

Rathbone Ethical Bond Fund

Investment objective

We aim to deliver a greater total return than the Investment Association (IA) Sterling Corporate Bond sector, after fees, over any rolling 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 (interest payments). We use the IA Sterling Corporate Bond 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.

Investment strategy

When picking our investments, there are three assessments we make. First, we look at the economic environment to determine which industries we want to own and the duration of our investments. Then we use the Four Cs Plus approach to evaluate creditworthiness. We assess:

Character: Whether a company's managers have integrity and competence

Capacity: Ensuring a company isn't over-borrowing and has the cash to pay its debts

Collateral: Are there assets backing the loan, which reduces the risk of a loan

Covenants: These loan agreements set out the terms of the bond and restrictions on the company

Conviction: The Plus: We think differently to the market; sometimes contrarian, sometimes sceptical of orthodox thinking, but always opinionated

Meanwhile, Rathbone Greenbank, an ethical research division of our company, assesses potential investments against positive and negative social and environmental criteria. Finally, we compare prices to determine the best value bonds to include in our fund.

Fund facts

| | |
|--|---|
| Manager | Rathbone Unit Trust Management Limited |
| Trustee | NatWest Trustee and Depositary Services |
| Date Launched/Launch Price | 14 May 2002/100p (fund) 01 March 2012 (unit class) |
| Size of fund | Mid-market: £1,586.83m ^{††} |
| Unit price | Income (Inc): 99.90p Accumulation (Acc): 225.42p |
| Historical distribution yield* | 3.60% |
| Average yield to maturity | 3.09% |
| Total no. of holdings | 233 |
| Initial charge | None |
| MiFID II charges | |
| Ongoing charges figure (OCF) as at 30.09.2019 | 0.66% |
| Transaction costs | 0.05% |
| Total MiFID II charges | 0.71% |
| The MiFID II charges include the ongoing charges figure (OCF) and transaction costs. PRIIPs compliant* | |
| Minimum initial investment | £1,000 |
| Minimum additional investments | £500 |

Distributions per unit

| | | | |
|---|---------------|----------------|--|
| Latest distributions | | | |
| Interim | 1.95p | | |
| Interim | 2.05p | | |
| Annual | 2.07p | | |
| Interim | 2.14p | | |
| | Ex div | Payment | |
| Interim | 01 Apr 20 | 31 May 20 | |
| Interim | 01 Jan 20 | 29 Feb 20 | |
| Annual | 01 Oct 19 | 30 Nov 19 | |
| Interim | 01 Jul 19 | 31 Aug 19 | |
| Year end 30 September ^{^^} | | | |
| Since 6 April 2017, distributions are paid gross. | | | |

Maturity distribution

| | |
|----------------------------|------------------|
| Data as at 31.05.20 | % in fund |
| 0-5 Years | 30.93 |
| 5-10 Years | 39.83 |
| 10-15 Years | 12.03 |
| 15+ Years | 15.26 |
| Cash | 1.95 |
| Modified Duration | 6.03 years |

Manager ratings



Bryn Jones

Dealing/valuation

Forward daily: 9.00am-5.00pm
Valuation point: 12.00 midday
Dealing/valuation: 0330 123 3810
Information line: 020 7399 0399

Fund codes

Sedol (Inc): B7FQJT3
Sedol (Acc): B77DQT1
ISIN (Inc): GB00B7FQJT36
ISIN (Acc): GB00B77DQT14

Product availability

For Investment Advisers, third party availability – all major platforms.

For more information, please see our 'distribution partners' page on the 'How to Invest' section of our website rathbonefunds.com

Awards



Management



Bryn Jones
Fund Manager

Bryn joined Rathbones in November 2004 and heads up the fixed income team. He has over 20 years' investment industry experience in equity and fixed income markets. Bryn is a WMA representative and sits on the IA fixed income advisory committee.



Noelle Cazalis
Fund Manager

Noelle joined Rathbones in July 2011. She assists in the management of the Rathbone Ethical Bond Fund and the Rathbone Strategic Bond Fund. She also manages the Rathbone High Quality Bond Fund since its launch in 2018. Noelle holds two master's degrees in Economics and Finance.

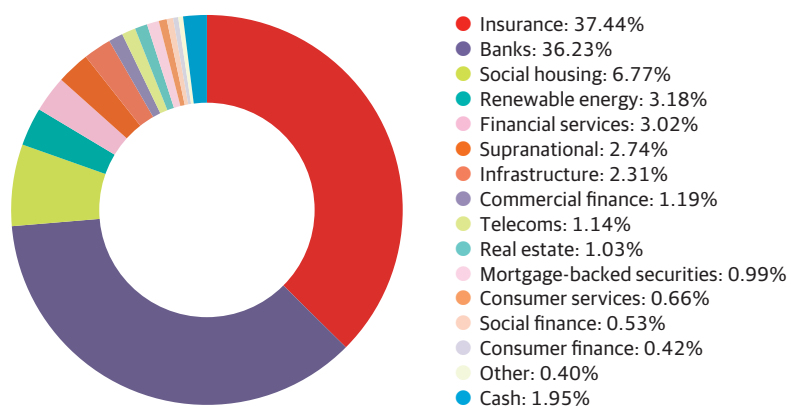
Fund ratings



^{††}Please note that the change in size of fund is as a result of the Luxembourg SICAV version of this fund converting from a master feeder structure to a directly managed fund. If you have any questions please contact your financial adviser.

