RATHBONES

RATHBONE ACTIVE INCOME AND GROWTH FUND

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

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RATHBONE ACTIVE INCOME AND GROWTH FUND

AUTHORISED FUND MANAGER (THE MANAGER)

Rathbones Asset Management Limited
8 Finsbury Circus
London EC2M 7AZ
Telephone 020 7399 0399
A member of the Rathbones Group
Authorised and regulated by the Financial Conduct Authority and member of The Investment Association

Effective 30 November 2023, Rathbone Unit Trust Management Limited changed its name to Rathbones Asset Management Limited.

DEALING OFFICE

SS&C Financial Services Europe Limited
SS&C House
St Nicholas Lane
Basildon
Essex SS15 5FS
Telephone 0330 123 3810
Facsimile 0330 123 3812

REGISTRAR

SS&C Financial Services International Limited
SS&C House
St Nicholas Lane
Basildon
Essex SS15 5FS
Telephone 0330 123 3810
Facsimile 0330 123 3812
Authorised and regulated by the Financial Conduct Authority

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow G1 3BX

DIRECTORS OF THE MANAGER

RP Stockton – Chairman (resigned 1 December 2023)
MM Webb – Chief Executive Officer (resigned 1 December 2023)
T Carroll – Chief Investment Officer and Chief Executive Officer
E Renals – Chief Operating Officer (appointed 3 July 2023)
JA Rogers – Chief Distribution Officer and Chair of the Board (appointed 1 December 2023)
MS Warren – Non-Executive Director
J Lowe – Non-Executive Director

ADMINISTRATOR

HSBC Securities Services
1-2 Lochside Way
Edinburgh Park
Edinburgh EH12 9DT
Authorised and regulated by the Financial Conduct Authority

TRUSTEE

NatWest Trustee and Depositary Services Limited
250 Bishopsgate
London EC2M 4AA
Authorised and regulated by the Financial Conduct Authority

INVESTMENT OBJECTIVE AND POLICY

INVESTMENT OBJECTIVE

The objective of the fund is to deliver an annual income of 2.5% averaged over any rolling five-year period. The fund also aims to deliver a greater total return than the CPI measure of inflation + 3%, after fees, over any rolling five-year period. The fund aims to deliver this return with no more than two-thirds of the volatility of the FTSE Developed stock market index. There is no guarantee that this investment objective will be achieved over five years, or any other time period. We use the CPI + 3% as a target for our fund's return because we aim to grow your investment above inflation. 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 in terms of the global stock market.

To meet the objective, the Fund Manager will invest globally in government and corporate bonds with no restriction on their credit quality, equities, structured products and commodities. Investment will be made directly in such assets or through collective investment schemes. The fund will not hold property directly but may make investments in property through other collective investment schemes. Collective investment schemes include authorised, unauthorised and alternative collective investment schemes including private equity funds. Derivatives may be used by the fund for the purposes of efficient portfolio management and hedging.

INVESTMENT STRATEGY

The Fund Manager defines restrictions on how much of the fund can be invested in different types of assets. The restrictions are set at the discretion of the fund manager and will change over time. The restrictions are reviewed annually and in response to market events. Further details in relation to the current restrictions may be obtained by contacting Rathbones Asset Management Limited.

The Manager may use all investment powers as permitted by the prospectus, outside the ranges described above, to ensure the fund is managed in the best interest of investors in times of market irregularities or stress.

The fund may invest at the Fund Manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits and units in collective investment schemes. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted by the FCA Rules.

ETHICAL INVESTMENT POLICY

The fund will not invest directly in any company that derives more than 20% of its sales from gambling, high-interest-rate lending, pornography or from the manufacture of tobacco or tobacco products, alcohol or armaments.

The ethical investment policy does not apply to investments made through collective investment schemes.

INVESTMENT REPORT FOR THE YEAR ENDED 31 MARCH 2024

PERFORMANCE

The Fund returned 9.9%, net of fees, in the 12 months to the end of March, versus a 6.2% return from CPI + 3%.

PORTFOLIO ACTIVITY

The manager bought several UK Treasury Bills, including those maturing on 06/05/2023, 30/10/2023 and 09/11/2023, in order to gain an interest rate advantage over simple cash. Other income-generating activity included adding to the Rathbone High Quality Bond Fund holding.

The manager sold some individual equities – including Linde and Brookfield Corporation – in favour of the Vanguard S&P 500 ETF, on the basis that the fund is underweight US equities, and the US market is so efficient that, over time, very few active managers actually outperform it.

Given the economic headwinds in China, the manager sold the Vanguard Emerging Market ETF and moved half of the proceeds into the iShares MSCI EM Ex China ETF. China makes up c.27% of the Vanguard ETF.

Capital Group Global High Income Opportunities was trimmed in order to reduce the fund's OCF.

MARKET OVERVIEW

Financial markets have been on an incredible run since November, driven by hopes of a soft landing. The S&P 500 had one of its longest ever rallies as the index advanced for 16 out of 18 weeks for the first time since 1971. Alongside that, the gap between corporate and government bond yields is the smallest it's been for two years, Brent crude oil prices are back above $85 a barrel and even a traditional safe haven asset like gold has reached a new record.

Since 1945, there have been only two scenarios when we've seen such a rapid rally. The first has been when the economy is emerging from recession, such as after the Covid pandemic or the Global Financial Crisis. The other scenario was during the dot com bubble. Today's rally has similarities to both. Stock market gains over 2023 and into 2024 have been very narrow by historical standards, with tech stocks driving the outperformance. So there are clear parallels to the dot com bubble. There's also a strong parallel to the post-recession scenario, since a recession was the consensus expectation of economists by late-2022; falling inflation over November and December led to growing anticipation of rate cuts and a soft landing.

However, recent indicators have suggested that inflationary pressures might be building up again. For example, US core CPI was +0.4% month-on-month in both January and February, which is above any of the prints in the second half of 2023. That also means some of the three- and six-month indicators are rising again, with three-month core CPI now at 4.2% on an annualised basis. If the post-pandemic period is excluded, that's the fastest pace for three-month core CPI since 1991. Likewise, in the Eurozone, the releases for 2024 so far have been a bit stronger than expected, with core CPI still at 3.1% year-on-year in February.

The UK has seen a sharp drop in headline and core inflation over the last few months. But services inflation remains robust – 6.1% year-on-year in February. Still-high wage growth, alongside hefty index-linked and administrative price increases in the coming months, are likely to keep services inflation running above the levels consistent with the Bank of England's target for some time. Furthermore, weight changes in 2024 will make the Bank's job more difficult. The services share of the UK CPI basket – which is sensitive to wage growth – has risen to 49%, its highest share since the global financial crisis. With wage growth still running around 6%, it may be a while before services inflation falls to an acceptable level.

There are other signs of building price pressures, as Brent crude oil prices have risen above $85 a barrel for the first time since Hamas attacked Israel last October. Markets had appeared to be relatively unconcerned that the conflict could turn into a direct confrontation between Israel and Iran. The price of oil now stands 12% higher than at the start of the year, reflecting an increasing geopolitical risk premium as well as other supply disruptions. With OPEC widely expected to maintain its conservative stance, oil could go higher still, especially as there are signs of improvement in global economic activity. A further spike induced by an Iran-Israel war would be all too reminiscent of the 1970s. The effects are already filtering through to retail prices: the AAA's tracker of daily gasoline prices in the US is now at its highest level since October, at $3.535 a gallon.

Thus, at the start of the year, Fed and ECB rate cuts were priced in for March, but are now only fully priced in for July. Investors often struggle to predict interest rates around turning points. After 2008, rates stayed around zero despite investors constantly expecting them to move higher again. In this cycle, as rates have risen and remained high, market pricing has consistently underestimated how hawkish central banks would be.

There was a hint of such hawkishness at the Fed's meeting at the end of January, when "Participants generally noted that they did not expect it would be appropriate to reduce the target range for the federal funds rate until they had gained greater confidence that inflation was moving sustainably toward 2 percent." It was thus curious that March's meeting of the Federal Open Market Committee seemed to be untroubled by January's and February's 'hotter' CPI data. The 'dot plot' showed the median 2024 dot unchanged at three cuts this year. This came even as 2024's economic projections were revised higher, with real GDP growth revised up from 1.4% to 2.1%, core PCE inflation up two-tenths to 2.6%, and unemployment a tenth lower to 4.0%.

Powell also mentioned that unexpected labour market weakening could warrant a policy response, whilst expressing no concern about the ongoing easing in financial conditions. There seem to be few signs of a weaker labour market (though on average since October 1967, it has taken 23 months after the trough in the Fed Funds rate for unemployment to trough. February marked 24 months since the rates trough). Perhaps the 'Fed Put' is back? That's the notion that investors can rest assured that the Fed will set policy with an eye to preventing bear markets.

