

Rathbone Strategic Bond Fund

Investment objective

We aim to deliver a greater total return than the Investment Association (IA) Sterling Strategic Bond sector, after fees, over any rolling five-year period. Total return means the return we receive from the value of our investments increasing (capital growth) plus the income we receive from our investments (interest payments). We use the IA Sterling Strategic Bond sector as a target for our fund's return because we aim to achieve a better return than the average of funds that are similar to ours.

We aim to deliver this return with a lower volatility than the IA Sterling Strategic Bond sector. As an indication, the value of our fund should be expected to fluctuate less than the sector. Because we measure volatility over a five-year period, some falls may be larger or smaller over shorter periods of time. We aim to limit the amount of volatility risk our fund can take because we want our investors to understand the risk they are taking compared to funds similar to ours.

Investment strategy

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

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

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

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

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

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

Finally, we compare prices to determine the best value bonds to include in our fund.

Management



Bryn Jones
Fund Manager

Lead Manager, asset allocation and stock selection. Bryn joined Rathbones in November 2004. He is also manager of the Rathbone Ethical Bond Fund. He has over 20 years of investment industry experience in equity and fixed income markets and holds the Investment Management Certificate.



Noelle Cazalis
Fund Manager

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

Fund facts

Manager
Rathbone Unit Trust Management Limited

Trustee
NatWest Trustee and Depositary Services

Date launched/launch price
03 October 2011/100p

Size of fund
Mid-market: £171.26m

Unit price
Income (Inc): 112.88p
Accumulation (Acc): 149.10p

Historical distribution yield*
2.40%

Average yield to maturity
3.96%

Total no. of holdings
134

Initial charge
None

MiFID II charges

Ongoing charges figure (OCF) as at 31.12.2019
0.79%

Transaction costs
0.04%

Total MiFID II charges
0.83%

The MiFID II charges include the ongoing charges figure (OCF) and transaction costs. PRIIPs compliant*

Minimum initial investment
£1,000

Minimum additional investments
£500

Distributions per unit

Latest distributions

Interim	1.27p
Interim	1.27p
Interim	1.02p
Annual	1.29p

	Ex div	Payment
Interim	01 Apr 20	31 May 20
Interim	01 Jan 20	29 Feb 20
Interim	01 Oct 19	30 Nov 19
Annual	01 Jul 19	31 Aug 19

Year end 30 June

Since 6 April 2017, distributions are paid gross.

Dealing/valuation

Forward daily: 9.00am-5.00pm

Valuation point: 12.00 midday

Dealing/valuation: 0330 123 3810

Information line: 020 7399 0399

Fund codes

Sedol (Inc): B6ZS1L8

Sedol (Acc): B6ZS248

ISIN (Inc): GB00B6ZS1L87

ISIN (Acc): GB00B6ZS2486

Product availability

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

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

Fund ratings



Manager ratings



Bryn Jones

Asset allocation overall

Data as at 31.05.20



- UK corporate bonds: 33.80%
- Global corporate bonds (investment grade credit): 15.11%
- Global high yield bonds: 15.10%
- Emerging markets: 12.24%
- UK governments bonds: 5.84%
- Global government bonds: 4.88%
- UK indexed-linked: 3.62%
- Other: 3.38%
- Cash: 6.03%

I-class fund performance

Data as at 31.05.20

	1 year	3 years	5 years
Rathbone Strategic Bond Fund	1.89%	6.19%	18.31%
IA Sterling Strategic Bond sector	3.84%	7.85%	16.97%
Quartile rank	3	3	2

Discrete annual performance, quarter ending 31 March

	2016	2017	2018	2019	2020
Rathbone Strategic Bond Fund	-0.17%	9.81%	3.11%	1.73%	-2.20%
IA Sterling Strategic Bond sector	-1.40%	7.99%	2.32%	2.07%	-1.35%

Data since launch (03.10.11)

	Max Drawdown**	Volatility**	Turnover***
Rathbone Strategic Bond Fund	-7.10	4.22%	240.17%
IA Sterling Strategic Bond sector	-7.77	4.96%	
Median	-8.97	5.30%	

Price performance based upon bid to bid prior to 21.01.19 and single price (mid) thereafter. Past performance should not be seen as an indication of future performance. The value of investments and the income from them may go down as well as up and you may not get back your original investment.

Top 5 direct holdings

UK Government as at 31.05.20	% of whole fund
UK Treasury 0.0% 08/10/2020	4.09
UK Treasury Index Linked Gilt 1.875% 11/22/2022	3.02
UK Treasury 0.0% 07/06/2020	1.75
UK Treasury Index Linked Gilt 0.125% 3/22/2026	0.60
Non-UK Government as at 31.05.20	% of whole fund
Aviva 5.9021% Perp	2.25
Royal London 4.875% 10/07/2049	1.46
Bank of Scotland 7.281% Perp	1.20
Rothsay Life 3.375% 07/12/2026	1.17
Rothschild Continuation Finance 9.0% Perp	1.05

Top 5 funds holdings

Data as at 31.05.20	% of whole fund
Muzinich Asia Credit Opportunities Fund	4.59
TCW Funds - MetWest Unconstrained Bond Fund	4.19
Ashmore SICAV Emerging Markets Total Return Fund	4.06
Angel Oak Multi-Strategy Income Fund	3.37
NN (L) Global Convertible Opportunities Fund	3.13

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Credit quality distribution

(Direct bonds portion) as at 31.05.20 [†]	%
AA	25.32
A	6.06
BBB	57.03
BB	5.53
B	0.55
CCC	0.69
NR	4.82

You should know

Important information

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

Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Details of tax levels and reliefs may change in the future. The value of any tax relief depends on individual circumstances. If you have any doubts about your tax position, or the suitability of this investment, you should seek professional advice.

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

Derivatives and forward transactions may be used by the fund for investment purposes as well as for the purposes of efficient portfolio management (including hedging). The use of derivatives for investment purposes may increase the volatility of the fund's Net Asset Value and may increase its risk profile.

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

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

Information notes

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

[†]The OCF includes the charges for the underlying funds held in the product. From April 2018, the ongoing charges figure has been calculated according to PRIIPs regulations, which came into effect on 1 January 2018. Holdings are based on six monthly audited accounts. Changes to fund holdings within this period may result in higher or lower ongoing charges.

Source performance data Financial Express, price performance based upon bid to bid prior to 21.01.19 and single price (mid) thereafter. This is net of expenses and tax. Data using prices as at 31.05.2020. **Volatility and Maximum drawdown given on a 5 year rolling basis. ***Turnover is calculated on a 1 year rolling basis.

^{††}Credit quality distribution ratings from various sources

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

Rathbone Unit Trust Management has achieved a Platinum Rating in the Sterling Strategic Bond sector by Citywire for their rolling risk-adjusted performance, across all management teams in the sector, over the period 29.03.2013-31.03.2020.

Dynamic Planner® is a registered trademark of Distribution Technology.

Authorised and regulated by the Financial Conduct Authority

A member of the Investment Association (IA)

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