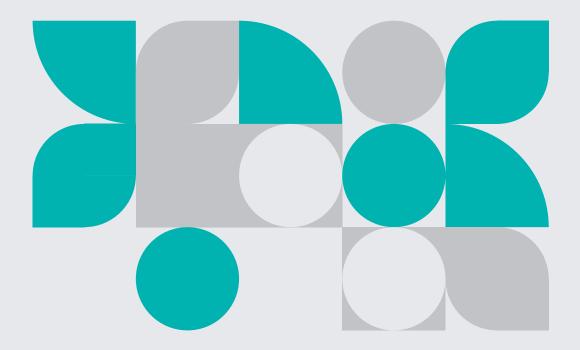
Rathbone Core Investment Fund for Charities Value Assessment

Accounting year end at 31 March 2020





What is a value assessment?

Our regulator, the Financial Conduct Authority (FCA), has asked us to assess the value of our funds. Assessing value is much more than just looking at the fees you pay or the performance of your fund in isolation. Considering this, we have designed an assessment which looks at nine criteria.

We have also appointed an independent research firm, Square Mile Investment Consulting & Research, to provide an impartial report on the value our funds offer compared with the market.

It is the responsibility of our board of directors to consider the outcomes of these assessments, ensure they are clear and fair, and then communicate to you, our investors, if we have delivered value or, if not, where we need to improve.

How are we doing?

It's really important to us that our value assessment is informative, useful and easy to understand. There is little value in us bombarding you with technical jargon and analysis, so we have tried to explain things simply, in plain English. We are always looking for ways to improve, so if you have any suggestions on how we can do better, please let us know by emailing rutm@rathbones.com.



Our assessment criteria

We assess our funds using nine criteria. Three of these categories relate to how we run our business, while the remainder are fund specific, so differ for each fund. You can find an explanation of each section alongside the summary of the contents and outcome of our assessment within this report.

In this section, we consider all areas we have assessed and conclude if our funds offer good value for money, offer value for money, or don't offer value for money.

If a fund doesn't offer value for money, we will detail here the actions we will take.

Contents

Assessment criteria which cover our entire fund range:

- 1. Improvements to our business
- 2. Our corporate culture
- 3. Quality of service you receive

Assessment criteria which are fund specific:

- 4. Performance of your fund
- 5. Costs charged to the fund 🔳
- 6. Economies of scale
- 7. Costs compared to the fund's peers and sector
- 8. The difference between share classes
- 9. Your fund compared to similar investment services we offer

Key

- Fund offers good value for money
- Fund offers value for money but merits action or further monitoring
- Fund does not offer value for money
- The assessment criteria is not applicable

Assessment outcome

The board of directors concluded the Rathbone Core Investment Fund for Charities offers value for money.

The Board will continue to monitor the performance of this fund over the next 12 months.

1. Improvements to our business

What does this section cover?

We are always striving to improve the service we offer. In this section, our board of directors considered all the projects we are carrying out to improve our business. These projects can have a direct impact on investors (such as a reduction in fund costs) or an indirect impact through our business operating more efficiently.

Assessment summary

We reviewed eight complete and ongoing projects. The most notable over the past year:

- We switched all investors who invested directly in our 'Retail' class fund units into our 'Institutional' class fund units. We moved 1,982 investments into the cheaper R-class units, saving investors between £6.25 and £10.00 per annum on every £1,000 invested
- We reduced the minimum investment to £1,000 on our lower-fee-paying Institutional share classes, making them accessible to everyone
- We removed initial costs from our entire fund range
- We rewrote our fund documentation, so all our funds have much clearer investment objectives and investment policies. We did this to make it easier for our investors to understand what they should expect from our funds, to see if our funds have achieved their objectives, and to compare our funds against alternatives

Assessment outcome

Our board concluded that we have invested significant resources this year to improve our business, and this has had a positive impact on our investors.

2. Corporate culture

What does this section cover?

We believe the right corporate culture encourages positive behaviour which ultimately benefits our investors. In this section, our board of directors review a number of metrics to allow them to determine if our business has a positive corporate culture.

Assessment summary

Our board assessed metrics specific to Rathbone Unit Trust Management, a subsidiary of Rathbone Brothers Plc. The assessment of our corporate culture considers different aspects of our business. This includes how we demonstrate our values: to be responsible, to show courage, to work together and to always be professional, the results of our employee engagement survey, our employee retention rate and how we invest into our business and people to attract and retain talent.

Assessment outcome

Our board of directors concluded, based on the available metrics, that Rathbone Unit Trust Management has a positive corporate culture.

3. Quality of service you receive

What does this section cover?