An alternative scenario is an inflationary boom. Raphael Bostic, president and CEO of the Federal Reserve Bank of Atlanta and a voting member of the FOMC warned on 4 March about "pent-up exuberance." He acknowledged that inflation had slowed, but he feared that it could accelerate quickly again.

Overall, there is much to suggest that wage inflation and ultimately consumer price inflation are more pronounced in times of a tight labour market. And the European labour market is likely to remain tight for the foreseeable future. At just over 70%, the labour force participation rate for people of working age in the Eurozone has reached its highest level since 2009. There is likely to be little room for improvement, especially as countries such as Germany and the Netherlands have already achieved participation rates of around 80%. It should also be borne in mind that the working-age population in the major Eurozone countries has passed its peak and will decline in the coming years. In Germany alone, the population between the ages of 20 and 66 will decline by an average of 0.5% a year up to 2035.

The effects of a particularly tight labour market described above join structural factors such as ongoing deglobalisation and the energy transition in driving up costs for companies and ultimately consumers. This should make it difficult for central banks to cut interest rates significantly. Their difficulties are compounded by the key question of whether the neutral rate has risen in the long run as well.

Most investors are positioned for disinflation with hedges against recession risk (gilts etc). Should an inflationary boom come into play, investors hedged for a recession are likely to suffer.

An overlooked driver behind the resilience of US growth is the economy's massively reduced sensitivity to interest rate hikes compared to the rest of the world. The 2010-2020 decade of Fed QE led to a big reduction in private sector interest rate risk. Starting with the corporate sector, interest expense reached its lowest level as a percentage of GDP since the early 1960s. US corporates continue to earn money from higher cash holdings while paying interest on low-coupon fixed debt. Moving on to the household sector, net financial obligations are still below pre-Covid levels and the healthiest for more than three decades. US households are very far from being financially stressed.

Comparing net corporate interest expense across the G10 shows just how unique the US has been so far in this cycle: it is the only developed economy where interest costs have gone down sharply. In turn, the change in non-financial net corporate interest expense since 2021 does a very good job at explaining relative growth surprises across the G10 over recent quarters. So it's reasonable to expect fewer rate cuts in the US than in Europe, and to expect the gap between the ultimate level of rates in the US and Europe to be wider than hitherto.

The top 20 US semiconductor stocks have gained some 40% in the last three months. Is this a massive bubble? AI and increased defence spending will boost demand, but the auto industry is the single largest consumer of semiconductors and EVs look like they're hitting the buffers. Meanwhile China, struggling to compete today, may succeed tomorrow. Remember that between 31 December 2021 and 14 October 2022, Nvidia fell by 62%.

Moreover, the key pillar supporting the US economy is the consumer. Borrowers are beginning to get stretched and the labour market is showing tentative signs of weakening. 'Big tech' companies are as leveraged to the consumer as any other company. They are also in the crosshairs of regulators and politicians. In early March, the US House of Representatives approved a bill to force China's Bytedance to divest TikTok. Federal and state regulators are suing Amazon, Google and Meta. The EU fined Apple €1.8 billion for using its App Store to suppress its music streaming rival Spotify and recently enacted a new law to weaken the "gatekeeping" power of digital platforms.

Despite these headwinds, investors seem unfussed by antitrust zeal because tech giants have a record of outfoxing regulators. Only Apple has shed value in 2024 and that seems more the result of slumping Chinese sales, waning interest in iPads and its apparent failure to come up with anything sufficiently 'new'.

Furthermore, 'big tech' contributed 23% to the S&P 500's earnings growth in the fourth quarter of 2023, and big tech margins are almost 23%, almost double that of the overall S&P 500. Big tech has a price-earnings ratio of c.29 versus the dotcom bubble peak of over 70. And this time they're making money. Fourth quarter 2023 results saw their earnings grow over 60% year-on-year, compared to the rest of the market's -2.4%. Thus the premium valuation is driven not only by the pace of the group's earnings growth, but also by the scarcity of that growth elsewhere in the market. So perhaps they should be considered less a monolith and more a six-stock microcosm of the increasingly tech-centric global economy, based on a diverse set of growth drivers and end markets.

22 February marked the day when the Nikkei 225 finally recovered all its losses created after the Japanese equity bubble burst in 1989. The index dropped 78.8% from peak to trough. That is, of course, without accounting for inflation. Then you are still down 17.6% in real terms and waiting for the recovery to complete.

Like other major economies, Japan has experienced higher energy and food prices. In the last three years, Japanese prices have risen 7%. It took roughly 30 years for prices to rise the previous 7%. But rising CPI inflation needs to be matched by rising wages. On 15 March, the Japan Trade Union Confederation (Rengo) announced the results of this year's 'shunto' spring wage negotiations: an average increase of 5.28%, significantly higher than expected and the biggest wage rise for 33 years.

Emboldened by this, the Bank of Japan raised rates for the first time in 17 years on 19 March. The last eight years of negative rates was finally over; the Bank also scrapped Yield Curve Control, a tool to control long-term bond yields. Media headlines spoke of an historic policy shift; but the substance was a little less epic: base rates were shifted from -0.1% to between 0.0% and 0.1%, and the Bank of Japan pledged to continue to purchase roughly the same amount of Japanese government bonds (JGBs) as before. The immediate result: the yen weakened on the day and soon after hit a 53-year low versus the dollar, and JGB yields dropped.

Chinese GDP came in at 5.2% for 2023. It has been trending down over the last 14 years. The last five years have witnessed authorities trying to shift from the traditional export-led and property-driven growth model into a 'higher-quality' economy, assigning more weight to stability. Accordingly, Xi Jinping's objective of 'Common Prosperity' (first voiced by Mao in the 1950s) now focuses on growth in services and medium-to-high-end manufacturing. This change in priorities has hurt the property sector. From being the cornerstone of domestic credit markets for decades, the property sector has been in a structural decline since 2021, as authorities focused on tackling problems linked to excess leverage and the under-regulated shadow banking industry. The Covid pandemic was an additional hit to domestic confidence with substantial scarring on the supply side of the economy. Youth unemployment at a historical high of over 25% illustrates labour market strains. Demographic trends are also deteriorating. The UN forecasts that China's population will decline from 1.426 billion this year to 1.313 billion by 2050 and below 800 million by 2100.

Poor US-China relations, restrictions on investment into China's technology sector and de-risking from the US and Europe have contributed to significant capital outflows, as have domestic regulatory crackdowns.

Should markets be concerned? A recent ECB study has looked at the impact of Chinese monetary policy and macroeconomic events on global equities, exchange rates, and commodity prices, having disentangled the impact of a potential US shock or a change in global risk aversion from a Chinese shock (for much of the time, weak Chinese macro data happens at a similar time as weak US macro data or a global change in risk aversion). For industrial metals, Chinese macro developments are as important to prices as US macro developments or changes in US monetary policy. For crude oil, US macro developments are still about twice as important as Chinese macro shocks. In other words, for commodities, China matters because it is such a large consumer of both oil and metals.

Global equity markets are much less sensitive to developments in China: the macro shock in China needs to be about four times larger than a similar macro shock in the US to create the same reaction in global stock markets. So we don't need to worry, so long as the shock in the Chinese economy is sufficiently tame.

James Codrington
Fund Manager

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES

INCOME UNITS

	31.03.24 pence per unit	31.03.23 pence per unit	31.03.22 pence per unit
Change in net assets per unit			
Opening net asset value per unit	**133.02p**	142.75p	138.47p
Return before operating charges*	**13.17p**	(4.67p)	8.63p
Operating charges	**(0.47p)**	(0.48p)	(0.52p)
Return after operating charges*	**12.70p**	(5.15p)	8.11p
Distributions on income units	**(4.59p)**	(4.58p)	(3.83p)
Closing net asset value per unit	**141.13p**	133.02p	142.75p
*after direct transaction costs[1] of:	**0.02p**	0.01p	0.02p

[1] Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

PERFORMANCE

Return after charges	**9.55%**	(3.61%)	5.85%

OTHER INFORMATION

Closing net asset value	**£222,524,061**	£214,305,303	£233,897,963
Closing number of units	**157,667,655**	161,108,838	163,855,081
Operating charges**	**0.50%**	0.54%	0.50%
Direct transaction costs	**0.01%**	0.01%	0.01%

PRICES***

Highest unit price	**142.55p**	143.80p	151.12p
Lowest unit price	**128.57p**	127.45p	136.86p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP and includes a synthetic element relating to the expenses paid by any investment funds which the fund holds.

*** These prices may have been calculated on a different basis to the opening/closing net asset value per unit shown in the comparative table, this may result in the opening/closing net asset value per unit being higher or lower than the published highest or lowest prices for the period.

