

# US CLIENT BROCHURE



**RATHBONES**  
Established 1742



# RATHBONE INVESTMENT MANAGEMENT LIMITED

## MATERIAL CHANGES

### SUMMARY OF MATERIAL CHANGES

This document is prepared in accordance with the requirements of the US Securities and Exchange Commission. This section contains a summary of the material changes since the last annual update of this document which occurred on 31 March 2012.

1. On 1 April 2013, the Financial Services Authority was replaced by two new regulatory bodies and we are therefore no longer authorised and regulated by the Financial Services Authority in the United Kingdom. Rathbone Investment Management Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

# RATHBONE INVESTMENT MANAGEMENT LIMITED

## US CLIENT BROCHURE – APRIL 2013 (PART 2A OF FORM ADV) CRD NUMBER: 124925

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This brochure provides information about the qualifications and business practices of Rathbone Investment Management Limited. If you have any questions about the contents of this brochure, please contact us on the above contact details. The information in this brochure has not been approved or verified by the US Securities and Exchange Commission, the United Kingdom Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA) or by any state securities authority. Registration does not imply a certain level of skill or training.

Additional information about Rathbone Investment Management Limited is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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.

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# GLOSSARY

In this brochure, the following words and phrases have the following meanings unless the context requires otherwise. If you are unsure of any terms within the brochure, please speak to your Investment Director.

This brochure is for US Clients and explains the services for US Clients only. Rathbone Investment Management Limited (Rathbones) is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority for the provision of financial services in the United Kingdom.

Rathbones is registered with the Securities and Exchange Commission (SEC) for the purpose of providing investment management services to US Clients. US Clients are required to sign investment management agreements that comply with requirements under the US Investment Advisers Act of 1940 (Advisers Act). All dealings with these clients are subject to the Advisers Act and the rules thereunder. One of the specific requirements of SEC regulations is that we provide additional information about Rathbones and its associated companies to US Clients.

TERM	MEANING IN THE CONTEXT OF THIS BROCHURE
ACCOUNT(S)	An account (or accounts) maintained by us in your name which is used to hold your cash including, without limitation, Income Accounts, Capital Accounts, Fixed Time Deposit Accounts (and other deposit accounts).
CHAPS	Clearing House Automated Payments System.
COLLECTIVE INVESTMENT VEHICLES	A Collective Investment Vehicle ('CIV') is a scheme which allows an investor to invest money on a pooled basis (along with a number of other investors). A CIV may take the form of a company, partnership or trust.
DISCRETIONARY	Having ascertained your background, any reasonable restrictions and requirements, we have authority to buy and sell investments without reference to you.
FUND	A single repository of assets, with discrete ownership, investment objective, tax and legal status, a typical example would be your collection of securities and cash.
INVESTMENT OBJECTIVE	Your investment objective in respect of a Fund as selected by you in the Client Agreement and Profile (or otherwise in writing) from the options offered by us.
NON-DISCRETIONARY	Having ascertained your background, any reasonable restrictions and requirements, we will make recommendations to you and on receipt of your confirmation we will buy and sell investments.
PORTFOLIO	The portfolio of assets and cash belonging to you, held by or through us which may contain multiple Funds and/or multiple Accounts.
RISK PROFILE	Your risk profile in respect of a Fund as selected by you in the Client Agreement and Profile (or otherwise in writing) from the options offered by us.
SUBSIDIARIES	Separate legal entities which are owned by Rathbone Investment Management Limited or have common ownership with it.
US CLIENT	This term has the same meaning as in rule 203(m)-1 under the Advisers Act, which includes any natural person that is resident in the United States.
VAT	Value Added Tax.

# 1. ADVISORY BUSINESS (INVESTMENT MANAGEMENT SERVICES)

## 1.1 OWNERSHIP

Rathbones is a leading UK provider of discretionary and non-discretionary investment management and wealth management services for private clients and trustees. With 13 offices in the UK, Rathbones manages £16.71 billion (this figure is correct as at 31 December 2012) of assets for individuals and their trusts, charities and pensions, and for the professional advisers of these clients. Rathbones has been managing Funds for private investors for 100 years but the history of the company reaches back to 1742. Originally founded as timber and shipping merchants in Liverpool in 1742, by World War I Rathbones was managing investments for wealthy private investors. The company was engaged in providing financial services by 1912.

Our registered office is at Port of Liverpool Building, Pier Head, Liverpool, L3 1NW, United Kingdom. Our head office is at 1 Curzon Street, London, W1J 5FB, United Kingdom, telephone number +44 207 399 0000. The address and contact details of the office where your Investment Director is based and which deals with your Portfolio will be provided to you separately at the start of our relationship with you.

Rathbones is a wholly owned subsidiary and is the largest subsidiary of Rathbone Brothers Plc (parent company). Rathbone Brothers Plc is a publicly owned company, quoted on the London Stock Exchange.

With the exception of discretionary investment management, we may delegate to other subsidiaries of our parent company certain of the services that we provide to you. This is subject to them being competent to carry out such services and having all the relevant licences. Personnel in these subsidiaries may provide assistance such as input to research or manage Collective Investment Vehicles (CIVs) used in your Fund.

Blackrock Inc. are asset managers who hold over 10% (as at March 2013) of the shares in the parent company and we may invest in their products for your Fund. However, Investment Directors are required to assess all products across the market in order to purchase those most suitable for you, their client.

Rathbones provides two types of investment management service. The assets under management for these services for US Clients as at 31 December 2012 are as follows:

RATHBONE INVESTMENT MANAGEMENT SERVICE TYPE	VALUE OF TOTAL ASSETS UNDER MANAGEMENT
DISCRETIONARY	\$189,756,928
NON-DISCRETIONARY	\$8,511,321
TOTAL	\$198,268,249

## 1.2 TYPES OF ADVISORY SERVICES OFFERED

Rathbones offers both discretionary and non-discretionary investment managed service levels for US Clients. (Non-discretionary services are available to US Clients subject to status and only with our express consent.)

Our investment process is constantly evolving and we continue to invest in the people and other resources required to ensure it remains robust, flexible and capable of meeting a variety of needs. Traditionally, our business has focused on constructing investment portfolios from cash, bonds and equities.

As new asset classes have developed and become available to private clients, we recognise that some clients may need us to construct portfolios incorporating a broader range of investments and the different risks and rewards associated with them.

Rathbones' independence of ownership allows us to seek the best investments available in each asset class across markets without any conflicts of interest. The stock selection process is tailored to the particular characteristics of each asset class and the advice provided is limited to the following investments:

- Fixed interest stocks and bonds
- Equities
- CIVs, including property and commodities
- Cash.

We do not publish our investment research.