Service is more than just how fast we reply to an enquiry. When we consider the service we provide, we look at the breadth of knowledge and expertise of our fund managers and the analysts that support them, the qualifications we offer our employees to ensure they continually grow, and how efficient we are when trading on our investors' behalf. This section assesses the range and quality of services provided to our investors. We have considered both the quality of service we provide to our investors as well as the quality of services that we procure on behalf of our investors.

Assessment summary

We considered a number of different areas in our assessment of quality of service. The most notable were:

- How we vote on behalf of our shareholders. We actively engage with companies
 we invest in on environmental, social and governance issues and publish a
 report annually on how we have voted on your behalf
- Professional development. The average number of hours our staff undertake continued professional development (CPD) greatly exceeds the regulatory requirement. Rathbone Unit Trust Management employees in certificated positions undertake, on average, 63.8 hours of training and development a year, compared with the 35 hours mandated by the FCA. Rathbones also actively supports employees in undertaking additional professional qualifications, such as the Chartered Financial Analyst qualification
- Our research and investment process. Our investment processes are personal
 to each fund management team, as we believe their knowledge and expertise
 adds significant value to our clients' investments. Their individual processes are
 scrutinised twice a year by our chief investment officer who ensures that each
 of our managers employ robust processes to select appropriate investments and
 fulfil the requirements of their fund's investment mandate
- The services we receive on our investors' behalf. These are managed by our operational oversight team and governed by our outsourcing governance committee
- How we handled complaints. We reviewed how many complaints we received and how quickly we resolved them
- How well we traded. We reviewed the transaction costs associated with our funds, which is an indicator of how efficiently we trade on our investors' behalf

Assessment outcome

Our board of directors concluded that, based on the areas assessed, Rathbone Unit Trust Management offers a good quality of service.

The board note the substantial investment by the Rathbone Brothers Plc., the parent company of Rathbone Unit Trust Management, into environmental, social and governance considerations and will continue to monitor the effectiveness of this investment within Rathbone Unit Trust Management.

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4. Performance of your fund

What does this section cover?

We check how our funds have performed against their objectives, after all fees have been paid, to see if we have delivered what we aimed to achieve. If a fund has underperformed its benchmark, we explain why and assess whether the fund has invested in line with its 'mandate'. A fund's mandate is the investment strategy which was designed by the fund manager and agreed by our chief investment officer; it dictates how a fund manager can invest.

We also measure each fund's performance against a 'cash' benchmark to give you an idea of how your money would have grown in a UK bank account versus investing in our fund. We use the Bank of England base rate to approximate the interest you may have received in a bank account.

Why is the investment objective of a fund important?

The objective of a fund is important because it shows how a fund aims to perform. When we assess our fund's performance, we do so relative to its objective.

You'll notice that our funds' objectives are measured over three, five or 10 years. This is the time period you should plan to invest for - a 'recommended holding period'. Each fund's recommended holding period was chosen based on the historic performance of the fund and how we expect the fund to perform in the future. This doesn't mean the objective of the fund is guaranteed and there is always a chance you will get back less than you've invested.

This also means that the fund may perform very differently to the objective in the short-term. For example, returns or volatility could be much less, or much more, than the stated objective if measured over, for example, a six-month period.

Our assessment is based on a number of factors. We assess the fund against its objective while considering the prevailing economic and market backdrop, how the fund manager's investment philosophy and process should have performed, and how we believe the fund may perform in the future.

It's important to understand that sometimes, a fund could underperform its objective even though the fund manager is investing in line with their investment policy (which financial instruments they are allowed to invest in) and their investment process (how they pick their investments). This can be because of a general market downturn that affects all the assets a fund manager might invest in. Underperformance could also happen because the type of assets a fund invests in or its 'style' of investment is 'out of favour'. For example, some UK funds have not performed well over the last few years because of the effect the political uncertainty has had on the financial markets. These funds could still offer value for money as these funds may perform very well when the market it invests in, or its investment style, becomes 'in favour' once again.

What is the objective of the Rathbone Core Investment Fund for Charities?

We aim to deliver a greater total return than our benchmark (made up of 35% FTSE All-Share Index, 35% FTSE World excluding UK Index, 5% Investment Association (IA) UK Direct Property sector, 5% Bank of England Base Rate +2%, 18% FTSE Actuaries UK Conventional Gilts All Stocks Index and 2% Bank of England Base Rate), 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 and dividend payments).

We use our benchmark as a target for our fund's return because it represents a diversified, long-term portfolio for charities.

Assessment summary

The Rathbone Core Investment Fund for Charities aims to deliver a greater total return than our benchmark, after fees, over any five-year period.