ACCUMULATION UNITS†

	31.03.24 pence per unit	31.03.23 pence per unit	31.03.22 pence per unit
Change in net assets per unit			
Opening net asset value per unit	**98.83p**	100.00p	N/A
Return before operating charges*	**9.98p**	(0.88p)	N/A
Operating charges	**(0.34p)**	(0.29p)	N/A
Return after operating charges*	**9.64p**	(1.17p)	N/A
Distributions on accumulation units	**(3.45p)**	(2.74p)	N/A
Retained distributions on accumulation units	**3.45p**	2.74p	N/A
Closing net asset value per unit	**108.47p**	98.83p	N/A
*after direct transaction costs[1] of:	**0.01p**	0.01p	N/A

[1] Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

PERFORMANCE

Return after charges	**9.75%**	(1.17%)	N/A

OTHER INFORMATION

Closing net asset value	**£150,298**	£57,791	N/A
Closing number of units	**138,567**	58,475	N/A
Operating charges**	**0.49%**	0.54%	N/A
Direct transaction costs	**0.01%**	0.01%	N/A

PRICES***

Highest unit price	**108.59p**	102.32p	N/A
Lowest unit price	**97.35p**	93.17p	N/A

† As the Accumulation units launched on 24 May 2022, there are no comparatives.

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP and includes a synthetic element relating to the expenses paid by any investment funds which the fund holds.

*** These prices may have been calculated on a different basis to the opening/closing net asset value per unit shown in the comparative table, this may result in the opening/closing net asset value per unit being higher or lower than the published highest or lowest prices for the period.

RISK AND REWARD PROFILE

RISK AND REWARD PROFILE AS PUBLISHED IN THE FUND'S MOST RECENT KEY INVESTOR INFORMATION DOCUMENT

1	2	3	4	5	6	7

Lower potential risk/reward
(Not risk-free)

Higher potential risk/reward

This indicator is a measure of the fund's past volatility (the extent and rapidity of up-and-down movements of the value of an investment). It may not be a reliable indication of the fund's future risk. The risk category shown is not a target or a guarantee and may change over time.

DISCRETE ANNUAL PERFORMANCE

QUARTER ENDING 31 MARCH 2024

	2020	2021	2022	2023	2024
Rathbone Active Income and Growth Fund	-6.94%	23.72%	6.34%	-4.37%	9.94%
UK Consumer Price Index +3%	4.74%	3.46%	9.34%	13.76%	6.55%

Source performance data FE fundinfo, 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.

PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024

Holding		Value (note 1e) £	Percentage of total net assets
Debt Securities (31.03.23: 19.39%)			
Government Bonds (31.03.23: 11.40%)			
JPY155,000,000	Government of Japan 0.005% 2031**	933,137	0.42
MXN147,400	Government of Mexico 7.75% 2031**	645,719	0.29
SEK14,780,000	Government of Sweden 1% 2025**	1,414,817	0.63
MXN24,200,000	KFW 4.4% 2025**	1,073,229	0.48
£2,250,000	UK Treasury 0% 2024**	2,248,065	1.01
£1,142,000	UK Treasury 0.125% 2026**	1,664,568	0.75
£1,223,630	UK Treasury 0.125% 2028**	1,667,261	0.75
£1,050,000	UK Treasury 0.125% 2029**	1,672,581	0.75
£1,192,000	UK Treasury 0.25% 2031**	924,312	0.41
£3,575,000	UK Treasury 0.5% 2061**	1,109,144	0.50
£3,244,000	UK Treasury 0.875% 2046**	1,660,020	0.74
£1,642,000	UK Treasury 4.25% 2036**	1,676,761	0.75
Corporate Bonds (31.03.23: 7.99%)			
£1,700,000	Assicurazioni Generali 6.269% VRN perp**	1,714,592	0.77
£4,430,357	Barclays 1472 FTSE S&P Income Autocall ELN 2028**	4,447,635	2.00
£2,100,000	Deutsche Bank 4% VRN 2026**	2,051,653	0.92
£2,029,000	Goldman Sachs 3.125% 2029**	1,871,826	0.84
SGD1,500,000	HSBC 5.3% VRN 2034**	903,811	0.41
£1,000,000	Lloyds Banking 1.875% VRN 2026**	971,320	0.44
£2,130,000	Lloyds Banking 2.707% VRN 2035**	1,729,288	0.78
£1,207,000	NatWest 2.105% VRN 2031**	1,097,669	0.49
£587,000	PGH Capital 6.625% 2025**	594,570	0.27
£2,375,479	RBC Capital Markets 1303 New Issue FTSE Acceleration**	2,460,046	1.10
£1,400,000	Zurich Finance Ireland 5.125% VRN 2052**	1,360,442	0.61
Other Bonds (31.03.23: 0.00%)			
£1,000,000	Barclays Bank ELN 2027**	1,051,800	0.47
£2,180,000	Credit Agricole ELN 2028**	2,374,892	1.07
1,687,000	Credit Agricole 1534 TOPIX Booster (300%) EIS**	1,687,000	0.76
£1,000,000	UBS AG ELN 2030**	1,037,000	0.47
Total Debt Securities		**42,043,158**	**18.88**

PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024
(continued)

Holding		Value (note 1e) £	Percentage of total net assets
Bond Funds (31.03.23: 7.91%)			
134,034	Capital Global High Income Opportunities Fund*	4,322,607	1.94
8,104,585	Fair Oaks Income	3,464,457	1.56
6,058,406	Rathbone High Quality Bond Fund*	5,461,653	2.45
Total Bond Funds		**13,248,717**	**5.95**
United Kingdom (31.03.23: 23.19%)			
Oil and Gas (31.03.23: 3.04%)			
401,588	BP	1,990,672	0.89
193,830	Shell	5,088,038	2.28
		7,078,710	**3.17**
Basic Materials (31.03.23: 3.33%)			
69,041	Antofagasta	1,407,056	0.63
28,579	Croda International	1,400,943	0.63
490,440	Elementis	721,928	0.32
35,918	Rio Tinto	1,802,006	0.81
		5,331,933	**2.39**
Industrials (31.03.23: 2.42%)			
81,579	Ashtead	4,599,424	2.06
103,850	Breedon	398,784	0.18
105,714	Howden Joinery	957,980	0.43
6,900	Spirax-Sarco Engineering	693,450	0.31
		6,649,638	**2.98**
Consumer Goods (31.03.23: 1.19%)			
46,619	Unilever	**1,853,105**	**0.83**
Healthcare (31.03.23: 3.61%)			
35,168	AstraZeneca	3,755,239	1.69
75,704	Genus	1,327,848	0.60
117,985	GSK	2,015,892	0.90
		7,098,979	**3.19**

PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024
(continued)

Holding		Value (note 1e) £	Percentage of total net assets
Consumer Services (31.03.23: 2.55%)			
50,902	Compass Group	1,182,453	0.53
98,056	Experian	3,386,854	1.52
125,363	Informa	1,042,017	0.47
32,200	RELX	1,102,528	0.49
		6,713,852	**3.01**
Telecommunications (31.03.23: 0.38%)			
908,745	Vodafone	**640,211**	**0.29**
Utilities (31.03.23: 0.85%)			
104,000	National Grid	**1,108,120**	**0.50**
Financials (31.03.23: 4.02%)			
201,865	Aviva	1,002,058	0.45
348,739	Barclays	638,890	0.29
236,985	HSBC (London listed)	1,466,700	0.66
331,186	Legal & General	842,206	0.38
2,547,674	Lloyds Banking	1,318,676	0.59
252,345	M&G	556,421	0.25
113,404	Savills	1,208,887	0.54
180,948	Standard Chartered	1,214,885	0.55
		8,248,723	**3.71**
UK Equity Funds (31.03.23: 1.03%)			
19,202	Vanguard FTSE All Share index Fund*	**2,294,460**	**1.03**
Total United Kingdom		**47,017,731**	**21.10**
Europe (31.03.23: 1.00%)			
832,117	iShares MSCI EM ex-China UCITS ETF#	3,390,045	1.52
106,317	iShares S&P 500 Equal Weight UCITS ETF#	615,575	0.28
Total Europe		**4,005,620**	**1.80**

PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024
(continued)

