		97.30%		
Rathbone Ethical Bond Fund I Acc <sup>4</sup>	5.43%	3	14.44%	1	31.62%	1	96.52%	1	1,673.29
Sector: IA Sterling Corporate Bond	5.76%		12.31%		26.85%		67.26%		
Rathbone High Quality Bond Fund I Acc <sup>5</sup>	2.01%								240.45
Bank of England Base Rate +0.5%	1.07%								
Rathbone Strategic Bond Fund I Acc	2.83%	3	8.15%	3	21.69%	2			170.89
Sector: IA Sterling Strategic Bond	3.79%		9.67%		20.59%				

<sup>1</sup> Performance figures and indices are stated on a total return basis

<sup>2</sup> Rathbone Global Sustainability Fund launched on 16th July 2018. (Performance from 19th July 2018).

<sup>3</sup> Formerly known as the Rathbone Recovery Fund. The name was changed to Rathbone UK Opportunities Fund on 23rd October 2017.

<sup>4</sup> Performance is a combination of I-Class units and R-Class units (where I-Class was unavailable). I-Class units were launched on 1st March 2012.

<sup>5</sup> Performance is a combination of I-Class shares and S-Class shares (where I-Class was unavailable). I-Class shares were launched on 23rd July 2019. (Performance from 19th November 2018).

<sup>6</sup> UK Consumer Price Inflation figures quoted with a 1 month lag.

<sup>7</sup> Overall fund (mid-market) value (including all onshore share/unit classes).

## Performance: outcome oriented funds

Discrete year performance <sup>1</sup> at 30 June 2020 (S-class shares)	1 year	3 years	5 years	10 years	Size of fund (£m) <sup>4</sup>
<b>Rathbone Multi-Asset Total Return Portfolio S Inc<sup>2</sup></b>	<b>2.12%</b>	<b>8.90%</b>	<b>19.77%</b>	<b>54.59%</b>	<b>266.35</b>
Bank of England Base Rate +2%	2.59%	7.93%	13.17%	28.10%	
Volatility as % of FTSE Developed (£) [Target <33%]	37.72%	34.24%	32.11%	35.60%	
<b>Rathbone Multi-Asset Strategic Income Portfolio S Inc</b>	<b>-2.95%</b>	<b>4.47%</b>			<b>73.40</b>
UK Consumer Price Index +3% <sup>3</sup>	3.58%	14.78%			
Volatility as % of FTSE Developed (£) [Target <66%]	63.97%	57.84%			
<b>Rathbone Multi-Asset Strategic Growth Portfolio S Inc<sup>2</sup></b>	<b>1.09%</b>	<b>11.92%</b>	<b>33.65%</b>	<b>89.69%</b>	<b>760.10</b>
UK Consumer Price Index +3% <sup>3</sup>	3.58%	14.78%	25.66%	63.13%	
Volatility as % of FTSE Developed (£) [Target <66%]	63.70%	62.39%	61.22%	62.46%	
<b>Rathbone Multi-Asset Enhanced Growth Portfolio S Acc<sup>2</sup></b>	<b>1.72%</b>	<b>14.35%</b>	<b>43.67%</b>		<b>103.18</b>
UK Consumer Price Index +5% <sup>3</sup>	5.59%	21.60%	38.35%		
Volatility as % of FTSE Developed (£) [Target <100%]	87.61%	85.48%	90.00%		

These funds are part of the volatility managed sector where quartile rankings are prohibited in the Investment Association guidelines

**Note: The Rathbone Multi-Asset Defensive Growth Portfolio and the Rathbone Multi-Asset Dynamic Growth Portfolio funds were launched in June 2020 and therefore are not included in the above performance chart.**

<sup>1</sup> Performance figures are stated on a total return basis

<sup>2</sup> Performance is a combination of S-Class shares and R-Class shares (where S-Class was unavailable). S-Class shares were launched on 1st October 2012.

<sup>3</sup> UK Consumer Price Inflation figures quoted with a 1 month lag.

<sup>4</sup> Overall fund (mid-market) value (including all onshore share/unit classes).

