

# Welcome to Rathbones

**How can you manage your assets for the benefit of the next generation?**

**Chris Day  
Mark Winchester**

**November 2009**



**RATHBONES**  
Established 1742

# Rathbones: *about us*

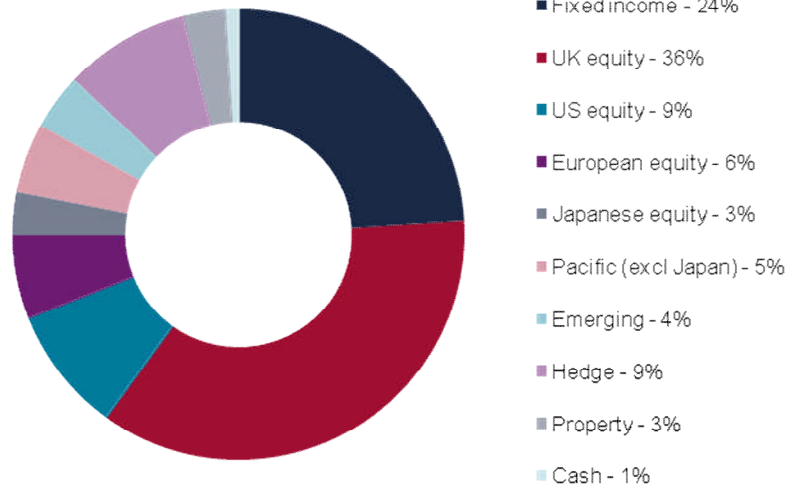
- One of the UK's largest and longest-established providers of high quality, personalised discretionary investment management services for individuals and trustees
- Over £11 billion in funds under management\*
- Around 150 investment professionals in ten UK locations
- Low staff turnover amongst investment management staff
- Part of Rathbone Brothers Plc - an independent, FTSE 250 company
- The majority of staff are shareholders in the firm



# Rathbones: *what we believe*

- **We offer an investment service** rather than a product
- **A direct relationship with our investment managers** ensures investors' individual, long-term investment objectives are understood
- **Independence is important** - being free to make objective investment decisions for clients reduces potential conflicts of interest
- Our **well-researched, performance-driven Investment Process** should support, not control, the decision-making of experienced investment managers
- **Being a specialist in services for private clients and trustees** allows us to offer a quality service cost effectively
- **High-quality administration** underpins a successful long-term relationship

# Diversification is the key: asset allocation

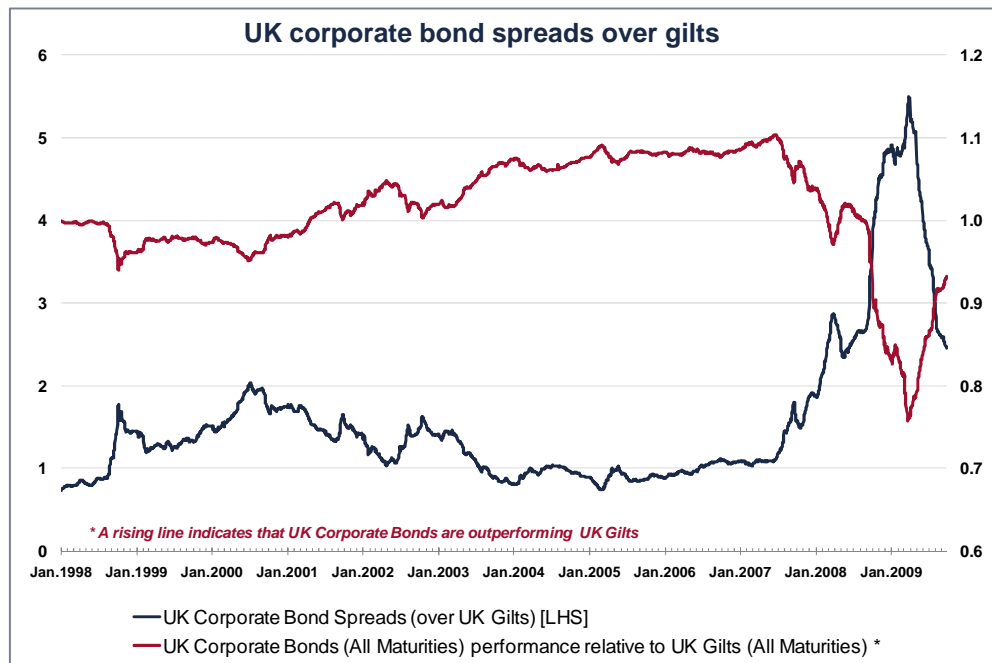


Model allocation and changes			
	Rathbones	APCIMS	Change
<b>Fixed income</b>	<b>24</b>	<b>20</b>	<b>-</b>
• UK gilts	8	20	
• UK index linked	8	-	
• Corporate	5	-	
• Global govt. bonds	3	-	
<b>Equity</b>	<b>63</b>	<b>65</b>	
<b>UK</b>	<b>36</b>	<b>42.5</b>	
• Large cap	33	-	
• Mid/small cap	3	-	
<b>International</b>	<b>27</b>	<b>22.5</b>	
• US	9	9	
• Europe	6	6	
• Japan	3	2	
• Pacific (inc. China)	5	2.5	
• Emerging	4	3	
<b>Property</b>	<b>3</b>	<b>2.5</b>	<b>+3.0%</b>
<b>Hedge</b>	<b>9</b>	<b>7.5</b>	
<b>Cash</b>	<b>1</b>	<b>5</b>	<b>-3.0%</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>0</b>