Holding		Value (note 1e) £	Percentage of total net assets
Japan (31.03.23: 6.75%)			
61,900	Advantest	2,207,447	0.99
94,900	Amada	852,274	0.38
50,700	Daifuku	950,161	0.43
6,200	Daikin Industries	667,876	0.30
26,200	Hitachi	1,904,841	0.86
11,000	Hoya	1,077,638	0.48
50,900	JCU Corporation	1,047,623	0.47
2,800	Keyence	1,018,147	0.46
28,000	Nintendo	1,200,189	0.54
73,600	Rohm	934,886	0.42
34,900	Rohto Pharmaceutical	541,426	0.24
70,700	Sanwa	990,868	0.44
67,100	Sekisui Chemical	782,479	0.35
54,600	Seven & I	630,000	0.28
33,500	Shin-Etsu Chemical	1,153,483	0.52
69,700	Shoei	821,001	0.37
16,700	Sony	1,134,230	0.51
10,000	Tokyo Electron	2,069,183	0.93
Total Japan		**19,983,752**	**8.97**
Germany (31.03.23: 2.14%)			
16,158	Daimler	1,020,032	0.46
204,323	TAG Immobilien	2,218,479	1.00
Total Germany		**3,238,511**	**1.46**
Denmark (31.03.23: 1.13%)			
28,400	Novo Nordisk 'B'	**2,876,902**	**1.29**
Netherlands (31.03.23: 2.08%)			
33,778	Aalberts Industries	1,287,674	0.58
3,505	ASML	2,673,528	1.20
7,778	Redcare Pharmacy	1,005,435	0.45
Total Netherlands		**4,966,637**	**2.23**

PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024
(continued)

Holding		Value (note 1e) £	Percentage of total net assets
United States (31.03.23: 9.20%)			
14,729	Alphabet 'A'	1,758,152	0.79
5,705	Berkshire Hathaway B	1,898,310	0.85
29,992	Coca-Cola	1,451,819	0.65
8,311	Microsoft	2,763,140	1.24
75,979	Palantir Technologies	1,383,952	0.62
214,650	Vanguard S&P 500 ETF#	16,890,272	7.59
Total United States		**26,145,645**	**11.74**
Singapore (31.03.23: 0.00%)			
55,800	DBS Goup	**1,179,245**	**0.53**
Switzerland (31.03.23: 2.20%)			
12,119	DSM Firmenich	1,092,048	0.49
12,448	Nestlé (registered)	1,047,427	0.47
2,840	Roche	573,212	0.26
14,815	Sensirion	868,477	0.39
15,506	Swiss Reinsurance	1,579,479	0.71
Total Switzerland		**5,160,643**	**2.32**
Italy (31.03.23: 1.23%)			
5,741	Ferrari	1,978,003	0.89
270,209	Snam	1,008,829	0.45
Total Italy		**2,986,832**	**1.34**
Sweden (31.03.23: 0.53%)			
66,564	Sandvik	**1,173,346**	**0.53**
Australia (31.03.23: 2.69%)			
67,647	BHP	1,538,969	0.69
345,524	Lynas Rare Earths	1,009,995	0.45
315,345	Sandfire Resources	1,438,041	0.65
43,325	Woodside Energy	683,669	0.31
Total Australia		**4,670,674**	**2.10**
France (31.03.23: 0.91%)			
1,613	LVMH	1,149,684	0.52
8,684	Schneider Electric	1,556,500	0.70
Total France		**2,706,184**	**1.22**

PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024
(continued)

Holding		Value (note 1e) £	Percentage of total net assets
Canada (31.03.23: 1.22%)			
41,186	Brookfield Asset Management	**1,367,973**	**0.61**
Chile (31.03.23: 0.48%)			
15,693	Sociedad Química y Minera de Chile ADR	**610,577**	**0.27**
Jersey (31.03.23: 0.00%)			
268,266	Arcadium Lithium	**929,636**	**0.42**
Commodities (31.03.23: 5.46%)			
512,899	ETFS Agriculture ETF#	2,496,279	1.12
314,555	ETFS GBP Daily Hedged Physical Gold ETC ETF#	3,644,906	1.64
33,926	Gold Bullion Securities*	5,404,527	2.43
120,151	ishares Physical Silver ETF#	2,254,634	1.01
Total Commodities		**13,800,346**	**6.20**
Alternatives (31.03.23: 2.77%)			
1,087,000	DJ STOXX Warrants 2027 Goldman	1,131,893	0.51
2,451,423	GCP Infrastructure Investments	1,772,379	0.80
5,091,926	Sequoia Economic Infrastructure Income	4,114,276	1.85
Total Alternatives		**7,018,548**	**3.16**
Property Unit Trusts (31.03.23: 5.56%)			
13,469,814	Swiss Life Asset Managers UK*	**9,999,990**	**4.49**
Total value of investments (31.03.23: 97.90%)		**215,130,667**	**96.61**
Net other assets (31.03.23: 2.10%)		7,543,692	3.39
Total value of the fund as at 31 March 2024		**222,674,359**	**100.00**

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

Sectors/Countries eliminated since the beginning of the year:

Supranational Bonds	0.30%
Real Estate	0.39%
Technology	0.08%
Cayman Islands	0.12%
Global	0.64%
Emerging Markets	1.30%

* Collectives
** Debt securities
# Exchange Traded Funds

SUMMARY OF PORTFOLIO INVESTMENTS

	Value £	Percentage of total net assets
Equities	117,999,561	52.99
Bonds	40,356,158	18.12
Pooled Investment Vehicles	56,774,948	25.50
Total value of investments	**215,130,667**	**96.61**

STATEMENT OF TOTAL RETURN FOR THE YEAR ENDED 31 MARCH 2024

	Note	31.03.24 £	31.03.24 £	31.03.23 £	31.03.23 £
Income					
Net capital gains/(losses)	3		**13,424,927**		(15,053,395)
Revenue	4	**7,513,232**		7,647,065	
Expenses	5	**(751,960)**		(777,507)	
Net revenue before taxation		**6,761,272**		6,869,558	
Taxation	6	**(181,944)**		(249,331)	
Net revenue after taxation			**6,579,328**		6,620,227
Total return before distributions			**20,004,255**		(8,433,168)
Distributions	7		**(7,333,615)**		(7,422,079)
Change in net assets attributable to unitholders from investment activities			**12,670,640**		(15,855,247)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED 31 MARCH 2024

	31.03.24 £	31.03.24 £	31.03.23 £	31.03.23 £
Opening net assets attributable to unitholders		**214,363,094**		233,897,963
Amounts receivable on issue of units	**5,296,912**		5,575,042	
Amounts payable on cancellation of units	**(9,658,838)**		(9,255,968)	
		(4,361,926)		(3,680,926)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		**12,670,640**		(15,855,247)
Retained distributions on accumulation units		**2,551**		1,304
Closing net assets attributable to unitholders		**222,674,359**		214,363,094

BALANCE SHEET AS AT 31 MARCH 2024

	Note	31.03.24 £	31.03.24 £	31.03.23 £	31.03.23 £
Assets					
Fixed assets:					
Investments			**215,130,667**		209,861,595
Current assets:					
Debtors	*8*	**2,662,392**		1,053,450	
Cash and bank balances		**9,162,075**		5,368,369	
Total current assets			**11,824,467**		6,421,819
Total assets			**226,955,134**		216,283,414
Liabilities					
Creditors:					
Other creditors	*9*	**(2,309,929)**		(99,790)	
Distribution payable on income units		**(1,970,846)**		(1,820,530)	
Total liabilities			**(4,280,775)**		(1,920,320)
Net assets attributable to unitholders			**222,674,359**		214,363,094

1 ACCOUNTING POLICIES

a) Basis of accounting
The annual financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (SORP) for Financial Statements of UK Authorised Funds issued by The Investment Association in May 2014, and as amended in June 2017.

As stated in the Statement of the Manager's responsibilities in relation to the report and accounts of the fund on page 37, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the fund.

There are no significant judgments or sources of estimation uncertainty.

b) Recognition of revenue
All dividends including distributions from collective investment schemes on investments marked ex-dividend up to the accounting date are included in revenue inclusive of any tax deducted at source and net of attributable tax credits. Bank and other interest receivable is accrued up to the accounting date, and this forms part of the distribution.

Revenue on debt securities has been accounted for on an effective interest method.

Revenue received from investments in authorised collective investment schemes, which are purchased during the financial year, will include an element of equalisation which represents the average amount of revenue included in the price paid for shares or units. The equalisation is treated as capital and deducted from the cost of the investment.

c) Treatment of scrip and special dividends
Any stock received in lieu of cash dividends is credited to capital in the first instance, followed by a transfer to revenue of the cash equivalent being offered, and this forms part of the distribution made by the fund.

Special dividends are treated as revenue or capital depending on the facts of each particular case.

d) Treatment of expenses
All expenses are charged against capital.

e) Basis of valuation of investments
The quoted investments of the fund have been valued at the closing bid-market prices excluding any accrued interest in the case of debt securities ruling on the principal markets on which the stocks are quoted on the last business day of the accounting year. If no market price is available we use two different vendors (at least one being independent) to obtain a price and verify it against.