### 1.3 LIMITATIONS IN RESPECT OF OUR SERVICES

You should note the following limitations regarding the scope of services we provide.

We will not provide any services relating to direct investment in futures, options or contracts for difference involving margin in any market or currency. This means your investments are subject to change in value as a result of factors other than the price of the investment. For example, a security priced in sterling (GBP) may change in value as a result of the exchange rate movements between sterling and US dollars whilst the underlying investment has not changed in price.

Our services to clients are limited to discretionary or non-discretionary advice for investment portfolios. In particular, we do not advise on your financial affairs, pensions, taxation, offshore investments or other matters. It is recommended that you seek advice from appropriately qualified advisers unrelated to Rathbones for these services.

### 1.4 HOW WE MEET THE NEEDS OF INDIVIDUAL CLIENTS

We believe that time spent with a client and the information they give us is essential in advance of preparing an agreement that suits your needs.

We ask you to select, in the Client Agreement and Profile, your Investment Objective and Risk Profile for each investment Portfolio from the range of options specified.

This includes any restrictions you have imposed on investing in certain securities or types of securities. For example, if you have an ethical stance against certain investments, you can impose an investment restriction on such investments.

To satisfy our obligations under the UK Financial Conduct Authority (FCA) Rules, we also ask you to provide certain information, including information about your financial circumstances and your knowledge and experience in respect of financial services.

These are some of the most important items of information that a client should tell us:

- Personal circumstances and objectives
- Capital growth or preservation
- Absolute or relative return
- Appetite for risk versus the return objectives
- Capacity to sustain losses
- Income and expenses
- Other assets and liabilities
- Income requirement
- Time horizon
- Tax position (as disclosed by you)
- Constraints on any large holdings
- Ethical concerns (investment restrictions)
- Pension and inheritance considerations
- Whether the assets to be managed by Rathbones are part of a series of mandates or if they are a self contained entity.

We rely on our clients to communicate and discuss with us their circumstances as they change or develop, so their Portfolio can be managed accordingly.

Our investment model involves allocation of a client to an individual director or team of directors who are responsible for the investment management of the client's affairs. We do not operate a model whereby one person deals directly with the client (relationship manager) and another individual is responsible for the investment decisions (Investment Director). The Investment Director will take the information concerning your personal circumstances, Investment Objectives and risks and use it to evaluate securities and assets with a view to constructing a Portfolio which seeks to achieve your financial objectives.

The construction of a Portfolio will depend on other issues beyond those of Investment Objectives and risk. Portfolios of different monetary value may be appropriate for different types of investments. For example, Portfolios below a certain size, taken in conjunction with the client's circumstances, may be more appropriately invested in CIVs, whilst larger Portfolios may be invested in direct equities, including overseas securities. For other Portfolios it may be appropriate to use CIVs for investments outside the United Kingdom. Similarly, some clients may impose constraints on the securities we may buy for them such as ethical restraints which will affect the securities held for them.



We have a committee who produce investment proposals. However, it is not compulsory for your Investment Director to follow these proposals. We believe this structure enables us to best serve the requirements of a diverse client base. Each Investment Director team will have a number of clients whose affairs they manage. The different objectives and requirements of these clients may lead to Investment Directors buying and selling the same investment for different clients. Consequently Funds for individual clients with similar risk and objectives managed by the same or different Investment Directors may not necessarily have the same outcome.

## 2. FEES AND COMPENSATION

### 2.1 FEES

Income earned is derived from fees based on a percentage of assets under management. These are outlined in the below fee schedules. Rathbones also earns income by making a small margin on the interest deposits held by clients and on foreign exchange transactions as described below.

### 2.2 SCHEDULE OF CHARGES

#### Management fees

Management fees are levied on each Fund within the service. Fees are charged in quarterly instalments, in arrears, based on the total investment Fund value as at the quarter end.

A pro-rata charge is made for Portfolios which are transferred into or out of the service during the quarter. We do not charge a dealing commission.

The fee scales based on the value of each Fund are:

	PER ANNUM
Fixed charge (applicable for Funds valued above £15,000)	£100
First £1,000,000	1.35%
Balance over £1,000,000	0.85%

#### Custody and transfer charges

We do not charge for transferring your current holdings into the name of the Nominee Company or for the use of the Nominee Company or eligible custodian. When you withdraw securities from your Portfolio, a charge of £10 per UK holding and £50 per overseas holding is made to cover transaction costs. These charges apply to all Funds. Other administration costs may apply such as the resolution of class actions.

#### Banking charges

We do not offer a full banking service. The banking services we provide include the following:

- The provision of the Account(s)
- Services in relation to the operation of the Account(s) including the execution of electronic credit transfers
- The receipt of electronic payments into the Account(s)
- The receipt of payments into the Account(s) and transmission of payments out of the Account(s) via cheques.

Cash may be held on a bank account within the Portfolio to provide a degree of liquidity and normal banking charges may apply to these balances. Charges relating to banking transactions are as follows:

CHAPS and international payments (or the currency equivalent using the reference exchange rate for non-sterling accounts).

GB POUNDS (GBP)	US DOLLARS (USD)	EURO	SWISS FRANC (CHF)
20	35	25	38

A margin of 0.5% on the value of all currency transactions will be applied to our reference exchange rate.

VAT eligibility may be subject to legislative change. VAT only applies to those clients resident within the European Union. Our fees and charges may be changed from time to time.

We will let you have at least 30 calendar days' notice before we make any changes to your investment management contract and two calendar months' notice for any changes we make to your bank account.

You should note that other taxes or administration costs may arise which are not paid via us or imposed by us.

Our fees cover the following costs:

- Custody charges
- Execution and settlement charges
- Management of your investments and administration of your account.

## Interest rates

Our Schedule of Interest Rates discloses the rate of interest paid or charged on your account other than those agreed by us individually or on your Income Account. Interest rates will vary in line with UK base rates as determined by the Bank of England. Credit balances receive an interest rate linked to a gross percentage (%) below UK base rates. Two calendar months prior written notice will be given for any amendments to the gross percentage (%) below UK base rates. The margin deducted is:

BALANCE £	GROSS % BELOW UK BASE RATES
100,000+	0.35%
50,000 – 99,999	1.00%
25,000 – 49,999	1.25%
0 – 24,999	1.50%

Please contact us for interest rates on other currencies.