# Current market outlook – valuations

## Fixed interest valuations

### Corporate credit – still recovering

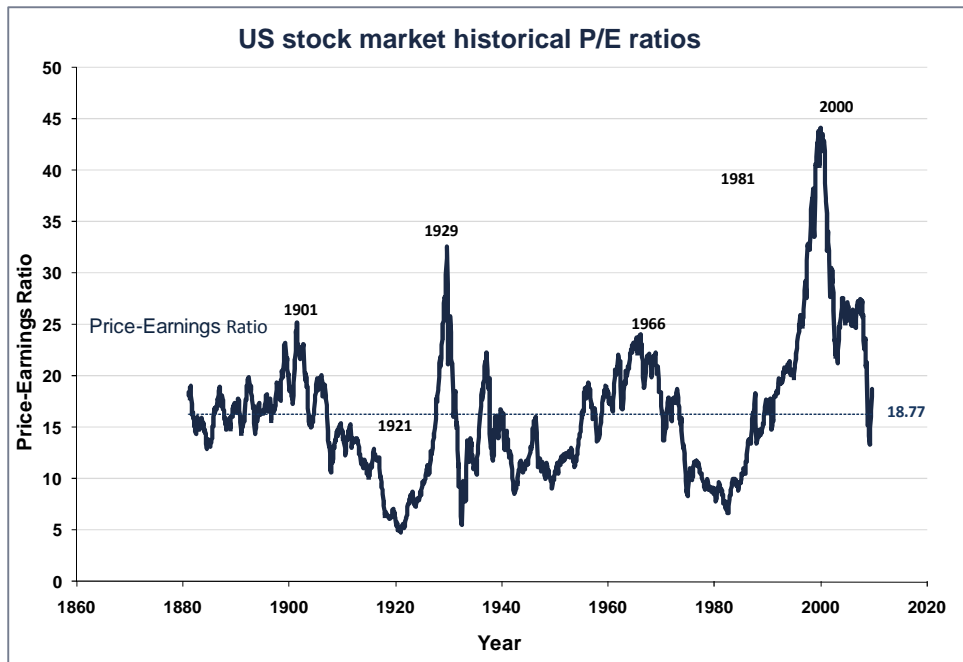


Source: Rathbones, Datastream

# Current market outlook – valuations

## Equity valuations

Valuations on the US market are fairly valued  
on the basis of historical standards



Source: Rathbones, Robert Shiller

# Outlook for asset classes – Q4 2009

## Equity markets

<b>UK</b>	<i>Underweight</i>	Favouring larger companies
<b>US</b>	<i>Neutral</i>	Valuations reasonable. Weak US\$ favouring exporters
<b>Europe</b>	<i>Neutral</i>	Euro strength affecting exporters. Central bank taking robust stance on inflation
<b>Japan</b>	<i>Underweight</i>	Economic growth sluggish. Considerable value available
<b>Asia</b>	<i>Overweight</i>	Volatility likely but growth story intact
<b>Emerging markets</b>	<i>Overweight</i>	Volatility likely as slowing western growth affects markets. Growth prospects still attractive
<b>Fixed interest</b>		Rates may need to rise to head off inflation. Corporate bonds discounting excessive defaults. Index-linked attractive to higher tax payers
<b>Property</b>		Downward adjustment still taking place
<b>Fund of hedge funds</b>		Volatility presents many opportunities. Funds less correlated with equity markets
<b>Private equity</b>		Fewer deals and less leverage likely. Buyouts take longer to mature
<b>Commodities</b>		Still tight supply pipeline as well as speculative activity

# Our philosophy

*“We do not sell products - we offer a service. For us, that is an important distinction. We aim to build long-term relationships with individuals, their families and advisers. This approach is becoming unusual but we strongly believe it is important for our clients who value having direct access to the person who is managing their investments.”*

*mark Powell*

**Mark Powell**  
Chairman



# 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.*

*“Independent” – shall be construed to refer to the basis of Rathbones’ ownership as a corporate entity, and not to our use of Non-Life Packaged Products for our Advisory or Non-Discretionary Investment Management clients (and “Independence” shall have an appropriate meaning accordingly).*

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