If the Stock Exchange quotation of an investment has been suspended, and in the opinion of the Manager, it is unlikely to be reinstated, this has been indicated in the portfolio of investments. Suspended investments are value based on the latest financial statements of the respective company and agreed with the Trustee.

Authorised collective investment schemes are valued at the bid price for dual price funds and at the quoted price for single price funds.

All assets are recognised and derecognised on trade date. Any trades occurring between valuation point and close of business are included in the financial statements.

Level 1 structured products are valued daily based upon available market data. For Level 3 structured products where no market price is readily available, daily valuations are obtained from the issuer of the product, via consulting brokers Atlantic House or Fortum Capital. These prices are issuers' quotes and are not resulting from active trading activity. These structures are bespoke to Rathbones Asset Management. We use Markit Valuations Limited as an independent provider to verify the issuer price on a daily basis. Valuations are verified utilising the agreed pricing models within the relevant structured product's prospectus and where applicable pricing supplements. Where prices are outside our accepted tolerance, they are verified with Atlantic House/ Fortem Capital and Markit Valuations Limited. On a quarterly basis Rathbone Asset Management Fair Value Pricing Committee review the daily checks that were performed during the previous quarter to ensure the prices used reflected fair value.

1 ACCOUNTING POLICIES (continued)

f) Exchange rates
The functional currency of the fund is pound sterling. Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting year are translated into Sterling at the closing mid exchange rates ruling on that date.

g) Taxation/Deferred tax
i) The fund was an unauthorised unit trust within the meaning of the Income Tax Act 2007 prior to 1 April 2014. Approval was received from the FCA to launch the fund, on 1 April 2014, as a Non-UCITS Retail Scheme (NURS) and was also approved by HMRC to enable the income to be streamed under the Tax Elected Fund (TEF) regime.

ii) As a TEF, the fund will be exempt from UK tax on capital gains on the disposal of investment assets and will be exempt on certain investment income.

h) Unit classes rights on termination, allocation of tax and distributable income
The fund may be terminated if an order declaring the fund to be an authorised unit trust scheme is revoked, or the Financial Conduct Authority (FCA) determines to revoke the order at the request of the Trustee or the Manager. In the case of a reconstruction or an amalgamation of the fund with another body or trust, on the passing of an extraordinary resolution of holders of units approving the amalgamation. The Trustee shall wind up the fund in accordance with that resolution.

On the termination of the fund in any other case, the Trustee shall sell the investments, and out of the proceeds of the sale shall settle the fund's liabilities and pay the costs and expenses of the winding up before distributing the proceeds of the realisation to unitholders and the Manager proportionally to their respective interests in the fund. Any unclaimed proceeds or cash held by the Trustee after the expiration of 12 months from the date on which the same became payable shall be paid by the Trustee into court subject to the Trustee having a right to retain any expenses incurred by it in making such payment into court.

On the completion of the winding-up the trustee must notify the FCA to revoke the relevant authorisation order.

Allocation of tax and distributable income is done proportionally to the unitholders respective interests in the fund.

2 DISTRIBUTION POLICY

Revenue arising from the fund's investments accumulates during each accounting period. If, at the end of the accounting period, revenue exceeds expenses, the net revenue of the fund is available to be distributed to unitholders.

For the purpose of calculating the distribution available to unitholders, all expenses are deducted from capital, offsetting expenses against capital may constrain future growth in revenue and capital.

For the purpose of calculating the distribution available to unitholders, revenue on debt securities is computed as the higher of the amount determined on an accrual of coupon basis and on an effective yield basis.

A reconciliation of the net distribution to the net revenue of the fund as reported total return is shown in note 7.

In order to conduct a controlled dividend flow to unitholders, interim distributions will be made at the Managers' discretion, up to a maximum of the distributable revenue available for the year. All remaining revenue is distributed in accordance with the regulations. There may be instances where marginal tax relief is due to/from revenue for the utilisation of allowable expense.

Distributions to shareholders unclaimed after 6 years are returned to the fund.

3 NET CAPITAL GAINS/(LOSSES)

	31.03.24 **£**	31.03.23 £
The net capital gains/(losses) during the year comprise:		
Realised (losses)/gains non-derivative securities	**(2,068,456)**	2,840,064
Unrealised gains/(losses) non-derivative securities	**15,524,369**	(17,996,520)
Capital special dividends	**–**	108,451
Realised losses currency	**(29,021)**	(21,586)
Unrealised (losses)/gains currency	**(1,159)**	17,534
Transaction charges	**(806)**	(1,338)
Net capital gains/(losses)	**13,424,927**	(15,053,395)

4 REVENUE

	31.03.24 **£**	31.03.23 £
Dividends – UK Ordinary	**1,581,112**	1,631,549
– Overseas	**2,628,382**	2,975,862
– Unfranked	**646,144**	553,557
– Property income distributions	**85,337**	111,758
Interest on debt securities	**2,198,236**	2,018,232
Bank interest	**374,021**	356,107
Total revenue	**7,513,232**	7,647,065

5 EXPENSES

	31.03.24 £	31.03.24 £	31.03.23 £	31.03.23 £
Payable to the Manager, associates of the Manager and agents of either of them:				
Manager's periodic charge		**644,432**		659,544
Payable to the Trustee, associates of the Trustee and agents of either of them:				
Trustee's fees	**32,256**		32,915	
Safe custody and other bank charges	**(2,160)**		13,457	
		30,096		46,372
Other expenses:				
Administration fees	**51,424**		47,811	
Audit fee*	**14,018**		13,320	
Printing and publication costs	**3,256**		2,728	
Registration fees	**8,734**		5,821	
Bank inerest payable	**–**		1,911	
		77,432		71,591
Total expenses		**751,960**		777,507

* Audit fees for 2024 are £11,750 excluding VAT (31.03.23: £11,100 excluding VAT).

6 TAXATION

	31.03.24 £	31.03.23 £
a) Analysis of charge in the year		
Irrecoverable overseas tax	**158,698**	209,592
Reclaimable tax written off	**–**	3,231
Overseas withholding tax charged to capital	**–**	16,268
Irrecoverable income tax	**17,909**	20,240
Prior Period Adjutments	**5,337**	–
Current tax charge (note 5b)	**181,944**	249,331

6 TAXATION (continued)

b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an Authorised Unit Trust (20%) (31.03.23: 20%). The differences are explained below.

	31.03.24 £	31.03.23 £
Net revenue before taxation	**6,761,272**	6,869,558
Corporation tax at 20%	**1,352,254**	1,373,912
Effects of:		
Revenue not subject to taxation	**(858,966)**	(943,834)
Tax deductible interest distributions	**(426,717)**	(261,928)
Tax relief on Indexed Linked Gilts	**(66,571)**	(168,150)
Corporate tax charge	**–**	–
Overseas withholding tax charged to capital	**–**	16,268
Irrecoverable overseas tax	**158,698**	209,592
Reclaimable tax written off	**–**	3,231
Irrecoverable income tax	**17,909**	20,240
Prior Period Adjutments	**5,337**	–
Total tax charge for the year (note 5a)	**181,944**	249,331

c) Deferred tax

At the year end the fund had no surplus management expenses (31.03.23: £nil).

7 DISTRIBUTIONS

The distributions take account of amounts received on the issue of units and amounts deducted on the cancellation of units, and comprise:

	31.03.24 £	31.03.23 £
Interim	**5,356,663**	5,593,697
Final	**1,972,162**	1,821,021
	7,328,825	7,414,718
Add: Amounts deducted on cancellation of units	**26,563**	27,402
Deduct: Amounts received on issue of units	**(21,773)**	(20,041)
Net distribution for the year	**7,333,615**	7,422,079
Reconciliation of net distribution for the year to net revenue after tax:		
Net distribution for the year	**7,333,615**	7,422,079
Expenses charged to capital:		
Manager's periodic charge	**(644,432)**	(659,544)
All other fees	**(107,528)**	(116,052)
Irrecoverable withholding tax on capital special dividends	**–**	(16,389)
Irrecoverable tax	**–**	121
Balance brought forward	**(18,500)**	(28,488)
Balance carried forward	**16,173**	18,500
Net revenue after taxation	**6,579,328**	6,620,227

8 DEBTORS

	31.03.24 £	31.03.23 £
Amounts receivable for issue of units	**248,903**	–
Sales awaiting settlement	**1,149,170**	–
Accrued revenue	**994,049**	838,073
Taxation recoverable	**270,270**	215,377
Total debtors	**2,662,392**	1,053,450

9 OTHER CREDITORS

	31.03.24 £	31.03.23 £
Amounts payable for cancellation of units	**500,417**	–
Purchases awaiting settlement	**1,687,000**	–
Accrued expenses	**65,357**	43,974
Accrued manager's periodic charge	**56,577**	55,243
Taxation payable	**578**	573
Total other creditors	**2,309,929**	99,790

10 RECONCILIATION OF UNITS

	Income units	Accumulation units
Opening units issued at 01.04.23	161,108,838	58,475
Unit movements 01.04.23 to 31.03.24		
Units issued	3,899,339	95,759
Units cancelled	(7,340,522)	(15,667)
Closing units issued at 31.03.24	157,667,655	138,567

11 RELATED PARTY TRANSACTIONS

Management fees paid to Rathbones Asset Management Limited (the Manager) are disclosed in note 5 and amounts outstanding at the year end in note 9.