## 2.3 FEES AND COMPENSATION CONFLICTS OF INTEREST

Your attention is drawn to the fact that when we provide our services, we, a member of the Rathbone Group or an affiliate, may have an interest, relationship or arrangement that is material in relation to the investment, transaction or service concerned. However, we do not engage in corporate finance or own account trading. We have procedures to identify and manage conflicts of interest and a Conflicts of Interest Policy. A summary of our Conflicts of Interest Policy is contained in the Contractual Pack and a full copy is available on request. The material conflicts we have identified and manage in relation to fees and commissions are:

- Rathbones may negotiate fees with clients who have large value portfolios which means clients with small portfolios pay correspondingly more as a percentage of their Funds than a client with a large Fund. The scale of Fund management activities relative to cost means the profit element to Rathbones is not excessive and the service level to all clients is similar.
- Rathbones may receive trail commission in relation to holdings of CIVs which may conflict with the selection of the appropriate investment for clients and gives Rathbones an incentive to recommend investment products, based on the compensation received. However Rathbones' policy is to buy institutional units whenever available to ensure the commission is rebated to clients. Where this is not possible, in order to resolve this conflict, we will not keep trail commission in respect of CIVs received by us from other persons in the course of providing our services to you. In accordance with our Terms of Business, in circumstances in which we receive any such trail commission, we will normally pay this to you. Where it is not possible for us to attribute any such trail commission to individual clients, we will donate it to charity.

- Rathbones earns income from client Portfolios based on the value of the securities held, which is a stated percentage of assets under management. Prices used to value securities quoted on exchanges are obtained from independent sources. Procedures are in place to ensure that illiquid securities are valued independently of Investment Directors.
- Rathbones receives income as a result of its margin on the interest paid on cash holdings and charges applied to the Fund value overall. This could cause conflicts over the types of assets held. Investment Directors are required to operate in the best interest of clients and disregard their own and the firm's interest.

## 3. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither Rathbones nor any of its supervised persons accept performance-based fees, including fees based on a share of capital gains or capital appreciation of the assets of a client.

## 4. TYPES OF CLIENTS

Rathbones manages portfolios for individuals, trusts, charities and pensions. The minimum investment size is £100,000 or currency equivalent. If the amount falls below £100,000, Rathbones reserves the right to review the Portfolio and potentially close the Portfolio if it is not meeting the minimum investment criteria.

### 4.1 OPENING AND MAINTENANCE OF PORTFOLIOS

In order to open a Portfolio for you, we need to obtain certain information about you, including evidence of your identity for anti-money laundering purposes and other information to satisfy our regulatory obligations as specified in the Client Agreement and Profile or otherwise notified to you. Without this information we will not be able to accept you as a client.

We will provide custody services for you in respect of your Portfolio in accordance with the SEC's Custody Rules.

In the provision of these services we will be responsible for:

- The safekeeping of investments within your Portfolio
- Arranging for the registration of your investments in accordance with the FCA and Advisers Act Rules
- The settlement of transactions in respect of your Portfolio
- The collection of income
- The carrying out of other administrative actions in relation to your Portfolio.

All monies received from or held on your behalf in respect of your Portfolio will be credited to or held in Accounts maintained in your name. Accounts will be debited or credited with the cost or proceeds of purchases and sales of investments in accordance with the Terms of Business.

#### 4.2 NOTICE PERIOD FOR TERMINATING AN AGREEMENT

Clients may terminate their investment management contract in writing with immediate effect. Rathbones may terminate the investment management contract with 30 calendar days' notice to the client. For the termination of bank accounts, two calendar months' notice will be given.

## 5. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### 5.1 THE INVESTMENT PROCESS STRUCTURE

There are two parts to our investment process: asset allocation and investment selection. Asset allocation allows us to decide on the proportion of a Fund we place in particular classes of investments. This falls into two parts:

First, we agree with our clients the strategic asset allocation or long-term structure of their Portfolio. This is not revisited frequently other than through the need to rebalance the Portfolio or a change in the mandate specified by our clients.

Second, tactical asset allocation can lead to adjustments in portfolio structure and reflects, for example, our outlook for financial markets at any given time.

To support this approach, Rathbones produces in-house asset allocation strategies for its Investment Directors to assist them in constructing portfolios suitable for individual clients. However, it is recognised that our clients' circumstances differ, so our investment process gives sufficient flexibility to Investment Directors to create a portfolio designed to meet their client's specific needs.

### 5.2 ASSET ALLOCATION

This is the process which allows us to decide which asset classes to include in a portfolio and the proportions to be allocated to each area. The structure does not change substantially or frequently unless a client changes the mandate or, alternatively, if our fundamental long-term view on asset classes has altered.

Our strategic asset allocation committee is drawn widely from across Rathbones and meets quarterly. Strategies developed by the committee aim to produce an effective risk adjusted combination of assets.

We also understand that taxation can lead to a significant difference between private client and institutional portfolio construction and we endeavour to incorporate its effects into our process.

### 5.3 INVESTMENT SELECTION

Rathbones' independence of ownership allows us to select what we consider the best investments available in each asset class across all markets without any conflicts of interest. The stock selection process focuses on the characteristics of each asset class:

- Fixed interest stocks and bonds
- Equities
- CIVs including property and commodities.

Recommended lists are produced for each asset class in order to help our Investment Directors select individual holdings.

### 5.4 THE SELECTION PROCESS AND ASSOCIATED RISKS

In the provision of our services, depending upon your instructions in the Client Agreement and Profile, we may purchase investments on your behalf or deal in certain markets to which certain specific risks apply. It is important that you are aware of and understand the nature of these risks. The following contains information on certain types of investments and investment techniques, including specific risks, in relation to:

#### Fixed interest investment selection

Our fixed interest investment selection process involves working with Rathbones' Investment Directors and using their specialist skills to help select appropriate investments. A list of recommendations is compiled based on differing levels of risk and include:

- Index linked gilts
- Conventional gilts
- Corporate bonds
- Floating rate notes
- High yielding assets.

We take account of credit ratings and default risk as well as the effect of taxation on the return likely to be achieved. Fixed interest CIVs, as opposed to individual bonds, fall under the responsibility of the collective committee, consisting of a group of experienced Investment Directors within Rathbones.

### Fixed interest risk

A client's Portfolio may hold fixed income securities of corporate and government issuers in multiple jurisdictions. Such fixed income securities are not required to satisfy any minimum rating standard and may include instruments that are in poor standing and that may have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal.

Fixed income securities are subject to the risk that the issuer may default on the payment of principal and/or interest. The prices of fixed income securities are inversely affected by changes in interest rates and thus are subject to the risk of market price fluctuations. In addition, changes in the credit ratings of a fixed income security or in the perceived ability of the issuer to make payments of principal and interest also may affect the security's market value.

### Equity selection process

The equity selection process places great emphasis on Rathbones' internally generated research through company meetings and industry research. It also uses the considerable expertise of Rathbones' Investment Directors.

