



Rathbone Recovery Fund

A fund for the times in which we live and will live in

What is the aim of the fund?

The Rathbone Recovery Fund aims to provide long-term capital growth by identifying investment opportunities whose potential for recovery has been overlooked by the broader market.

What are the attributes of the fund?

- We target companies whose potential recovery value is not appreciated by the market.
- Focused fund with a concentrated portfolio of 50 to 60 holdings.
- No sector anchoring – it is a stock-picking fund.
- Universe of stocks available – FTSE All-Share index, AIM and FTSE Europe index.
- A fund which aims to maintain an attractive investment prospect whatever the market conditions – a true ‘fund for all seasons’.

What is the structure and investment process of the fund?

- The basis for this recovery will be determined by a number of measures including an assessment of the macro-economic environment as well as industry, sector and stock specific issues.
- The fund will not be constrained by market capitalisation and may hold up to 20% in European shares.
- The fund will be managed by Chief Investment Officer Julian Chillingworth and by Investment Manager, Marina Bond, supported by Assistant Fund Manager, Alan Dobbie.
- Chillingworth will focus on large cap stocks with Bond covering mid- and small-cap stocks and Dobbie covering European stocks. The team will also benefit from the collective expertise of broader unit trust investment team.

What is the differentiation from other ‘recovery’ products on the market?

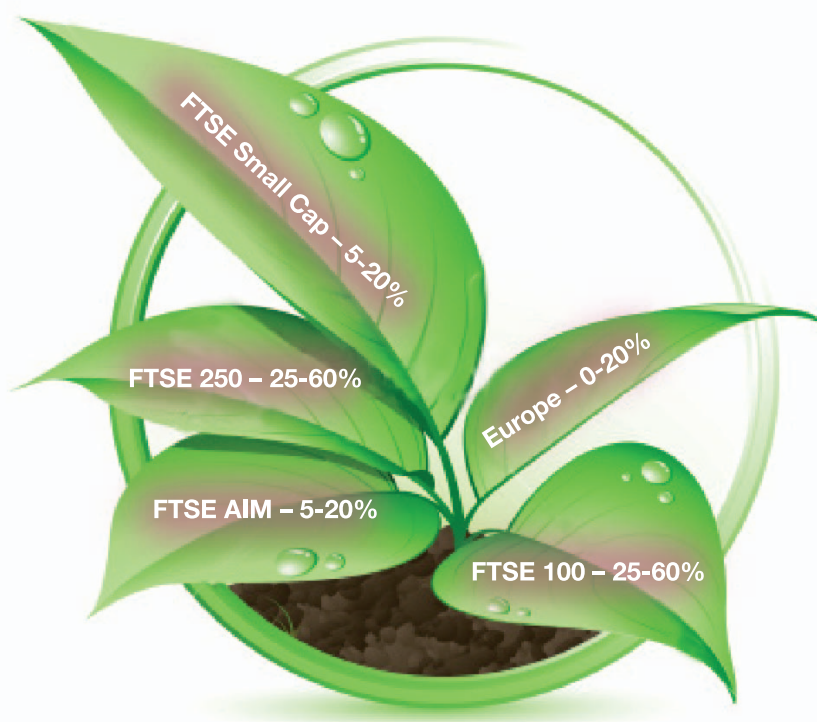
Three main factors differentiate the fund from other funds with similar objectives.

- The first is the use of the broader pallet of measures, a three-dimensional stock selection process, to determine the potential for recovery.
- The second is that the fund will not be constrained by sector weightings and will exploit opportunities regardless of sector.
- Thirdly, the team managing the fund is headed by Julian Chillingworth, an industry practitioner with around 30 years investment experience – gained during fluctuating markets and extreme macro-economic environments.

What will be the benchmark of the fund?

We do not operate formal benchmarks for our funds; however, the FTSE All-Share index and the peer group (the IMA UK All Companies sector) are used for comparison purposes.

What will be the target weightings of the Rathbone Recovery Fund?



A major departure from two funds from which it was created

We wished to create a new fund of reasonable size (£64 million at launch, 13 July 2009) which would offer growth prospects to investors, without exhibiting the levels of volatility which were a feature of the merging funds (Rathbone Smaller Companies Fund and Rathbone Special Situations Fund). This would be achieved by creating a fund with a much heavier commitment to FTSE 100 and 250 stocks and a European content of up to 20%. The Rathbone Recovery Fund portfolio construction is considerably different from the merging funds as to the target ranges for market capitalisation, FTSE sector allocation, and its projected income yield.



Julian Chillingworth, Chief Investment Officer comments:

“Current markets offer compelling investment opportunities for those able to identify them. The fund will employ a robust investment process to identify the reasoning behind share weakness, determining why a stock has fallen and assessing the positioning of the recovery stock within a macro-economic context. This process will include a rigorous sell-discipline once the full upside potential of any given holding has been realised. It is this three-dimensional stock selection process that sets our fund apart from others with similar objectives.”

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A member of the Investment Management Association
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Registered No. 2376568

The Rathbone Recovery Fund was formed from a merger of the Rathbone Special Situations Fund into the Rathbone Smaller Companies Fund which was renamed and relaunched 13 July 2009.

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