Details of units created and cancelled by the Manager are shown in the Statement of Change in Net Assets Attributable to Unitholders and note 10.

There were no commissions paid to stockbroking of the Manager in respect of dealings in the investments of Rathbone Active Income and Growth Fund during the year (31.03.23: nil).

All other amounts paid to or received from the related parties, together with the outstanding balances are disclosed in the financial statements.

At the year end Rathbone Nominees were significant shareholders in the fund (31.03.23: same).

12 CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (31.03.23: nil).

13 RISK DISCLOSURES ON FINANCIAL INSTRUMENTS

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for liquidations and debtors for accrued revenue.

There is little exposure to credit or cash flow risk. There are no net borrowings and little exposure to liquidity risk because assets can be readily realised to meet redemptions.

The fund holds a substantial number of Collective Investment Schemes that are designed to give overseas exposure. The fund has indirect exposure to foreign currency risk, interest rate risk and credit risk as a result of these holdings (see the portfolio statement on pages 11-16).

The fund does not make use of derivatives.

The main risks arising from the financial instruments are:

(i) Foreign currency risk, being the risk that the value of assets and liabilities will fluctuate as a result of exchange rate movements. The value of the fund's underlying investments will be affected by movements in exchange rate against sterling, in respect of non-sterling denominated rates.

13 RISK DISCLOSURES ON FINANCIAL INSTRUMENTS (continued)

(i) Foreign currency risk *(continued)*
The table below shows the direct foreign currency risk profile at the balance sheet date:

	31.03.24 **£**	31.03.23 £
Currency:		
Australian dollar	**3,377,672**	3,250,718
Canadian dollar	**1,367,973**	2,616,059
Danish krone	**2,885,774**	2,427,408
Euro	**15,120,098**	13,728,821
Hong Kong dollar	**–**	258,343
Japanese yen	**21,041,964**	15,630,199
Mexican peso	**1,770,966**	–
Norwegian krona	**–**	647,259
Singapore dollar	**2,083,696**	1,861,554
Swedish krona	**2,597,821**	1,141,118
Swiss franc	**4,370,927**	5,014,070
US dollar	**18,997,620**	32,344,283
Pound sterling	**148,790,156**	135,228,458
	222,404,667	214,148,290
Other net assets not categorised as financial instruments	**269,692**	214,804
Net assets	**222,674,359**	214,363,094

If GBP to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the fund would have decreased by £6,692,228 (31.03.23: £7,174,530). If GBP to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the fund would have increased by £8,179,390 (31.03.23: £8,768,870). These calculations assume all other variables remain constant.

(ii) Interest rate risk, being the risk that the value of assets and liabilities will fluctuate as a result of interest rate changes.

The table below shows the interest rate risk profile at the balance sheet date:

	31.03.24 **£**	31.03.23 £
Fixed rate assets:	14,263,692	24,478,591
Floating rate assets:	26,343,215	18,707,191
Assets on which no interest is paid:	186,078,535	172,882,828
Liabilities on which no interest is paid:	(4,280,775)	(1,920,320)
Other net assets not categorised as financial instruments	269,692	214,804
Net assets	222,674,359	214,363,094

Due to the proportion of interest bearing assets held within the portfolio, no sensitivity analysis has been prepared illustrating the impact changes in yields would have on the value of the fund's portfolio.

13 RISK DISCLOSURES ON FINANCIAL INSTRUMENTS (continued)

(ii) Interest rate risk *(continued)*
The floating rate financial assets and liabilities comprise bank balances, floating rate securities and index linked bonds that earn or pay interest at rates linked to the UK base rate or its international equivalents.

Bond credit ratings	31.03.24 Value (note 1e) £	31.03.24 Percentage of total net assets	31.03.23 Value (note 1e) £	31.03.23 Percentage of total net assets
Investment grade	**40,033,771**	**17.98**	31,428,487	14.66
Below investment grade	**2,009,387**	**0.90**	10,782,067	5.03
Total Bonds	**42,043,158**	**18.88**	42,210,554	19.69

There are no material amounts of non-interest bearing financial assets and liabilities, other than equities and collective investment schemes, which do not have maturity dates.

(iii) Market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than currency or interest rate movements.

The investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy set out in the Prospectus. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed and Prospectus and the rules of the FCA's Collective Investment Scheme Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices had increased by 10% as at the balance sheet date the net asset value of the fund would have increased by £21,513,067 (31.03.23: £20,986,160). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £21,513,067 (31.03.23: £20,986,160). These calculations assume all other variables remain constant.

(iv) Credit risk/Counterparty risk. Credit risk arises firstly from the issuer of a security not being able to pay interest and principal in a timely manner and also from counterparty risk, where the counterparty will not fulfil its obligations or commitments to deliver the investments for a purchase or the cash for a sale after the fund has fulfilled its responsibilities. In order to manage the risk, the fund will only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty. Brokers are monitored on an on-going basis for suitability and creditworthiness. In addition, the fund is subject to investment limits for issuers of securities and issuer credit ratings are evaluated periodically.

(v) Fair value. There is no material difference between the carrying value and fair value of the financial instruments disclosed in the balance sheet.

(vi) Leverage. There is no significant leverage in the fund which would increase its exposure.

14 PORTFOLIO TRANSACTION COST

For the year ended 31 March 2024

Analysis of total purchase costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	12,863,792	4,711	0.04	1,658	0.01
Bond transactions	54,998,845	1,910	–	–	–
Fund transactions	18,506,715	7,403	0.04	3	–
Total purchases before transaction costs	86,369,352	14,024		1,661	
Total purchases including commission and taxes	86,385,037				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	27,720,122	11,088	0.04	419	–
Bond transactions	945,590	–	–	–	–
Fund transactions	10,208,031	1,323	0.01	26	–
Corporate actions	56,186,015	–	–	–	–
Total sales including transaction costs	95,059,758	12,411		445	
Total sales net of commission and taxes	95,046,902				

Commissions and taxes as % of average net assets	
Commissions	0.01%
Taxes	0.00%

For the year ended 31 March 2023

Analysis of total purchase costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	12,370,799	6,203	0.05	316	–
Bond transactions	44,294,078	–	–	–	–
Fund transactions	6,341,796	1,905	0.03	2	–
Corporate actions	172,702	–	–	–	–
Total purchases before transaction costs	63,179,375	8,108		318	
Total purchases including commission and taxes	63,187,801				

14 PORTFOLIO TRANSACTION COST (continued)

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	11,167,009	5,884	0.05	58	–
Bond transactions	1,162,694	–	–	–	–
Fund transactions	14,279,061	2,248	0.02	19	–
Corporate actions	28,833,243	–	–	–	–
Total sales including transaction costs	55,442,007	8,132		77	
Total sales net of commission and taxes	55,433,798				

Commissions and taxes as % of average net assets

Commissions	0.01%
Taxes	0.00%

In the case of shares, commissions and taxes are paid by the fund on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 0.30% (31.03.23: 0.26%).