We receive a constant flow of external research from brokers and analysts and we nurture particularly robust ties with several investment houses, all of whom complement our investment style. Other experts are invited to present to Rathbones on a frequent basis.

Outside broker research is used as a base from which to increase our understanding of a particular sector or company. The forecasts produced by analysts are useful, as they provide a basis for our own house view. Time spent studying broker research is complemented by our own work meeting companies and reviewing annual reports and accounts.

Research provides a starting point in helping to direct stock selection and this may be followed by an assessment on individual industries and themes to determine the areas that may benefit or deteriorate under these forces. This works in conjunction with stock specific research within industry sectors.

We want to understand how a business will grow its earnings so we undertake analysis including investigating the quality of management, product and any barriers to entry. We look for a management team and company with the following attributes:

- A good past record
- An ability to grow earnings
- A market niche
- Barriers to entry
- A strong balance sheet
- A strategy that is clearly communicated in meetings.

Analysis of working capital, net cash flow, free cash flow, cash yield and cash interest cover are all important and we want to understand how the underlying performance of the company may be distorted by any relevant accounting legislation.

### Equity risk

A client's Portfolio may include equity securities of issuers in multiple jurisdictions, including issuers in emerging markets, of any market capitalisation (e.g. small, mid or large). Equity securities may include common and preferred stocks, and warrants and equivalents (including convertible securities).

As a result of investments in equity securities, the Portfolio will be exposed to the risks typically associated with equity investing. These risks include the general risk of broad market declines and specific risks relating to an issuer, such as:

- Management performance
- Financial leverage
- Financial position
- Industry problems
- Reduced demand for the issuer's goods or services.

### Property

Rathbones does not invest directly in property on behalf of its clients. However, we do gain exposure through property shares and increasingly CIVs. The allocation between these vehicles will vary depending on the need for income or capital gains. This choice will, in part, be a function of the individual client mandate as well as our view of the underlying vehicles and the market conditions in favour of, or against, each vehicle.

Rathbones has extensive contact with underlying companies and managers of property CIVs and we have built up considerable knowledge of the investment processes, styles and performance records of the various management houses. Property shares may form part of a client's equity exposure, whereas property CIVs will be separated out as an individual asset class which is intended to produce a high quality stream of income rising in real terms over time.

### Property risk

Property CIVs invest in real property and land. These assets can be difficult to sell so you may not be able to sell/cash-in this investment when you want to. There may be a delay in acting on your instructions to sell your investment. The value of property is often a matter of a valuer's opinion rather than fact.

### Commodities

We do not invest directly in physical commodities, but our alternative investment team analyses CIVs or other structures that can offer an exposure to this asset class. Equities with a bias to the resources sector fall under the scope of the stock selection committee and are not assessed by our alternative investment team.

### Commodities risk

Investments in commodities whether by CIVs or via companies substantially involved with them may expose investors to risks not typical of other investments. Companies associated with commodities and the CIVs invested in them may have assets in less developed countries which have political, legal and social systems that are less stable than those found in developed countries or markets. The assets of the companies, the commodities and derivatives associated with them may be subject to or affected by conditions such as drought, flood, weather, disease, trade embargo, war or political unrest etc. which may substantially affect their value. Commodity CIVs may hold physical assets which may not be insured and subject to risks associated with high value items.

### Collective Investment Vehicles (CIVs)

The selection of external CIVs is an important part of our investment offering and a significant percentage of our assets under management comprise externally managed CIVs. Our collective committee first identifies a collection of CIVs by defined geographic region, sector or specialist focus and then carries out a comprehensive analysis designed to screen those selected CIVs. The committee examines performance records over medium and longer-term time frames and looks for consistent returns.

Another element of our research is the performance record of an individual collective's manager. Rathbones' investment management team aims to identify those managers who have a strong and demonstrable track record.

Rathbones analyse the investment process of a given CIV management house, its style as well as the strategy of any particular CIV. In so doing, we are able to better identify when a CIV is most suited to the prevailing economic environment and this also allows us to determine how certain CIVs will fit into a specific portfolio. We are keen to avoid investment management companies where we feel uncomfortable with the structure or the culture of the underlying organisation and we want to ensure that the interests of our clients and the objectives of those managers we select are closely aligned.

Fees levied by CIV management houses can impact performance numbers markedly over the long-term. Rathbones is able to negotiate competitive fees and, where available, seeks to hold institutional units which attract lower fee scales to the advantage of our clients.

The asset allocation of each underlying CIV is analysed to ensure that it fits with our view and it is important that the CIVs selected are behaving and performing in a way that the collective selection committee anticipates, given the style and characteristics of the CIV. Regular meetings are held with the managers of the CIVs in which we invest and we ask managers that they grant us full access to their underlying portfolios in order to assist us in our analysis of their process and strategy.

### Collective Investment Vehicles risk

As investors, clients buy shares/partnership interests/units in the CIV in the hope that the value rises over time as the prices of the underlying investments increase. The price of the shares/partnership interests/units depends on how the underlying investments perform.

The level of risk of an investment in a CIV will depend on the underlying investments in which it is invested and how well diversified the investment CIV is. For example, a CIV which invests only in one industrial sector, such as technology, will invariably be more risky than CIVs that invest across the whole range of companies in a market.

Any details provided on past-performance are illustrative only, they are not intended to indicate future performance and may not be audited. We do not take responsibility for the contents of material supplied by CIV managers being correct.

US Clients should be aware that the Internal Revenue Code taxation of US taxpayers invested in certain non US CIVs means that US Clients may want to take independent advice on the tax consequences of holding non US CIVs.

## 6. DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Rathbones' investment management business or the integrity of the management.

## 7. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### 7.1 RATHBONE INVESTMENT MANAGEMENT LIMITED AFFILIATIONS

Services offered by affiliates of Rathbone Investment Management Limited as at March 2013 are as follows:

SUBSIDIARY NAME	SERVICES	REGULATED BY
RATHBONE NOMINEES LIMITED	Custody of clients' assets	
RATHBONE INVESTMENT MANAGEMENT INTERNATIONAL LIMITED	Investment management services in Jersey	Jersey Financial Services Commission
RATHBONE INVESTMENT MANAGEMENT INTERNATIONAL STRATEGIES PCC (PROTECTED CELL COMPANY)	Manager of Collective Investment Vehicles	
RATHBONE PENSION & ADVISORY SERVICES LIMITED	Financial Advisory Services	Authorised and regulated by the FCA
RATHBONE TRUST COMPANY LIMITED	Trust and Tax services	
RATHBONE UNIT TRUST MANAGEMENT LIMITED (RUTM)	Unit trust management	Authorised and regulated by the FCA

Investment Directors may hold RUTM CIVs in client Portfolios. There are no incentives for Investment Directors to hold these CIVs nor for RUTM to sell them to Rathbones, therefore there are no conflicts of interest. Investment Directors assess all CIVs available across the market and will only purchase RUTM CIVs if appropriate for a particular client's Portfolio.

