

Rathbones
**Portfolio Management
Service for Intermediaries**



**Portfolio management that complements
intermediaries' service to their clients**

Rathbone Investment Management

Rathbones is a leading provider of discretionary fund management and wealth management services.

With eight offices nationally, Rathbones manages over £13 billion of funds for individuals and their trusts, charities and pension funds. This figure includes £2.1 billion managed by Rathbone Unit Trust Management.

Rathbone Brothers Plc is an independent company listed on the London Stock Exchange.

Portfolio Management Service for Intermediaries

Rathbones' portfolio management service is designed to fit easily into intermediaries' client relationships.

It is an accessible service that offers intermediaries' clients a dedicated investment manager – we do not place a relationship manager between the client/intermediary and the investment manager.

This makes communication simple, with intermediaries retaining their role as the client's financial adviser and lead adviser on the suitability of Rathbones' service.

Rathbones has 170 investment managers and their assistants in eight offices around the UK offering intermediaries a nationwide resource.

In addition to the dedicated, direct attention of an investment manager, clients benefit from portfolio management that is individually tailored to meet their needs. Clients are not invested in pre-determined model portfolios but benefit from a structured portfolio construction process that encompasses the full range of assets that you would expect from a professional investment management firm, including:

- Fixed interest
- Equities
- Alternative assets
- Property funds
- Collectives
- Commodity funds
- Cash

The service is underpinned by The Rathbones' Investment Process from which all our investment managers draw guidance and investment ideas whilst retaining the necessary flexibility to ensure their clients' individual needs are met (see overleaf).

The Rathbones Investment Process

The Rathbones Investment Process seeks to draw together the combined expertise of Rathbones' investment managers across both its discretionary fund management operations and its award-winning unit trust operation.

There are two parts of our investment process: asset allocation and investment selection.

Asset allocation - The strategic asset allocation committee is drawn widely from around the group and meets on a quarterly basis. Model portfolios constructed by the committee aim to produce an effective risk-adjusted combination of asset classes taking a three to five year view. In addition to a strategic asset allocation capability, a separate tactical asset allocation committee constructs models which provide guidance for managers with more traditional mandates incorporating bonds, equities and cash, and which have a bias towards growth, income or a balance.

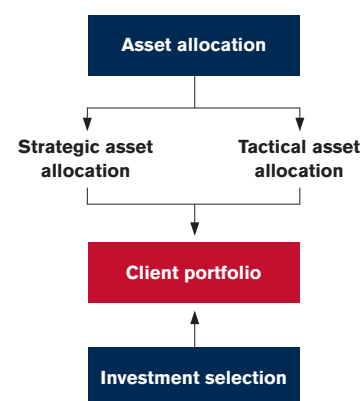
Investment selection - Rathbones' independence allows us to select the best investments available in each asset class across all markets without any conflicts of interest. The selection process is tailored to the particular characteristics of each asset class and we look at: fixed interest stocks and bonds; equities; alternative assets – including fund of hedge funds, structured products and private equity; property funds; commodity funds; collectives – both open and closed ended, on and offshore; and cash.

To support this approach, Rathbone Investment Management produces in-house strategic and tactical asset allocation models for its investment managers to assist them in constructing portfolios suitable for individual clients.

Recommended lists are also produced in order to help our investment managers select individual holdings.

However, it is recognised that our clients' circumstances differ and so our Investment Process gives sufficient flexibility to investment managers to create a portfolio designed to meet their client specific needs, making the final asset allocation decisions as well as investment selection.

Internal performance monitoring and risk control processes ensure that the appropriate **quality of service and fulfilment of client objectives** are achieved.



Our range of services

Discretionary portfolio management

Rathbones manages just over £10 billion in a range of structures, including discretionary trusts and investments within insurance bonds.¹

SIPP portfolios

Rathbones manages over 1000 SIPP portfolios.

We work in conjunction with the SIPP or SASS member, their independent financial adviser and the elected pension provider to provide individual investment management services in line with the member's stated objectives.

Many of our SIPP clients will have other investment portfolios which are managed alongside their pension assets thus ensuring a high degree of coordination.

Ethical criteria

Rathbones has a recognised expertise in ethical investing and our specialist ethical division can incorporate ethical criteria for clients who wish to have all or part of their portfolio managed to take account of their environmental, social and ethical concerns.

Tax efficient investments

Rathbones offers a number of products and services designed to utilise the tax advantages of EIS rules and AIM stocks. Rathbones' investment managers will also use PEPs/ISAs as appropriate within a client's individual portfolio.

Unit trusts

Rathbone Unit Trust Management offers a range of eight award-winning unit trusts designed to meet capital growth and/or income requirements. The products are also available as ISAs, are PEP qualifying and can be set up to receive lump sums or as monthly saving schemes.

Banking services

While Rathbones is an investment manager first and foremost, our status as a bank also allows us to offer a range of additional services to investment management clients such as loans secured against investment portfolios.

¹ As at 31 December 2006

Administration and service

Our portfolio management service is offered in partnership with intermediaries. As part of the service, we manage clients' investment portfolios on a fully discretionary basis, removing the pressures of associated administration.

Commission payment to IFAs

Fee share or trail commission, where required, is paid quarterly and can be paid directly to a designated bank account. An initial commission may also be payable on account opening.

Communications

Rathbones places great emphasis on regular communication with you and your client. Investment managers can host meetings or travel to your offices or the client's home.

Valuations

A report containing a portfolio valuation and details of changes to investments is issued twice a year or quarterly on request. Ad hoc valuations are available immediately on request. We also provide an annual regulatory report summarising key information about each client's portfolio which can be revisited and revised if required.

Tax service

At the end of each financial year we provide:

- schedules of all dividends and interest received during the year;
- composite tax vouchers for dividends in a form the Revenue & Customs will accept instead of numerous individual vouchers;
- a schedule of acquisitions and disposals of shares for capital gains tax returns; and
- an estimated capital gains calculation detailing realised losses and gains within the current tax year.

Portfolio administration

An essential part of our service is the provision of sound and efficient administration. We handle all rights issues, capital reorganisations, offers and company notices. All dividends and interest payments are collected on behalf of clients and paid out or reinvested.

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Rathbone Investment Management Limited is authorised and regulated by the Financial Services Authority. Rathbone Unit Trusts are managed by Rathbone Unit Trust Management Limited which is authorised and regulated by the Financial Services Authority and a member of IMA.

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