We also measure our fund's performance against a 'cash' benchmark to give you an idea of how your money would have grown in a UK bank account versus investing in our fund. We use the Bank of England base rate to approximate the interest you may have received in a bank account. If, from fund launch date in October 2016 to years ending 31 March 2020, you had invested £1,000 in a UK bank account, you would have received approximately 1.87% or £19. If you had invested £1,000 in our fund, you would have received 5.47% or £55 (based on the total return of the accumulation R-class).

Assessment outcome

Our board of directors concluded that our fund is not on track to meet its objective.

The Core Investment Fund for Charities has a composite benchmark, which is made up of underlying indices relating to different asset classes. For example, the fund's benchmark has 70% in several equities indices and 18% in a bond index.

As at 31 March 2020, the fund had 9% invested in bonds versus the 18% in the benchmark. Because the investment in bonds within the fund is less than the exposure of the benchmark, the fund is described as 'underweight bonds'. In the 12 months ending 31 March 2020, the bond portion of the benchmark's performance was 9.9%, and the bonds portion of the fund returned -3.9%. Being underweight in bond investments compared to the benchmark has contributed to the fund's underperformance.

As at 31 March 2020, the fund had 5.7% invested in property funds. Through the current crisis, discounts on property funds have widened due to the economic concerns and uncertainty in the market. When property funds trade at a discount, it means they are bought and sold below the price the properties within the fund are valued at.

The board will continue to monitor the performance of the Rathbone Core Investment Fund for Charities over the next 12 months.

5. Costs charged to the fund

What does this section cover?

In this section we assess the costs charged to the fund and whether these are reasonable for the level of service we provide to our investors (or the level of service we receive from third parties on your behalf).

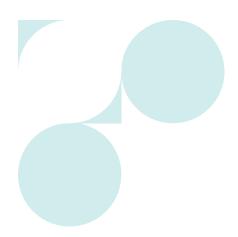
Understanding fund costs

Fund costs are complicated. The most important cost for you to understand is the **total cost of your investment**, this is how much you pay every year to invest your money into our fund.

The **ongoing charges figure (OCF)** is the easiest cost to compare between funds, which we also refer to as the **UCITS total cost of investment**. You can find this cost on all funds' Key Investor Information Documents (KIIDs), so it is easy to compare between different funds.

The total cost of your investment is expressed as a percentage. You can work out roughly how much you pay per year by multiplying the value of your investment by the percentage cost.

If you invest using the services of a financial adviser or through an investment platform, they will also charge you fees on top of the fees you pay for investing in our funds. You can request a breakdown detailing the full fees you pay, including the fees you pay for our funds, from your financial adviser or investment platform.



Explaining the different parts of fund costs

It's not essential that you understand the underlying cost components when investing in our funds, but it can be useful, so we've broken it down below.

Which can be The cost of investing in a fund The cost of running a football club compared to... Annual This is the fee you pay us Football This is the salary the club to pick the best investments manager's pays the football manager to management charge (AMC) for the job and manage salary develop strategy and pick the best players for the job. your money. Other costs **Cost of running** This is the cost of maintaining These are the fees you pay for services used to run the the football the football club's arena (such fund (such as auditor's and club as maintaining the pitch and trustee's fees). printing tickets). Some fund managers charge a fixed fee. We only charge you for services used to run the fund you had invested in. We pay a number of costs on behalf of our funds. For example, in 2019 we paid for £912,740 of research. Transaction These are the costs you pay Cost of buying This is the commission the club and selling costs when our fund managers buy pays to an agent for organising football players and sell investments in the the sale and purchase of a fund on your behalf. football player. This includes **explicit** It is also the % difference transition costs (such as tax in cost between the price and broker commission) and for which bidding starts for **implicit** transaction costs a player, and the price you (which are intangible and eventually end up paying. represent the opportunity gained or lost when the price For example, you start bidding of an investment moves whilst for a player at £1,000,000 and end up paying £1,100,000. a fund manager is trying to Your implicit transaction cost buy that investment). would be 10%.

Explaining the different ways to calculate costs

As we are bound by two different regulations, which are dictated by the Financial Conduct Authority, we have to publish costs based on two different calculations. These regulations are called **UCITS** and **MiFID II**. You will see these terms throughout this report.

Very simply, MiFID II costs include transactions costs, or in our example, the cost of buying and selling football players. UCITS costs do not include transaction costs.

In practice, the way these costs are calculated are much more complicated than how we've explained here. If you would like more information on the technicalities of fund cost calculation, please get in touch.