### 7.2 OTHER SERVICES RATHBONES OFFERS IN ADDITION TO INVESTMENT MANAGEMENT SERVICES

In addition to investment management, affiliates of Rathbone Investment Management Limited provide additional services: Rathbone Pension & Advisory Services Limited provide pension planning advice, tax planning and the provision and administration of self-invested personal pensions (SIPPs), plus product and service arrangement, product provision as a personal pension provider and general connected administration services.

Rathbone Investment Management Limited provides limited banking services including portfolio, fixed time deposit, loan accounts and some foreign exchange to support clients' investment management activities.

Rathbone Trust Company Limited provides trust and company formation and management services.

### 7.3 MAINTAINING INDEPENDENCE WHEN DEALING IN CLIENT INVESTMENTS

In order to ensure fair treatment for all our clients we operate policies to control conflicts of interest. These policies require our employees to disregard any such interest, relationship or arrangement and we ensure that all our employees act in your best interests at all times.

A firm is required to identify actual conflicts of interest which may arise during the course of carrying out regulated or ancillary activities or services and have systems and procedures to manage such conflicts. The firm is also required to prepare, maintain and implement an effective written policy, taking into account the circumstances of any knowledge the firm has that may give rise to a conflict of interest arising from the structure and business interests of the UK entities of Rathbone Brothers Plc.



**A conflict of interest arises when:**

- The firm's interests or the interests of its managers, employees or any person directly or indirectly linked to it by control, conflict with the duties it owes to a client; or
- The duties the firm owes to one client conflicts with the duties it owes to another client, that arise in the course of the firm providing regulated or ancillary activities.

Rathbones' policy is to seek to identify conflicts of interest by regularly reviewing the business and as part of material changes to the business or services we provide. Our procedure upon identifying material conflicts of interest is to devise policies and procedures to mitigate their impact.

Reasonable steps have been taken to identify conflicts of interest across the UK entities of Rathbone Brothers Plc and the measures are in place to manage such conflicts in a way that is fair to clients with the minimum risk to the firms.

For the purposes of identifying the types of conflicts of interest that arise, or may arise, in the course of providing regulated or ancillary services, the firm must take into account, as a minimum, whether the firm or a relevant person, or a person directly or indirectly linked by control to the firm:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client.
- Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome.
- Has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client.
- Carries on the same business as the client
- Receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

Where the firm's arrangements to manage conflicts are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interest of clients will be prevented, the firm is required to disclose the general nature and/or sources of conflicts of interest. The disclosure will be made in a durable medium and will include sufficient detail in order for the client to take an informed decision in respect of the service in the context of which the conflict arises.

A number of conflicts of interest have been identified in this document. Additionally, the following conflicts could also arise:

- Rathbones' Investment Directors are remunerated by way of a profit share which could result in activity which conflicts with the client's interest. The scheme is designed to remunerate managers by teams; the scheme payments are delayed into the future to align the Investment Director with the client's interest.
- Collectively, the existing and retired staff members hold a significant number of shares in Rathbone Brothers Plc, the holding company of Rathbone Investment Management Limited. No individual has a significant number of shares and decisions are made collectively via committees.
- The procedures and measures the firm has put in place to manage conflicts of interest enable relevant employees engaged in the different business activities of Rathbone Brothers Plc to carry on those activities with a level of independence.
- All relevant persons, and persons directly or indirectly linked by control to the UK entities of Rathbone Brothers Plc are expected to exercise the highest standards of integrity and ethical business conduct to ensure the fair treatment of clients. All employees are required to avoid any situation in which their personal interests conflict with our fiduciary duty to clients. They are also required to manage situations where the interests of clients may conflict.

## 8. CODE OF ETHICS AND PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### 8.1 CODE OF ETHICS

Rathbones has adopted a Code of Ethics in compliance with Advisers Act Rule 204A-1. Our Code of Ethics, among other things, sets forth the standards of business conduct required of its Supervised Persons (as such term is defined in the Code of Ethics) and requires those Supervised Persons to comply with US federal securities laws.

From time to time, directors and employees of Rathbones or any related person(s) may have interests in securities owned by or recommended to Rathbones' clients. As these situations may represent a conflict of interest, Rathbones has adopted procedures relating to personal securities transactions that are designed to prevent actual conflicts of interest.

These procedures are set out in Rathbones' Code of Ethics, which governs personal account transactions by Access Persons (as such term is defined in the Code of Ethics) of Rathbones and to ensure that the interests of Rathbones' Supervised Persons do not conflict with the interests of clients. All Access Persons are required to notify the Chief Compliance Officer (CCO) or the CCO's designate in order to pre-clear personal securities transactions in Initial Public Offerings (IPOs) and limited offerings. However, Access Persons and their connected accounts may, after consideration by the Access Person, and if necessary discussion with the CCO, participate in transactions at the same time as clients. No Access Person may take part in a transaction if it has the potential to lead to a client disadvantage. All Access Persons must provide a report of their personal holdings within 10 days of the annual request. In addition, Access Persons are required to provide duplicate contract notes for securities transactions carried out for their personal account in external accounts over which they exercise control. Transactions undertaken by Access Persons on the firm's systems are reported electronically to the CCO.

The Code also requires all Access Persons and all Supervised Persons of Rathbones to comply with ethical constraints relating to clients and their accounts, including restrictions on giving gifts to and receiving gifts from clients in violation of Rathbones' gifts and benefits policy. Supervised and Access Persons may receive gifts and benefits from financial service companies whose products and services they purchase for clients. This policy requires all gifts and benefits received or given over £100 to be reported to the CCO and for those over £250 value to be pre-approved by their line manager.

In addition, staff members are required to comply with the Rathbones Code of Business Conduct. The essential principle of this code is that the Rathbone Group is an ethical organisation. It actively seeks to conform and comply with any law, code or regulation, which applies to the conduct of business in the territories in which it operates. A copy of the Code of Ethics is available for existing or prospective US Clients on request from your Investment Director.

We operate an insider trading policy which applies to dealing on behalf of clients and for the personal accounts of members of staff or close family members. All external personal account trades must be reported to the Compliance Department. This policy operates by requiring any person who obtains inside information to report it to the Compliance Department who record it. Subsequently, that person and anyone else in possession of this information may not trade for their own account or those of their clients until the information is public. This may operate to the disadvantage of clients of the Investment Director who hold the security. On occasions, the prohibition may be imposed on the firm and its affiliates until the information is made public.