Sector asset allocation (iBoxx sector classifications)

Data as at 31.05.20



I-class fund performance

Data as at 31.05.20

| | 1 year | 3 years | 5 years |
|-----------------------------------|--------|---------|---------|
| Rathbone Ethical Bond Fund | 5.96% | 12.94% | 27.88% |
| IA Sterling Corporate Bond sector | 5.61% | 9.62% | 22.02% |
| Quartile rank | 2 | 1 | 1 |

Discrete annual performance, quarter ending 31 March

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------------|--------|-------|-------|-------|-------|
| Rathbone Ethical Bond Fund | -0.69% | 9.92% | 5.26% | 3.26% | 1.00% |
| IA Sterling Corporate Bond sector | -1.03% | 8.88% | 1.70% | 2.96% | 0.78% |

| | Alpha*** | Beta*** | Volatility*** | Turnover† |
|-----------------------------------|----------|---------|---------------|-----------|
| Rathbone Ethical Bond Fund | 1.27 | 0.82 | 5.41% | 46.09% |
| IA Sterling Corporate Bond sector | -0.26 | 0.94 | 5.57% | |

Price performance based upon bid to bid prior to 21.01.19 and single price (mid) thereafter. 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.

10 largest holdings

Data as at 31.05.20

| | % |
|--|------|
| Lloyds 13.0% Perp | 2.27 |
| Nationwide Building Society FRN 10/01/2025 | 2.21 |
| Aviva 5.9021% Perp | 1.88 |
| Legal & General 5.5% 27/06/2044 | 1.74 |
| AXA 5.625% 16/01/2034 | 1.72 |
| HSBC 5.844% Perp | 1.70 |
| Royal London 6.125% 13/11/2028 | 1.69 |
| AXA 5.453% Perp | 1.61 |
| Bank of Scotland 7.281% Perp | 1.61 |
| RSA Insurance Group 5.125% 10/10/2025 | 1.56 |

Credit quality distribution

Data as at 31.05.20**

| | % |
|------|-------|
| AAA | 6.69 |
| AA | 2.32 |
| AA- | 1.56 |
| A+ | 2.14 |
| A | 2.58 |
| A- | 9.33 |
| BBB+ | 37.89 |
| BBB | 14.53 |
| BBB- | 13.74 |
| BB+ | 2.82 |
| BB | 0.19 |
| BB- | 0.19 |
| NR | 4.07 |
| Cash | 1.95 |

You should know

Important information

Copies of the Prospectus, the Key Investor Information Document (KIID), the Supplementary Information Document (SID), and application forms may be obtained, free of charge, from Rathbone Unit Trust Management Limited.

Changes in rates of exchange between currencies may cause the value of investments to decrease or increase.

Details of tax levels and reliefs may change in the future. The value of any tax relief depends on individual circumstances. If you have any doubts about your tax position, or the suitability of this investment, you should seek professional advice.

Interest rate fluctuations are likely to affect the capital value of investments within bond funds. When long term interest rates rise the capital value of units is likely to fall and vice versa. The effect will be more apparent on funds that invest significantly in long-dated securities. The value of capital and income will fluctuate as interest rates and credit ratings of the issuing companies change.

To meet the investment objective, the fund may also invest, at the Manager's discretion, in other transferable securities, money market instruments, warrants, cash and near cash, deposits and units in collective investment schemes. Use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted by the FCA rules.

As the Manager's annual fee is taken out from capital, distributable income will be increased at the expense of capital which will either be eroded or future growth constrained. All other income expenses are paid out of the fund's income.

Information notes

*From April 2018, the ongoing charges figure has been calculated according to PRIIPs regulations, which came into effect on 1 January 2018. Holdings are based on six monthly audited accounts. Changes to fund holdings within this period may result in higher or lower ongoing charges.

*The historic distribution yield reflects the annualised income net of the expenses in the fund (calculated in accordance with the relevant accounting standards) as a percentage of the mid-market unit price of the fund as at the date shown. It is based on a snapshot of the portfolio on that day. It does not include any initial charge and investors may be subject to tax on their distributions.

**As from 30 June 2016 the fund's year end changed to 30 September.

Source performance data Financial Express, price performance based upon bid to bid prior to 21.01.19 and single price (mid) thereafter. This is net of expenses and tax. Data using prices as at 31.05.2020. I-class units/shares were launched on 01 March 2012. Performance is a combination of I-class units and R-class units (where I-class was unavailable). ***Alpha, Beta and Volatility statistics given on a 5 year rolling basis. Alpha and Beta are calculated using the IBOXX Non Gilt Index as the benchmark. Alpha, Beta and Volatility shown is annualised standard deviation of monthly returns. †Turnover is calculated on a 1 year rolling basis.

**Credit quality distribution ratings from various sources

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Source and Copyright Citywire: Bryn Jones is + rated by Citywire for his three year risk adjusted performance for the period 30.04.2017-30.04.2020.

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Authorised and regulated by the Financial Conduct Authority

A member of the Investment Association (IA)

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