

Rathbones

Look forward

Rathbone Ethical Bond Fund

Interim report for the half year ended 31 March 2023



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Rathbone Ethical Bond Fund

Authorised Fund Manager (the Manager)

Rathbone Unit Trust 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**

Dealing office

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

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SS&C House
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**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
MM Webb – Chief Executive Officer
T Carroll – Chief Investment Officer
JM Ardouin – Finance Director
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 a greater total return than the IA Sterling Corporate Bond sector, after fees, over any rolling five-year period.

There is no guarantee that this investment objective will be achieved over five years, or any other time period.

We use the IA Sterling Corporate Bond sector as a target for our fund's return because we aim to consistently outperform the average return of our competitors.

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

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

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

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

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

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

Meanwhile, Rathbone Greenbank, an ethical research division of our company, assesses potential investments against positive and negative social and environmental criteria. Finally, we compare prices to determine the best value bonds to include in our fund.

Investment strategy

To meet the objective, the fund manager will invest at least 80% of our fund in corporate bonds with an investment-grade rating (AAA to BBB-). The remaining 20% of the fund is invested in corporate bonds with a credit rating below BBB- or with no rating at all.

Up to 10% of the fund can be invested directly in contingent convertible bonds.

The fund may invest globally but at least 80% of the portfolio will be invested in sterling denominated assets or hedged back to sterling.

Derivatives may be used by the fund for investment purposes, efficient portfolio management and hedging. The use of derivatives for investment purposes may increase the volatility of the fund's Net Asset Value and may increase its risk profile.

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.

Investment policy

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.

The manager will apply ethical criteria and screening in order to avoid investing in companies involved in specific activities or engaged in behaviour that is considered to be of concern to ethical investors. The fund will seek to invest in companies that are aware of their wider responsibilities to society and the environment.

Further details in relation to the current ethical and sustainability criteria may be obtained by contacting Rathbone Unit Trust Management. Investors should be aware that these criteria may change over time. Product reference number: 196624.

Investment report for the half year ended 31 March 2023

Performance overview

In the six months ended 31 March 2023, the Rathbone Ethical Bond Fund gained 8.54% compared with the IA Sterling Corporate Bond sector which rose by 8.08%.

Market overview and portfolio activity

For most of 2022, global bond markets bore the brunt of one of the most aggressive interest rate-rising cycles on record as the world's biggest central banks quickly hiked rates in a bid to tame sky-high inflation. High rates and higher inflation eroded the value of bonds' fixed returns so global bond markets sold off very sharply (sending yields, which run in the opposite direction to bond prices, soaring to their highest levels in many years).

This steady, if relentless, sell-off in government debt turned frenetic in the UK in late September when Chancellor Kwasi Kwarteng unveiled his mini-budget. It aimed to kickstart economic growth with a massive package of helping with energy bills, huge tax cuts and a raft of regulatory reforms. Investors feared it could further inflame hot prices, forcing more aggressive and faster rate rises from the Bank of England (BoE) than they'd previously expected. They were further troubled by the government's failure to spell out how its proposals would be funded. Investors immediately demanded a higher premium for holding UK assets via a cheaper currency and lower government debt prices. UK government bond (gilt) yields ballooned: the yield on 10-gilts hit an intra-day peak of 4.58% on 28 September, before retreating slightly to start the period under review at 4.10%. A massive policy U-turn from new Chancellor Jeremy Hunt in mid October brought an end to the worst of the volatility in gilt markets and eroded the premium on UK government debt.

Throughout 2022 central banks made it increasingly clear that they'd keep hiking rates until the prices of goods and services stopped rising too fast, even if that meant engineering an economic slowdown and higher unemployment. Towards the end of the year, there was strong evidence that soaring goods prices, especially food and energy, were falling back fast

in the US and Europe. At the same time, it looked like recession loomed for swathes of the global economy. With inflation decelerating and growth slowing, bond investors grew more confident that policymakers were approaching the point where they'd call time on rate rises. As a result, government bond prices began to rally and yields to drift downward. But bond markets have subsequently been tossed back and forth amid uncertainties about the outlook for inflation and rates, which intensified further when several banks collapsed in March.

After starting October at 4.10%, the yield on 10-year gilts had fallen to 3.49% by the end of March, while swinging significantly and often along the way. The yield on 10-year US treasuries was also very volatile in between falling from 3.83% at the start of the period to 3.47% by its end.