Pre-trade clearance is required before a member of staff can participate in initial public offerings or private placements. The insider trading policy is included in the Code of Ethics which applies to all members of staff. Detailed lists are maintained by the company secretary of all staff involved in projects or product developments which may have market sensitive implications; this is a requirement in order to comply with the 'Market Abuse' regime which applies in the United Kingdom and which carries the potential for civil and/or criminal penalties for non-compliance.

### 8.2 PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Rathbones may have an interest, relationship or arrangement that is material in relation to the investment, transaction or service concerned. For example, a director of Rathbones may be a director of a company that we purchase. However, we do not carry out proprietary trading. We have procedures to identify and manage conflicts of interest and a Conflicts of Interest Policy. A summary of our Conflicts of Interest Policy is contained in the client Contractual Pack and a full copy is available on request from your Investment Director.

The rules define a personal transaction as a trade carried out by an Investment Director acting outside the scope of their business activities for their own account, a client's account with which they have a family relationship or close links, or any person with a mutual interest in the outcome of the trade.

In order to manage conflicts of interest, the purpose of the personal transaction rules are:

- To maintain standards of conduct within Rathbones at the highest level of integrity
- To ensure that the firm's clients are not disadvantaged by the personal dealings of the firm's employees
- To protect Investment Directors from unfounded allegations of insider dealing or other abuses of confidential information whilst allowing them reasonable opportunity to transact deals for their own personal account.



### 8.3 ADVISING

An Investment Director who is involved in activities which may give rise to a conflict of interest, or who has access to other confidential information relating to clients or transactions may not enter into a personal transaction which meets any of the following criteria:

- That person is prohibited from entering into it under the Market Abuse Directive
- It involves the misuse or improper disclosure of that confidential information
- It conflicts or is likely to conflict with an obligation of the firm to a client under the regulatory system or any other obligation of the firm under the rules.

An Investment Director may not advise any other person to enter into a transaction which, if a personal transaction of the Investment Director, would be covered by the points above.

Investment Directors are expected to observe the spirit of the personal transaction rules.

## 9. BROKERAGE PRACTICES

### 9.1 SELECTING BROKERAGE FIRMS

Investment Directors within Rathbones have the authority, for their discretionary clients, to determine, without obtaining specific client consent, the stock to be bought or sold, the amount of the stock to be bought or sold and the broker or dealer to be used. For non-discretionary clients, consent is required from the client to carry out such transactions.

Our policies and procedures specifically exclude the payment of 'soft-commissions' i.e. payment in the form of services and/or products from brokers in exchange for order flow. Research is obtained at a group level and is used to service all discretionary and non-discretionary Funds. Clients do not pay commissions to external brokers and they are instead paid by the Rathbone Group. Client orders are controlled by a central dealing team using procedures that are agreed at Rathbone Group level and reviewed regularly which determine the preferred destination for execution based on asset class, size, etc. Clients will not be directed to any broker offering better commission rates and this is effectively controlled through the negotiation of a standard rate between the Group and external brokers in respect of all like-for-like trades.

### 9.2 BEST EXECUTION

Rathbones does not execute any equity, gilt or bond trades direct with the market. As an order is placed, Rathbones will pass trade details onto a number of execution entities who will execute trades with the market. Rathbones' approach to 'best execution' is based on the principle that we are under a duty of care to seek the best execution for our clients' securities transactions. Successful best execution is not measured by simply achieving the lowest possible commission costs, but whether the transaction represents the best qualitative execution for the managed portfolio. The factors taken into account in determining the execution criteria include the characteristic of:

- The client including the categorisation of the client as retail or professional
- The client order
- Financial instruments that are the subject of that order
- The execution venues to which that order can be directed.

The factors considered in order of importance are:

- Price
- Costs – there are various costs associated with utilising the different order executors/venues. The costs include broker commission, exchange fees, Retail Service Provider (RSP) transaction reporting charges.
- Likelihood of execution (including liquidity)
- Speed of execution
- Size
- Nature
- Any other consideration relevant to the execution of an order.

We have a formal approval process for the selection of individual firms of brokers through whom client orders are transacted. This process provides for the proposed broker appointment to be scrutinised by staff who are not involved in the portfolio manager/broker relationship.

The key execution entities used by Rathbones are:

- RSPs who provide a quote driven electronic trading platform. These entities are required to owe a duty of best execution to Rathbones when executing orders on behalf of its clients.
- Direct Market Access (DMA) is an electronic method of gaining access to the London Stock Exchange and Recognised Investment Exchanges (RIEs) as well as other pools of liquidity. These brokers are required to owe a duty of best execution to Rathbones when executing orders on behalf of its clients and provide a trading service through their sales trading desks. Trades placed with these agencies attract a broking commission charge in respect of both UK and overseas equities.

Rathbones, paying due regard to the size and scale of the business, has developed a default order flow:

1. For UK equities the default is to seek to place the order out through the RSPs. Where we are not able – or do not feel it would necessarily be to the client's benefit from a best execution perspective – to place the order through the RSPs then we will follow one of two options. We will either place the trade via DMA or with an external broker. The decision as to which avenue to take will be made on a trade by trade basis by the Rathbone dealing desk.
2. Overseas equities trades will be placed with an external broker which usually attracts a broker charge.
3. Bonds can be executed via the Bloomberg All Quote directly with a market making bank or with an external broker. Again, the decision as to which avenue to take will be made on a trade by trade basis by the Rathbone dealing desk.
4. For illiquid securities, specialist brokers will be employed to execute orders on behalf of our clients.

Our process for obtaining best execution is reviewed regularly by a committee responsible to the board of directors. In addition to reviewing the best execution process regularly, individual securities trades are sampled and tested for the achievement of best execution. This testing is completed by staff members that are independent of the dealing function.

### 9.3 ORDER AGGREGATION

We may aggregate and subsequently execute client orders with orders for other clients or our employees' own account collectively where we reasonably believe that aggregation is in the overall best interests of our clients and that such aggregation is unlikely to work overall to your disadvantage. This may, nevertheless, operate on some occasions to your disadvantage. When your order has been aggregated, we will complete the allocation of your investments promptly and in any event within five business days from the date of execution. If your order is part of an aggregated order and we are unable to complete the order, your allocation will be in accordance with our Allocation Policy.

Our Investment Directors are responsible for the investment decisions for a range of clients and different Funds for the same client. The service we offer is designed to meet a range of clients' requirements and constraints. Client requirements vary in a number of ways, for example the investment time horizon may vary or the cash flow requirements may be different. The client's tax circumstances may constrain the range of assets which we may invest in. Similarly, the range of investments may vary between clients, for example equities with a small market capitalisation may not be appropriate for all investors. Clients with a focus on income will limit the range of securities which we can invest in. These circumstances mean that our Investment Directors have to use their individual judgement in deciding which securities are appropriate for each client. Consequently, we do not expect client's Funds to be invested in a similar manner, but rather to achieve each client's requirements.