15 FAIR VALUE OF INVESTMENTS

The fair value of investments has been determined using the following hierarchy:

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 31 March 2024

Category	1	2	3	Total
Investment assets	£	£	£	£
Equities	115,180,668	–	2,818,893	117,999,561
Bonds	14,629,077	16,042,707	9,684,374	40,356,158
Pooled investment vehicles	20,895,892	35,879,056	–	56,774,948
	150,705,637	51,921,763	12,503,267	215,130,667

15 FAIR VALUE OF INVESTMENTS (continued)

For the year ended 31 March 2023

Category	1	2	3	Total
Investment assets	**£**	**£**	**£**	**£**
Equities	122,158,808	–	–	122,158,808
Bonds	24,444,156	10,963,095	6,803,303	42,210,554
Pooled investment vehicles	4,343,674	41,148,559	–	45,492,233
	150,946,638	52,111,654	6,803,303	209,861,595

DISTRIBUTION TABLES FOR THE YEAR ENDED 31 MARCH 2024

DISTRIBUTION TABLES (PENCE PER UNIT)

First Interim
Group 1 – Units purchased prior to 1 April 2023
Group 2 – Units purchased on or after 1 April 2023 and on or before 30 June 2023

Income units	Income	Equalisation	Paid 31.08.23	Paid 31.08.22
Dividend Distribution				
Group 1	0.78	–	0.78	0.80
Group 2	0.33	0.45	0.78	0.80
Non-dividend Distribution				
Group 1	0.63	–	0.63	0.48
Group 2	0.27	0.36	0.63	0.48

Accumulation units	Income	Equalisation	Accumulated 31.08.23	Accumulated 31.08.22
Dividend Distribution				
Group 1	0.58	–	0.58	0.15
Group 2	0.58	–	0.58	0.15
Non-dividend Distribution				
Group 1	0.47	–	0.47	0.16
Group 2	0.47	–	0.47	0.16

DISTRIBUTION TABLES FOR THE YEAR ENDED 31 MARCH 2024
(continued)

DISTRIBUTION TABLES (PENCE PER UNIT) (continued)

Second Interim
Group 1 – Units purchased prior to 1 July 2023
Group 2 – Units purchased on or after 1 July 2023 and on or before 30 September 2023

Income units	Income	Equalisation	Paid 30.11.23	Paid 30.11.22
Dividend Distribution				
Group 1	0.78	–	0.78	0.86
Group 2	0.24	0.54	0.78	0.86
Non-dividend Distribution				
Group 1	0.32	–	0.32	0.38
Group 2	0.10	0.22	0.32	0.38

Accumulation units	Income	Equalisation	Accumulated 30.11.23	Accumulated 30.11.22
Dividend Distribution				
Group 1	0.57	–	0.57	0.64
Group 2	0.57	–	0.57	0.64
Non-dividend Distribution				
Group 1	0.25	–	0.25	0.25
Group 2	0.25	–	0.25	0.25

DISTRIBUTION TABLES FOR THE YEAR ENDED 31 MARCH 2024
(continued)

DISTRIBUTION TABLES (PENCE PER UNIT) (continued)

Third Interim
Group 1 – Units purchased prior to 1 October 2023
Group 2 – Units purchased on or after 1 October 2023 and on or before 31 December 2023

Income units	Income	Equalisation	Paid 28.02.24	Paid 28.02.23
Dividend Distribution				
Group 1	0.51	–	0.51	0.32
Group 2	0.37	0.14	0.51	0.32
Non-dividend Distribution				
Group 1	0.32	–	0.32	0.61
Group 2	0.23	0.09	0.32	0.61

Accumulation units	Income	Equalisation	Accumulated 28.02.24	Accumulated 28.02.23
Dividend Distribution				
Group 1	0.39	–	0.39	0.28
Group 2	0.39	–	0.39	0.28
Non-dividend Distribution				
Group 1	0.24	–	0.24	0.42
Group 2	0.24	–	0.24	0.42

DISTRIBUTION TABLES FOR THE YEAR ENDED 31 MARCH 2024
(continued)

DISTRIBUTION TABLES (PENCE PER UNIT) (continued)

Final Interim
Group 1 – Units purchased prior to 1 January 2024
Group 2 – Units purchased on or after 1 January 2024 and on or before 31 March 2024

Income units	Income	Equalisation	Payable 31.05.24	Paid 31.05.23
Dividend Distribution				
Group 1	0.52	–	0.52	0.84
Group 2	0.31	0.21	0.52	0.84
Non-dividend Distribution				
Group 1	0.73	–	0.73	0.29
Group 2	0.43	0.30	0.73	0.29

Accumulation units	Income	Equalisation	Allocated 31.05.24	Accumulated 31.05.23
Dividend Distribution				
Group 1	0.50	–	0.50	0.62
Group 2	0.50	–	0.50	0.62
Non-dividend Distribution				
Group 1	0.45	–	0.45	0.22
Group 2	0.45	–	0.45	0.22

Equalisation
Equalisation applies only to units purchased during the distribution period (Group 2 units). It represents the accrued revenue included in the purchase price of the units. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the units for Capital Gains Tax purposes.

DIRECTORS' STATEMENT

This report is approved in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

JA Rogers T Carroll
for Rathbones Asset Management Limited
Manager of Rathbone Active Income and Growth Fund
4 June 2024

STATEMENT OF THE MANAGER'S RESPONSIBILITIES IN RELATION TO THE REPORT AND ACCOUNTS OF THE RATHBONE ACTIVE INCOME AND GROWTH FUND

The Financial Conduct Authority's Collective Investment Schemes Sourcebook requires the Manager to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the fund and of the Net revenue and of the net capital gains on the property of the fund for that year. In preparing those financial statements, the Manager is required to:

1. select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. comply with the disclosure requirements of the SORP relating to financial statements of UK authorised funds issued by The Investment Association;
4. follow UK generally accepted accounting principles, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: 'Financial Statements of UK Authorised Funds' issued by The Investment Association in May 2014 (updated in 2017);
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in operation; and
6. keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme and which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The Manager is responsible for the management of the scheme in accordance with its Trust Deed, Prospectus and the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and for the system of internal controls and for safeguarding of the assets of the Scheme. The Manager has general responsibility for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Manager is aware:

1. there is no relevant audit information of which the fund's auditor is unaware; and
2. the Manager has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information; and
3. the Manager is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the fund consist predominantly of securities that are readily realisable and, accordingly, the fund has adequate resources to continue in operational existence for the foreseeable future.

Additionally, the Manager monitors developments in Ukraine, making adjustments to investments where deemed appropriate and they also monitor sanctions and their implications on individual holdings. Also, the investment processes and risk and compliance procedures continue to operate as normal.

In accordance with COLL 4.5.8 R, the Annual Report and the audited financial statements were approved by the board of directors of the Manager of the Scheme and authorised for issue on 4 June 2024.

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF RATHBONE ACTIVE INCOME AND GROWTH FUND (THE SCHEME) FOR THE YEAR ENDED 31 MARCH 2024

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Trustee must ensure that:

1. the Scheme's cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
2. the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
3. the value of units in the Scheme is calculated in accordance with the Regulations;
4. any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
5. the Scheme's income is applied in accordance with the Regulations; and
6. the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Scheme, acting through the AFM:

1. has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's income in accordance with the Regulations and the Scheme documents; and
2. has observed the investment and borrowing powers and restrictions applicable to the Scheme.

NatWest Trustee and Depositary Services Limited
Trustee and Depositary Services of Rathbone Active Income and Growth Fund
4 June 2024

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RATHBONE ACTIVE INCOME AND GROWTH FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of Rathbone Active Income and Growth Fund (the 'fund'):

- give a true and fair view of the financial position of the fund as at 31 March 2024 and of the net revenue and the net capital gains on the property of the fund for the year ended 31 March 2024; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Trust Deed.

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the distribution table; and
- the notes 1 to 15

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, as amended in June 2017, the Collective Investment Schemes Sourcebook and the Trust Deed.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the manager with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The manager is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF TRUSTEE AND MANAGER

As explained more fully in the trustee's responsibilities statement and the manager's responsibilities statement, the trustee is responsible for the safeguarding the property of the fund and the manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the manager is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the fund's industry and its control environment, and reviewed the fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Authorised Fund Manager about their own identification and assessment of the risks of irregularities, including those that are specific to funds.

We obtained an understanding of the legal and regulatory frameworks that the fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Collective Investment Schemes Sourcebook and relevent tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the fund's ability to operate or to avoid a material penalty.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RATHBONE ACTIVE INCOME AND GROWTH FUND (continued)

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments due to its significance to the net asset value of the fund. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and those charged with governace concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK

In our opinion:

- proper accounting records for the fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 31 Mach 2024 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

USE OF OUR REPORT

This report is made solely to the fund's unitholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
4 June 2024

AIFMD REMUNERATION

Rathbones Asset Management Limited (the Manager) has adopted a remuneration policy which is consistent with the remuneration principles applicable to the AIFs they manage. Its purpose is to ensure that the remuneration of the staff of the Manager is consistent with and promotes sound and effective risk management, does not encourage risk-taking which is inconsistent with the risk profiles of the Manager and the AIFs that it manages and does not impair the Manager's compliance with its duty to act in the best interests of the AIFs it manages. The remuneration policy applies to staff of the Manager whose professional activities have a material impact on the risk profile of the Manager or the AIFs that it manages (known as Remuneration Code Staff).

The aggregate remuneration paid by the Manager to its staff, and to those staff who are identified as Remuneration Code Staff, is disclosed below.

	Fixed remuneration £'000	Variable remuneration £'000	Total remuneration £'000	Headcount
Senior Management	2,190	4,428	6,618	9
Risk takers	2,304	2,386	4,690	16
Control functions	90	31	121	3
Other	153	121	274	1
Total remuneration code staff	4,737	6,966	11,703	29
Non-remuneration code staff	1,536	240	1,776	25
Total for the Manager	**6,273**	**7,206**	**13,479**	**54**

The variable remuneration disclosed in the table above is for the financial year ended 31 December 2023, which is the most recent period for which data are available. Variable remuneration is determined annually based on, inter alia, the results of the Manager and the investment performance of the AIFs that it manages for discrete annual periods ending on 31 December each year. Consequently, it is not possible to apportion the variable award between calendar years.