Hopes that central banks could be nearing the end of aggressive hiking injected new life into corporate bond markets over the period. Credit spreads – the extra yield (or spread) that corporate debt offers relative to government bonds for taking on default risks – tightened significantly. The iTraxx European Crossover Index, which measures this spread, began the period at 639 basis points (bps) and had narrowed to 436bps by its end.

Trading Green Gilts and selling Australian bonds

We don't invest in mainstream UK government gilts as the government is involved in some areas prohibited by our screening criteria. Instead, we focus on the UK's green sovereign bonds ('Green Gilts') as an ethical alternative. Early in the period, we bought the Green Gilt 1.5% 2053 and 7/8% 2033 when these bonds' yields soared as they were sideswiped by the gilt market rout. Going into 2023, we felt that while a lot of the BoE heavy lifting on rates might now be behind us, yields could still be pushed higher if sticky inflation drove more tightening. As gilt markets rallied, we felt some gilts might now be too expensive so we sold them again.

While inflation fell back in the US and Europe, it continued to rise in Australia. As a result, its central bank – the Reserve Bank of Australia – seemed in early 2023 to be reversing the more dovish tone

Investment report for the half year ended 31 March 2023 *(continued)*

it had favoured towards the end of last year and stressed that it would keep rate hikes coming. This direction of travel suggested that the yields on offer from Australian debt would rise, making the Australian bonds we held look less attractive. As a result, we sold some New South Wales 2.5% 2032 state government bonds and Australasian lender Australia and New Zealand Banking Group 1.809% 2031 bonds early in 2023.

There's an old saying that, "Whenever the Fed hits the brakes, someone goes through the windshield." The US Federal Reserve (Fed), along with the BoE and the European Central Bank, have hit the brakes very hard over the last 12 months. So it's hardly a surprise that signs of stress emerged in the banking sector in March given the speed of the rate hikes in the past year. (One of the key reasons behind the downfall of US Silicon Valley Bank (SVB) was that it had amassed big losses on fixed income securities as interest rates climbed.)

We felt that the strongest US, European and UK banks did not share the specific weaknesses that triggered the collapses of SVB, its smaller US peers and the forced takeover of Swiss banking giant Credit Suisse by its even bigger rival UBS. We believe that select banks, insurers and financial institutions were well-capitalised and managing their risk exposure carefully. As a result, we have continued to add to our exposure to select financials bonds this year. We bought some Dutch banking group ING 6.25% 2033 bonds and snapped up some NatWest 7.416% 2033 bonds when the prices of the latter got caught up in the broad investor panic about the health of the banking sector. We also bought some new Lloyds 6.625% 2033 bonds.

We don't expect all corporate bonds to perform well from here. Given the tough economic backdrop, we think companies will start downgrading their earnings estimates. Some high-yield bond issuers (i.e. companies with lower credit ratings because they're deemed at greater risk of defaulting on their debt repayments) may well come under pressure. But investment grade borrowers are in a stronger position and more likely to be able to cope with economic weakness without debt affordability becoming a significant issue. This suggests to us that we probably aren't going to see a big spike in defaults from higher-quality borrowers even if the broader economic backdrop gets worse. That said, during the period we dialled down our exposure to companies that we felt were more exposed to the ups and downs of business and economic cycles. For example, we sold mobile phone operator Orange 9% 2031 bonds.

Ahead of time, it's difficult to know exactly what else might be vulnerable to the impact of much higher rates. And as rapid as the rate hikes have been, they do take time to feed through into the real economy. The banking collapses in March give us a clearer idea of where pockets of stress might lie, but more might emerge almost anywhere. As borrowing costs rise for banks and everyone else, there's every reason to expect lending conditions to tighten. And until inflation unsticks, rates probably won't be cut. This isn't an easy set-up for financial markets or for the broader economy to navigate. We're taking care to check that our investments should be able to weather any recession, should it arrive, both in its day-to-day operations and in terms of its financing

Bryn Jones
Fund Manager

Stuart Chilvers
Fund Manager
27 April 2023

For the interim period to 31 March 2023, Noelle Cazalis (Fund Manager) assisted with the management of the fund.