We have a process of disseminating investment information to Investment Directors both in written research and by interacting with companies who are seeking to encourage our investment in their securities. The information may be considered by our investment process or circulated in response to requests with the consequence that not all Investment Directors may give it equal credence and it may be interpreted differently in the light of their individual clients' requirements. We also operate a policy of limiting the firm and its affiliate's holdings in particular securities to limit issues of subsequent market liquidity when selling. This may mean not all clients can purchase a particular security with some being invested in alternatives which may have different outcomes.

Investment opportunities may be looked upon differently between Investment Directors and by Investment Directors between their individual clients. In the case of IPOs opportunities, the factors affecting a decision may include the current weightings of assets in the client's Funds or the availability of cash for investment. The clients for whom an IPO is considered appropriate are listed and submitted after approval by a director. In the event there are insufficient securities allocated to the firm certain accounts are removed and except where very small allocations are received the securities are allocated pro-rata amongst the participants in the offer.

# 10. REVIEW OF PORTFOLIOS

## 10.1 PORTFOLIO REVIEWS

Portfolio reviews are conducted by Investment Directors on an on-going basis, and are triggered principally by six factors as opposed to a particular time-scale:

1. STOCK REVIEWS	An Investment Director considers a stock across all of his clients' Portfolios and reaches a decision based upon the suitability of making a change in those individual Portfolios.
2. REGULAR REVIEWS	Portfolios are reviewed by an Investment Director when the client is due to receive a quarterly valuation.
3. CLIENT REQUEST	Reviews are made by the Investment Director if there is a change in a client's circumstances or the client wishes to inject or raise capital from the Portfolio.
4. NEWS/ RESEARCH	An Investment Director will review client portfolios based on news/research related to a stock, or a price movement on a specific company.
5. LIQUIDITY LEVELS	An Investment Director will review portfolios when triggered by levels of liquidity, for instance when further investment is considered.
6. BENCHMARK REVIEW	An Investment Director may additionally review a portfolio as the result of it over or underperforming the appropriate index benchmark.

On a daily basis, all investment decisions made for clients are consolidated with risk and objectives information and summarised into a report for senior managers to review.

Rathbones conducts quality control checks on the management and administration of clients' Portfolios, the results of which are formally reported to senior management and any issues followed through to closure. This 'peer review' is conducted using a comprehensive questionnaire which is modified when appropriate to accommodate further identified potential risks to the client. On an annual basis this review is tailored to a sample of US Client portfolios.

## 10.2 CLIENT REPORTING

On an on-going basis, a quarterly report is available to clients which provides details of purchases, sales, holdings and cash movements. More frequent or ad hoc valuations are available on request. Contract notes and letters, where requested, are issued to clients as and when Investment Directors deal.

Rathbones has developed an on-line valuation service which has various security features. The system updates daily and shows the client a valuation as at the previous business day as well as cash transactions for the last 90 days.

# 11. CLIENT REFERRALS AND OTHER COMPENSATION

Currently, we have no arrangement in place whereby a firm would refer US Clients to us or whereby we would engage firms to solicit clients for us. US Clients may be introduced to Rathbones by other UK firms which have decided to cease offering investment advisory services in the United States. In such instances, US Clients will be introduced to Rathbones by means of a letter explaining that the referring company will no longer provide investment management or advisory services for US Clients and is introducing its clients to Rathbones, which accepts US Client portfolios.

For such introductions, Rathbones may agree to pay a one off fee based on a percentage of the value of the US Client portfolios introduced to Rathbones, although sometimes no referral payment will be charged. If a referral payment is agreed, this will be made at an agreed time in the future provided that the portfolios remain clients of Rathbones for 12 months after the introduction.

## 12. CUSTODY

### 12.1 DESCRIPTION OF CUSTODY SERVICES

Rathbones will provide custody services for you in respect of your Portfolio in accordance with the Advisers Act Custody Rule and other relevant regulatory requirements. In the provision of these services we will be responsible for the safekeeping of investments within your Portfolio, arranging for the registration of your investments in accordance with the FCA Rules, the settlement of transactions in respect of your Portfolio, the collection of income and the carrying out of other administrative actions in relation to your Portfolio.

### 12.2 REGISTRATION OF INVESTMENTS

Investments in your Portfolio will normally be registered or otherwise recorded in the name of a nominee company of a type permitted by the FCA Rules. The nominee company will normally be wholly owned by us, or a Rathbone Group company, or a recognised investment exchange, or a designated investment exchange. The nominee company may also be owned by a third party custodian selected by us in accordance with the FCA Rules.

### 12.3 PORTFOLIO STATEMENTS

When Rathbones' clients receive quarterly valuations from Rathbone Investment Management Limited, they should check carefully and compare the details with quarterly statements they will receive from the custodian Rathbone Nominees Limited and any other party referring to the same information. An Investment Director or the person noted on the report should be notified immediately if the client believes there are any discrepancies in the information Rathbone Investment Management Limited has provided.

Rathbone Nominees Limited is a company whose role is to hold client assets separate from Rathbone Investment Management Limited. However, your cash is held by Rathbone Investment Management Limited in an account under a limited banking service. Rathbone Investment Management Limited will send a copy of its records to Rathbone Nominees Limited so that it can provide a statement of what your holding are in its collection of assets.

## 13. INVESTMENT DISCRETION

### 13.1 DISCRETIONARY INVESTMENT MANAGEMENT SERVICES

For clients selecting this option, Rathbones has full discretion to buy and sell investments on your behalf, for your Portfolio, without prior reference to you and we may enter into any kind of transaction on your behalf in respect of your Portfolio using a broker or agent if we choose (whether by way of purchase, sale, retention, exchange or other dealing, by the making of deposits or offers for sale, by the acceptance of placings, or otherwise) in respect of any investments and other assets and any markets. We may also give you advice on the investment of your Portfolio; such advice may be given orally or in writing.

Clients may impose reasonable investment restrictions on their Portfolio in certain securities or types of securities they do not wish to invest in.

### 13.2 DISCRETIONARY INVESTMENT OBJECTIVE AND RISK PROFILE

When providing our discretionary investment management services we will have regard to your Investment Objective and Risk Profile and any restrictions specified by you in the Client Agreement and Profile (or otherwise agreed in writing with us). These requirements will normally be applied to the composition of your Portfolio as a whole and not necessarily to individual investments.