Assessment summary

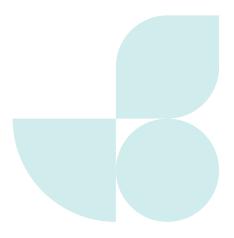
The charges of the Rathbone Core Investment Fund for Charities are as follows:

| Cost | UCITS costs | MiFID II costs |
|--------------------------|-------------|----------------|
| AMC | 0.30% | 0.30% |
| Other costs | 0.22% | 0.51% |
| Transaction costs | n/a | 0.04% |
| Total cost of investment | 0.52% (OCF) | 0.85% |

This means if you invested £1,000 for one year, you would be charged £5.20 (calculated using the UCITS total cost of investment).

Assessment outcome

The board of directors concluded the costs paid by the fund are reasonable and justified in the context of the overall value delivered to investors.



6. Economies of scale

What does this section cover?

When funds get bigger, you pay proportionally less for the fixed costs of running the fund. When a fund grows considerably, the management company should be able to negotiate lower costs on your behalf. This is called economies of scale — a proportionate saving in cost gained by an increase in scale or size. In this section, we assess if all economies of scale have been passed onto the investor.

Some asset managers charge a fixed percentage admin fee, so it doesn't matter how large the fund grows, investors don't benefit from the saving in cost gained by an increase in fund size. We only charge for services used to run the fund and never charge a fixed percentage admin fee, so as our funds grow, you benefit from lower fixed costs.

Some asset managers tier their annual management charges based on the size of their funds. We think this is an unsustainable method to pass on economies of scale. In the event of a market correction where a fund is significantly reduced in size, we wouldn't want to ask our investors to pay more for the management of their investment. For this reason, we have chosen not to tier the annual management charges of our funds.

We will continue monitoring the annual management charges of the funds to ensure they are appropriate.

Assessment summary

All costs charged to the Rathbone Core Investment Fund for Charities have been assessed to determine if all available benefits from economies of scale were passed on to investors.

Assessment outcome

The board of directors concluded all available economies of scale have been passed on to Rathbone Core Investment Fund for Charities' investors.

7. Costs compared to the fund's peers and sector

What does this section cover?

It's important that the cost of our funds reflect the service you receive. We believe that cost cannot be assessed in isolation and must be considered alongside a fund's performance, the type of assets in a portfolio and the quality of service we offer. We do not believe that value means selling our services at the cheapest price.

We assess our funds based on their performance, taking into account the cost you have paid to invest, against an independently selected peer group and the wider market sector. In other words, how much you get for the fees you pay compared to our peers. We consider the results of this analysis keeping in mind the service Rathbones provides and the prevailing economic and market backdrop.

Assessment summary

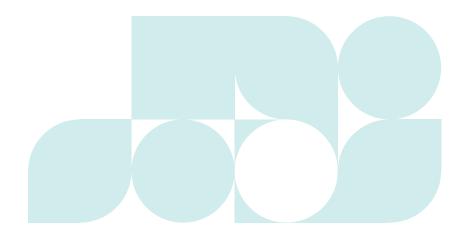
We based our analysis on the cost of the R-class, as this is the only share class in this fund.

The Rathbone Core Investment Fund for Charities has a lower cost than the sector median and compares favourably with its peers and wider sector when cost is considered against the performance of the fund.

| Share class | Total UCITS costs | Total MiFID II costs |
|-------------|-------------------|----------------------|
| R-class | 0.52% | 0.85% |

Assessment outcome

Our board of directors concluded that the fund's cost represents good value for money.



8. The difference between share classes

What does this section cover?

Investment funds can offer different share classes. Share classes usually have different investment minimums (the minimum amount you need to invest) and different costs (how much you pay annually for your investment). Although share classes have different investment terms, they all invest in the same fund.

The larger the investment minimum, the lower the charge for managing your investment. This is similar to getting a cheaper price for buying product in bulk rather than one at a time. For this reason, when you invest through a third party like an investment platform or a financial adviser, your money is pooled with others and you may have access to a cheaper share class than if you were to invest directly with us.

In this section of the assessment we have determined if unitholders are invested in appropriate share classes.

Assessment summary

The Rathbone Core Investment Fund for Charities has only one share class.

| Share class | Minimum investment | Annual management charge |
|-------------|--------------------|--------------------------|
| R-class | £10,000 | 0.30% |

Assessment outcome

Our board of directors concluded that all investors are in the appropriate share class.

9. Your fund compared to similar investment services we offer

What does this section cover?

It's important to us that all our investors receive fair investment terms when they choose to invest their money in Rathbone funds. In this section, the board considers the investment terms that we offer you compared with those we offer our institutional and international investors. Comparable services include the international range of Rathbone funds which are registered in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier and 'segregated mandates', which are pots of money managed by our fund managers separately from our UK fund range for large institutional investors.

Assessment summary

The Rathbone Core Investment Fund for Charities does not have any comparable services.

Assessment outcome

Our board of directors concluded that this fund did not have any comparable services.



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