Net asset value per unit and comparative tables

R-class income units

	31.03.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit
Change in net assets per unit				
Opening net asset value per unit	71.09p	96.70p	95.96p	94.94p
Return before operating charges*	6.69p	(21.16p)	5.21p	5.69p
Operating charges	(0.48p)	(1.14p)	(1.26p)	(1.22p)
Return after operating charges*	6.21p	(22.30p)	3.95p	4.47p
Distributions on income units	(1.74p)	(3.31p)	(3.21p)	(3.45p)
Closing net asset value per unit	75.56p	71.09p	96.70p	95.96p
*after direct transaction costs ¹ of:	0.00p	0.00p	0.00p	0.00p

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

Performance

Return after charges	8.74%	(23.06%)	4.12%	4.71%
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Other information

Closing net asset value	£4,986,693	£4,845,243	£7,340,655	£7,477,251
Closing number of units	6,599,211	6,815,379	7,591,482	7,792,452
Operating charges**	1.28%	1.28%	1.28%	1.28%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices***

Highest unit price	79.84p	97.57p	100.71p	98.11p
Lowest unit price	69.59p	72.02p	96.35p	86.50p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

*** 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.

Net asset value per unit and comparative tables *(continued)*

R-class accumulation units

	31.03.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit
Change in net assets per unit				
Opening net asset value per unit	177.45p	231.94p	222.78p	212.52p
Return before operating charges*	16.75p	(51.72p)	12.13p	13.03p
Operating charges	(1.22p)	(2.77p)	(2.97p)	(2.77p)
Return after operating charges*	15.53p	(54.49p)	9.16p	10.26p
Distributions on accumulation units	(4.37p)	(8.04p)	(7.56p)	(7.81p)
Retained distributions on accumulation units	4.37p	8.04p	7.56p	7.81p
Closing net asset value per unit	192.98p	177.45p	231.94p	222.78p

*after direct transaction costs¹ of: 0.00p 0.00p 0.00p 0.00p

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

Performance

Return after charges 8.75% (23.49%) 4.11% 4.83%

Other information

Closing net asset value	£13,519,590	£13,883,234	£22,008,508	£20,333,628
Closing number of units	7,005,612	7,823,661	9,488,714	9,127,328
Operating charges**	1.28%	1.28%	1.28%	1.28%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices***

Highest unit price	201.56p	234.04p	236.72p	224.41p
Lowest unit price	173.69p	177.62p	223.70p	195.40p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

*** 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.

Net asset value per unit and comparative tables *(continued)*

I-class income units

	31.03.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit
Change in net assets per unit				
Opening net asset value per unit	76.33p	103.16p	101.74p	100.03p
Return before operating charges*	7.20p	(22.67p)	5.53p	6.01p
Operating charges	(0.27p)	(0.62p)	(0.69p)	(0.66p)
Return after operating charges*	6.93p	(23.29p)	4.84p	5.35p
Distributions on income units	(1.87p)	(3.54p)	(3.42p)	(3.64p)
Closing net asset value per unit	81.39p	76.33p	103.16p	101.74p
*after direct transaction costs ¹ of:	0.00p	0.00p	0.00p	0.00p

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

Performance

Return after charges	9.08%	(22.58%)	4.76%	5.35%
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Other information

Closing net asset value	£664,695,757	£582,186,517	£781,199,550	£595,834,591
Closing number of units	816,709,008	762,729,809	757,244,490	585,653,621
Operating charges**	0.66%	0.66%	0.66%	0.66%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices***

Highest unit price	85.90p	104.18p	106.95p	103.63p
Lowest unit price	74.73p	77.32p	102.17p	91.40p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

*** 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.

Net asset value per unit and comparative tables *(continued)*

I-class accumulation units

	31.03.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit
Change in net assets per unit				
Opening net asset value per unit	188.55p	244.92p	233.77p	221.61p
Return before operating charges*	17.81p	(54.87p)	12.75p	13.65p
Operating charges	(0.66p)	(1.50p)	(1.60p)	(1.49p)
Return after operating charges*	17.15p	(56.37p)	11.15p	12.16p
Distributions on accumulation units	(4.65p)	(8.51p)	(7.96p)	(8.17p)
Retained distributions on accumulation units	4.65p	8.51p	7.96p	8.17p
Closing net asset value per unit	205.70p	188.55p	244.92p	233.77p

*after direct transaction costs¹ of: 0.00p 0.00p 0.00p 0.00p

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

Performance

Return after charges 9.10% (23.02%) 4.77% 5.49%

Other information

Closing net asset value	£1,226,007,060	£1,206,199,895	£1,560,994,789	£975,737,239
Closing number of units	596,026,021	639,710,393	637,359,444	417,390,200
Operating charges**	0.66%	0.66%	0.66%	0.66%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices***

Highest unit price	214.64p	247.34p	249.78p	235.40p
Lowest unit price	184.60p	188.73p	234.75p	204.36p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