### 13.3 NON-DISCRETIONARY INVESTMENT MANAGEMENT SERVICES

This service is available, subject to status, and for clients with this option, Rathbones will provide advice to you on our own initiative or when you ask us to do so, on the merits of you buying or selling an investment in respect of your Portfolio, and if instructed by you we will then carry out any subsequent purchase or sale on your behalf. We will carry out ongoing monitoring of your Portfolio and review its suitability in light of your Investment Objective and Risk Profile.

Where we give you investment advice, you will have final responsibility for the decision as to whether or not to act upon that advice. Subject to your Investment Objective and Risk Profile and any specific investment restrictions agreed in the Client Agreement and Profile (or otherwise agreed with us in writing) we may provide advice to you in respect of any investments or assets in respect of your Portfolio or any markets.

Decisions to trade may be taken for a range of clients which means those on a non-discretionary service level may trade at a later date or time than discretionary clients because of the need to contact them to gain approval. This may result in non-discretionary clients receiving different outcomes to discretionary clients.

## 13.4 NON-DISCRETIONARY INVESTMENT OBJECTIVE AND RISK PROFILE

In giving advice we will have regard to your Investment Objective and Risk Profile. These requirements will normally be applied to the composition of your Portfolio as a whole and not necessarily to individual investments.

# 14. VOTING CLIENT SECURITIES

In accordance with our fiduciary responsibilities to our clients, and SEC Rule 206(4)-6 under the Investment Advisers Act, we have adopted and implemented a policy and supporting procedures which, we believe, are reasonably designed to ensure that proxies are voted in the best interests of our clients.

The policy and procedures include guidelines to Investment Directors which cover our fiduciary obligations to you, as a client, and other relevant facts and circumstances to be taken into account at the time of the vote. These procedures and safeguards are designed to resolve any material conflicts of interest in the best interests of the client.

## 14.1 DISCRETIONARY HOLDINGS

We will (subject to our Conflicts of Interest Policy) exercise or refrain from exercising any Voting Rights in our absolute discretion if we think it is in your best interests to do so. In exercising such Voting Rights the interests of clients are paramount and any material conflicts of interest between the Rathbone Group and clients will be managed under the supervision of a main board director, either by abstaining or asking clients how they would like to vote.

In accordance with our Conflicts of Interest Policy, we will not exercise our discretion or otherwise hold or exercise Voting Rights in respect of shares in any company that we may notify to you from time to time. For these purposes, Rathbone Brothers Plc is notified to you.

Our voting policy is to vote all discretionary shares except where it is not economic to exercise the votes given the size of holding or other considerations. A copy of our proxy voting policy is available to you on request. Details of how we have exercised any proxy votes on your behalf are similarly available.

The significant content of the policy and procedures for discretionary holdings is as follows:

- We shall invariably vote proxies arising from Rathbones' discretionary holdings in our Top 200 holdings by value, which will be reviewed on a six monthly basis. We have appointed an external corporate governance consultant, Pensions Investment Research Council Limited, to provide research/analysis on voting these holdings.

- We shall also invariably vote proxies when Rathbones' aggregated discretionary holdings in a company that is not in the top 200 but exceed 3% of that company's voting shares.
- We will seek to circulate information on other holdings in order to provide information to Investment Directors and to provide a mechanism to enable them to place ad hoc voting instructions.
- We shall abstain from voting a client proxy if we conclude that the effect on the client's economic interests or the value of the portfolio holding is indeterminable or insignificant.
- Similarly, we shall abstain from voting a client proxy if the costs are unjustifiable.
- We shall abstain from voting a client proxy if a written instruction is received instructing us not to do so.

When voting shares on behalf of client, conflicts may arise between different clients who hold equities and fixed interest securities for example. A separate committee exists which may take external advice on voting the proxy holding and individual managers are able to vote shares separately which may result in a split of the voting rights.

We shall be happy to provide you with a copy of our policy and procedures. These can be obtained by contacting John Moorley, CCO, at Rathbone Investment Management Limited, 1 Curzon Street, London W1J 5FB.

## 14.2 NON-DISCRETIONARY HOLDINGS

For non-discretionary holdings, we will only exercise Voting Rights on receipt of and in accordance with your instructions. The Corporate Governance committee has oversight of the Proxy Voting policy for discretionary and non-discretionary holdings and if you wish to ascertain how a proxy has been exercised on your behalf, please contact your Investment Director in the first instance.

# 15. FINANCIAL INFORMATION

## 15.1 FINANCIAL CONDITION

Rathbones has discretionary authority and custody of client Funds and can confirm:

- There is no known existing financial condition that is likely to impair our ability to meet our contractual commitments to clients.
- We have not been the subject of a bankruptcy petition.

WE HOPE THE INFORMATION CONTAINED IN THIS DOCUMENT ANSWERS ALL OF YOUR QUESTIONS REGARDING OUR INVESTMENT MANAGEMENT SERVICES.

SHOULD YOU HAVE FURTHER ENQUIRES, PLEASE DO NOT HESITATE TO CONTACT YOUR INVESTMENT DIRECTOR ON:

+44 20 7399 0000

OR EMAIL

MARKETING@RATHBONES.COM

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This document is published by Rathbone Investment Management Limited as a service and does not constitute a solicitation, nor a personal recommendation for the purchase or sale of any investment; investments or investment services referred to may not be suitable for all investors. Therefore we recommend you consult your Investment Director before taking any action. Rathbone Investment Management Limited will not, by virtue of distribution of this document, be responsible to any other person for providing the protections afforded to customers or for advising on any investment. Past performance is not necessarily indicative of future performance and the price or value of investments, and the income derived from them, can go down as well as up and an investor may get back less than the amount invested. Changes in the rates of exchange may have an adverse effect on the value, price or income of or from an investment denominated in a foreign currency. Investors should bear in mind the higher risk nature of smaller companies and that the markets in their securities may be restricted and may be less regulated than the main markets. As a result, having bought the securities, it may be difficult to sell them, assess their value or the extent of the risks to which they are exposed. Emerging markets may be volatile and subject to significant political and economic change. Rathbone Investment Management Limited, and its associated companies, directors, representatives, employees and clients may have positions in, be materially interested in or have provided advice or investment services in relation to the investments mentioned or related investments and may from time to time purchase or dispose of any such securities. Neither Rathbone Investment Management Limited nor any associated company, director, representative or employee accepts any liability for any direct or consequential loss arising from the use of information contained in this document, provided that nothing in this document shall exclude or restrict any duty or liability which Rathbone Investment Management Limited may have to its US Clients under the UK regulatory system or the US Investment Advisers Act of 1940. The levels and basis of taxation may change with future legislation. Unless otherwise specified, any chart and statistics are compiled by Rathbone Investment Management Limited.

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RATHBONES  
Established 1742