MANAGER NAME

Effective 30 November 2023, Rathbone Unit Trust Management Limited changed its name to Rathbones Asset Management Limited.

AUTHORISED STATUS

The Rathbone Active Income and Growth Fund is a non-UCITS retail scheme (NURS) and qualifies as an alternative investment fund within the meaning of AIFMD.

The fund falls under the TEF regime and it is the intention that the fund will continue to meet the conditions to be treated as such.

The currency of the fund is pounds sterling.

VALUATION OF THE FUND

The fund is valued on each business day at 12 noon to set the prices at which units in the fund may be bought or sold. Valuations may be made at other times on business days with the Trustee's approval.

STEWARDSHIP CODE

Rathbones Asset Management Limited fully supports the UK Stewardship Code sponsored by the Financial Reporting Council. Our statement on complying with the code can be found on our website: rathbonesam.com

AIFMD DISCLOSURE

The provisions of the Alternative Investment Fund Managers Directive (AIFMD) took effect in full on 22 July 2014. That legislation requires the fund manager, to establish and apply remuneration policies and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, prospectuses, trust deeds and deeds of constitution of the alternative investment funds to which it has been appointed (the Funds) nor impair compliance with the AIFM's duty to act in the best interests of the funds.

As the nature and range of the AIFM's activities, its internal organisation and operations are, in the Directors' opinion, limited in their nature, scale and complexity, that is, to the business of a management company engaging in collective portfolio management of investments of capital raised from the public, this is reflected in the manner in which the AIFM has addressed certain requirements regarding remuneration imposed upon it by the Regulations. The board of directors of the AIFM (the Board) consists of eleven directors (each a Director). The AIFM has delegated the performance of the investment of the fund to Rathbones Asset Management Limited (the Fund Manager). As noted below, the AIFM relies on the remuneration policies and procedures of each delegate to ensure that their remuneration structures promote a culture of investor protection and mitigate conflicts of interest.

The Regulations provide that the remuneration policies and practices shall apply to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the funds.

The AIFM has appointed the Board and eleven Directors who are therefore considered to be those that have a material impact on the risk profile of the funds. Accordingly, the remuneration provisions of the Regulations only affect the AIFM with regard to the Board. Each Director is entitled to be paid a fixed director's fee based on an expected number of meetings and the work required to oversee the operations of the AIFM, which is considered to be consistent with the powers, tasks, expertise and responsibility of the Directors. The fee payable to each Director is reviewed from time to time, based on the evolution of the AIFM's activities and the aggregate fees payable are disclosed in the prospectus of the funds. The Directors do not receive performance based variable remuneration, therefore avoiding any potential conflicts of interest. In addition, each of the Directors has waived the fees to which they would otherwise be entitled.

GENERAL INFORMATION (continued)

BUYING AND SELLING OF UNITS

The Manager is available to receive requests for the buying and selling of units on normal business days between 9.00am and 5.00pm and transactions will be effected at prices determined by the next valuation. Application forms for the purchase of units (obtainable from the Manager) should be completed and sent to the dealing office. In respect of telephoned orders, remittances should be sent on receipt of the contract note. Contract notes confirming transactions will be issued by the close of business on the next business day after the dealing date. Purchasers of units are required to enter their registration details on the form supplied with their contract note. Once units are paid for these details will be entered on the unit register.

Units can be sold by telephone, fax or letter followed by dispatch to the dealing office of the authorisation to sell duly completed by all unitholders.

In the absence of clear written instructions signed by all the registered holders, a Form of Renunciation will be sent out together with the repurchase contract note. This will need to be signed by all registered holders, and returned to our dealing office before settlement can be made. Settlement will be made on whichever is the later of four business days after the dealing date or four days after the receipt of written confirmation.

Unitholders may sell units on submitting the purchase contract note and a duly executed Deed of Transfer. The issue and redemption of units will not take place if dealing in the units is suspended by operation of law or any statute for the time being in place.

The minimum initial investment for units at present is to the value of £10,000 which may be varied by the Manager. Thereafter holders may invest additional amounts to the value of £2,000 or more from time to time as they wish. Any number of units may be subscribed, sold or transferred so long as transaction complies with applicable minimums.

The Manager currently receives an annual remuneration for managing the property of the fund at the rate of 0.3%.

STATEMENTS

A distribution statement showing the rate per unit and your unit holding will be sent semi-annually on 31 March and 30 September.

The current value of your units is shown on a valuation statement, which shows the number of units bought over the previous six months, the total number of units in your account and their current value.

Twice yearly on 30 June and 31 December, unitholders will receive a consolidated statement showing, where applicable, their Unit Trust, ICVC and ISA holdings for each fund held.

PRICES

Prices are available on our website rathbonesam.com

OTHER INFORMATION

Copies of the Prospectus, Key Investor Information Document, Supplementary Information Document and the most recent Annual and Interim Reports may be obtained free of charge on application to the Manager or seen by visiting their registered office.

The Register of Unitholders can be inspected during normal business hours at the office of the Registrar, SS&C Financial Services International Ltd, SS&C House, St Nicholas Lane, Basildon, Essex SS15 5FS.

Further copies of this report are available upon request, free of charge, from Client Services Department, Rathbones Asset Management Limited, 8 Finsbury Circus, London EC2M 7AZ.

If you have any queries or complaints about the operation of the fund you should put them to the Compliance Officer, Rathbones Asset Management Limited, 8 Finsbury Circus, London EC2M 7AZ. Any complaint we receive will be handled in accordance with our internal complaint procedures. A copy of these are available from the Compliance Officer.

If you have occasion to complain, and in the unlikely event that you do not receive a satisfactory response, you may direct your complaint to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. Further details about the Financial Ombudsman Service are available on their website at financial-ombudsman.org.uk

ISA ELIGIBILITY

The fund has been managed throughout the year to ensure that it is eligible to qualify and be included in an Individual Savings Account (ISA). The fund will at all times be invested in such a way that the units will constitute 'Qualifying Investments' for the purposes of the Individual Savings Account (ISA) Regulations 1998, as amended from time to time.

RISK FACTORS

An investment in a unit trust should be regarded as a medium to long term investment. Investors should be aware that the price of units and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance should not be seen as an indication of future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

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.

You can view the value assessments for the Funds four months after their period end on our website rathbonesam.com

OTHER FUNDS

Rathbones Asset Management Limited is also the Manager of the following funds:

Rathbone Active Income and Growth Fund
Rathbone Core Investment Fund for Charities
Rathbone Ethical Bond Fund
Rathbone Global Opportunities Fund
Rathbone Income Fund
Rathbone Strategic Bond Fund
Rathbone UK Opportunities Fund

and the Authorised Corporate Director of:

Rathbone Defensive Growth Portfolio
Rathbone Dynamic Growth Portfolio
Rathbone Enhanced Growth Portfolio
Rathbone Greenbank Global Sustainability Fund
Rathbone Greenbank Global Sustainable Bond Fund
Rathbone Greenbank Defensive Growth Portfolio
Rathbone Greenbank Dynamic Growth Portfolio
Rathbone Greenbank Strategic Growth Portfolio
Rathbone Greenbank Total Return Portfolio
Rathbone High Quality Bond Fund
Rathbone Strategic Growth Portfolio
Rathbone Strategic Income Portfolio
Rathbone Total Return Portfolio

FURTHER DETAILS

Should you need further details of this fund or any of the other funds managed by Rathbones Asset Management Limited, a Prospectus, Key Investor Information Document and Supplementary Information Document or an application form for the purchase of shares or units, please write to:

Client Services Department
Rathbones Asset Management Limited
8 Finsbury Circus
London EC2M 7AZ

All literature is available free of charge. Information is also available on our website: rathbonesam.com

DATA PROTECTION

Where relevant, Rathbones' privacy notice for clients, together with our relevant terms of business, sets out how your personal data (as further detailed in the privacy notice) shall be processed by Rathbones. A copy of the privacy notice is available on request or on Rathbones' website.

From time to time Rathbones Asset Management Limited may wish to communicate with you with information on other products and services offered by the Rathbones Group. If you do not wish to receive these communications, please advise us in writing at the following address:

Data Protection Officer
Rathbones Asset Management Limited
8 Finsbury Circus
London EC2M 7AZ

Rathbones Asset Management

8 Finsbury Circus
London EC2M 7AZ
+44 (0)20 7399 0000
Information line:
+44 (0)20 7399 0399
ram@rathbones.com
rathbonesam.com

8829.05.24