*** 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.

Net asset value per unit and comparative tables *(continued)*

S-class income units

	31.03.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit
Change in net assets per unit				
Opening net asset value per unit	78.50p	105.95p	104.34p	102.45p
Return before operating charges*	7.40p	(23.31p)	5.68p	6.16p
Operating charges	(0.22p)	(0.51p)	(0.56p)	(0.54p)
Return after operating charges*	7.18p	(23.82p)	5.12p	5.62p
Distributions on income units	(1.93p)	(3.63p)	(3.51p)	(3.73p)
Closing net asset value per unit	83.75p	78.50p	105.95p	104.34p
*after direct transaction costs ¹ of:	0.00p	0.00p	0.00p	0.00p

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

Performance

Return after charges	9.15%	(22.48%)	4.91%	5.49%
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Other information

Closing net asset value	£180,803,188	£175,483,285	£216,072,152	£183,060,233
Closing number of units	215,875,338	223,540,743	203,943,333	175,441,571
Operating charges**	0.52%	0.52%	0.52%	0.52%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices***

Highest unit price	88.39p	107.02p	109.73p	106.20p
Lowest unit price	76.86p	79.53p	104.79p	93.68p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

*** 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.

Net asset value per unit and comparative tables *(continued)*

S-class accumulation units

	31.03.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit
Change in net assets per unit				
Opening net asset value per unit	93.08p	120.74p	115.09p	108.95p
Return before operating charges*	8.79p	(27.07p)	6.28p	6.72p
Operating charges	(0.26p)	(0.59p)	(0.63p)	(0.58p)
Return after operating charges*	8.53p	(27.66p)	5.65p	6.14p
Distributions on accumulation units	(2.30p)	(4.20p)	(3.92p)	(4.02p)
Retained distributions on accumulation units	2.30p	4.20p	3.92p	4.02p
Closing net asset value per unit	101.61p	93.08p	120.74p	115.09p

*after direct transaction costs¹ of: 0.00p 0.00p 0.00p 0.00p

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

Performance

Return after charges 9.16% (22.91%) 4.91% 5.64%

Other information

Closing net asset value	£53,870,886	£35,064,772	£43,111,733	£24,552,105
Closing number of units	53,016,394	37,671,723	35,706,450	21,333,012
Operating charges**	0.52%	0.52%	0.52%	0.52%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices***

Highest unit price	106.01p	121.96p	123.12p	115.89p
Lowest unit price	91.13p	93.17p	115.58p	100.53p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

*** 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



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 2023

	2019	2020	2021	2022	2023
R-class units	2.65%	0.37%	12.23%	-5.15%	-10.68%
I-class units	3.26%	1.00%	12.93%	-4.56%	-10.12%
S-class units	3.46%	1.14%	13.09%	-4.43%	-10.00%
IA Sterling Corporate Bond sector	2.96%	0.78%	9.02%	-4.25%	-9.14%

Source performance data Financial Express, mid to mid, net income reinvested.

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 2023

Holding (Bonds unless otherwise stated)		Value £	Percentage of total net assets
Bonds (30.09.22: 97.92%)			
Mortgage Bonds (30.09.22: 0.47%)			
£9,123,625	Finance for Residential Social Housing 8.369% 2058	6,947,603	0.32
\$3,000,000	Goodgreen 2020-1 Trust 2.63% 2055	1,278,616	0.06
\$888,000	Hero Funding Trust 3.19% 2048	182,793	0.01
\$500,000	Hero Funding Trust 3.28% 2048	96,136	0.01
		8,505,148	0.40
Supranational Bonds (30.09.22: 0.08%)			
£2,074,000	EIB 0% 2028	1,659,206	0.08
Corporate Bonds (30.09.22: 95.84%)			
£17,574,000	3i 3.75% 2040	13,218,871	0.62
£8,585,000	3i 5.75% 2032	8,684,328	0.41
£4,368,400	A2D Funding 4.5% 2026	4,273,492	0.20
£7,450,000	A2D Housing 3.5% 2028	6,824,594	0.32
\$10,031,000	abrdrn 4.25% 2028	7,159,495	0.33
€10,100,000	ACCIONA Financiacion Filiales 4.25% 2030	8,513,164	0.40
£2,962,700	Aggregate Micro Power Infrastructure 8% 2036	2,879,916	0.13
\$2,727,000	American Museum of Natural History 3.121% 2052	1,516,225	0.07
£9,300,000	Anchor Hanover 2% 2051	5,132,755	0.24
£2,308,000	Anglian Water Osprey Financing 2% 2028	1,852,199	0.09
€5,827,000	Assicurazioni Generali 5.8% 2032	5,248,498	0.24
£18,300,000	Assicurazioni Generali 6.269% perp	17,904,111	0.84
£30,000	Aster Treasury 4.5% 2043	28,455	0.00
€13,800,000	Audax Renovables 4.2% 2027	7,919,396	0.37
\$15,070,000	Australia and New Zealand Banking FRN perp	8,107,244	0.38
£24,605,000	Aviva 4% VRN 2055	19,168,183	0.89
£13,172,000	Aviva 4.375% VRN 2049	11,620,138	0.54
£11,759,000	Aviva 5.125% VRN 2050	10,661,517	0.50
£9,890,000	Aviva 6.125% VRN 2036	9,833,715	0.46
£41,403,000	Aviva 6.875% VRN 2058	42,984,098	2.00
£15,735,000	Aviva 6.875% VRN perp	13,532,100	0.63
€2,000,000	AXA 0% VRN perp	1,407,214	0.07
£32,572,000	AXA 5.453% VRN perp	31,823,352	1.48
£8,980,000	AXA 5.625% VRN 2054	8,445,566	0.39
\$46,300,000	AXA 6.379% VRN perp	38,766,350	1.81
£20,929,000	AXA 6.6862% VRN perp	20,960,490	0.98