# Charitable giving

## Rathbones charitable response to COVID-19

We recognise the challenging time the communities in which we operate are facing and therefore Rathbones employees have chosen to support two charities during the pandemic by:

- Raising funds for Mental Health UK and the Trussell Trust with Rathbones committed to matching employee fundraising up to a total of £100,000
- To date employees have raised over £40,000 including corporate matching

## Ongoing support for local community projects

Our offices and employees continue to support local projects personal to them through:

- The Rathbones Foundation which continues to support local charities by donating up to £200,000 per year through regionally focused activities
  - The Foundation has donated c. £100,000 in the year to date
- Matching of employee fundraising up to £150 per employee per year
- A 'Give as you earn' scheme with Rathbones matching donations up to £200/month
- Three paid volunteering days, which can be taken flexibly





# Annual management fees<sup>1</sup>

Discretionary management fees (subject to VAT)	
	Applied across Main Funds and ISA funds (pa) <sup>2</sup>
First £250,000	1.20%
Next £500,000	1.00%
Next £750,000	0.75%
Balance over £1,500,000	0.50%

Illustration of fees (how our management fees are applied to a portfolio of £400,000 VAT should be added)	
£250,000 charged at 1.20%	£3,000
£150,000 charged at 1.00%	£1,500
Total annual management fee	£4,500

**Our fee is completely transparent and we do not charge:**

- fixed and minimum fees
- dealing and commission charges
- third party brokerage charges
- set-up and exit fees
- transfer in or out charges
- custody or platform fees
- performance fees

<sup>1</sup> With effect from 1 January 2015 for new clients only.

<sup>2</sup> Management fees are calculated on the aggregate value of a defined group of related funds.

# Corporate governance at Rathbones

We believe it is in the best interests of our clients for the companies in which we invest to adopt best practice in corporate governance. This provides a framework in which each company can be managed in the long-term interest of its shareholders. We have taken a number of steps to ensure we conform to best practice in this area.

**Key facts:**

- Rathbones' corporate governance committee is composed of investment managers and representatives from other teams from across the business
- we have appointed Institutional Shareholder Services (ISS) to give advice and recommendations on voting in accordance with our policies
- ISS supports the committee in the development of its proxy voting procedures in relation to discretionary accounts. ISS also provides on going, regular corporate governance analysis and information on current trends
- advice and research received by the corporate governance committee supplements the fundamental analysis carried out by the equity selection committees as part of the investment process. Committee members are kept up-to-date on voting advice regarding AGM and EGM resolutions
- quarterly corporate governance and voting reports can be produced for clients that require them
- the committee was set up in line with our obligations under the Principles for Responsible Investment and observes the Stewardship Code, set up by the Financial Reporting Council

# Important information

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. Past performance should not be seen as an indication of future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase.

Information valid at date of presentation.

Tax regimes, bases and reliefs may change in the future.

Rathbone Brothers Plc is independently owned, is the sole shareholder in each of its subsidiary businesses and is listed on the London Stock Exchange.

Issued and approved by Rathbone Investment Management Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered office: Port of Liverpool Building, Pier Head, Liverpool L3 1NW, Registered in England No. 01448919.

Rathbones is the trading name of Rathbone Investment Management Limited.

Rathbone Unit Trust Management Limited is authorised and regulated by the Financial Conduct Authority. Registered office: 8 Finsbury Circus, London EC2M 7AZ, Registered in England No. 02376568.

Trust, tax and company administration services are supplied by trust companies in the Rathbone Group. Provision of legal services is provided by Rathbone Trust Legal Services Limited ('RTLS'), a wholly owned subsidiary of Rathbone Trust Company Limited ('RTC'). RTLS is authorised and regulated by the Solicitors Regulation Authority under no.636409. The registered office of both RTC and RTLS is 8 Finsbury Circus, London EC2M 7AZ. RTC and RTLS are registered in England under company nos. 01688454 and 10514352 respectively.

Rathbone Investment Management International Limited is the registered business name of Rathbone Investment Management International Limited which is regulated by the Jersey Financial Services Commission. Registered Office: 26 Esplanade, St Helier, Jersey JE1 2RB. Company Registration No. 50503.

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