Portfolio and net other assets as at 31 March 2023 *(continued)*

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets	
\$2,353,000	BAC Capital Trust 4% VRN perp	1,421,197	0.07
£14,500,000	Banco Bilbao Vizcaya Argent 3.104% VRN 2031	12,630,205	0.59
€3,257,000	Banco Santander 1% VRN perp	2,422,150	0.11
£9,400,000	Banco Santander 1.5% 2026	8,282,176	0.39
£8,400,000	Banco Santander 1.75% 2027	7,198,225	0.34
£39,400,000	Banco Santander 2.25% VRN 2032	31,805,504	1.48
£8,600,000	Banco Santander 4.75% VRN 2028	8,329,358	0.39
€4,750,000	Banco Santander FRN perp	3,132,904	0.15
€15,520,000	Barclays Bank 4.75% VRN perp	10,579,054	0.49
£8,791,000	Bazalgette Finance 2.375% 2027	7,858,851	0.37
£2,796,000	Bazalgette Finance 2.75% 2034	2,243,248	0.10
\$18,650,000	Beazley 5.875% 2026	14,517,874	0.68
\$19,979,000	Beazley Insurance DAC 5.5% 2029	14,631,392	0.68
£11,190,000	Berkeley 2.50% 2031	7,789,812	0.36
\$19,570,000	BNP Paribas FRN perp	11,539,502	0.54
€2,800,000	BPCE 2.125% VRN 2046	1,761,864	0.08
€26,000,000	BPCE 2.5% VRN 2032	21,260,905	0.99
AUD8,000,000	BPCE 4.5% 2028	3,979,666	0.19
€22,900,000	BPCE 5.25% 2029	21,174,785	0.99
AUD8,660,000	BPCE 6.3424% VRN 2028	4,691,598	0.22
\$5,000,000	Bridge Housing Corporation 3.25% 2030	3,563,692	0.17
£3,300,000	Brit Insurance 6.625% VRN 2030	2,461,800	0.11
£5,042,000	BUPA Finance 4% VRN perp	3,227,132	0.15
£37,495,000	BUPA Finance 4.125% 2035	29,575,662	1.38
£4,297,000	BUPA Finance 5% 2026	4,119,800	0.19
£300,000	Burnham And Weston Energy CIC 5% Index-Linked 2036	225,365	0.01
\$4,545,000	California Endowment 2.498% 2051	2,419,148	0.11
£3,448,000	Canal & River Trust 2.85% Series A Senior 2043	2,548,072	0.12
£4,358,000	Channel Link FRN 2050	3,329,288	0.16
£9,900,000	Clarion Funding 1.25% 2032	7,098,248	0.33
£7,225,000	Clarion Funding 1.875% 2035	5,119,682	0.24
£8,754,000	Close Brothers 2% VRN 2031	7,311,936	0.34
€7,000,000	CNP Assurances 5.25% VRN perp	6,329,577	0.30
£175,000	Coigach Community CIC 5% Index-Linked 2030	148,974	0.01
€2,400,000	Co-operative Rabobank 0.375% VRN 2027	1,838,171	0.09
£4,614,000	Co-operative Rabobank 5.25% 2027	4,452,787	0.21
£11,471,000	Coventry Building Society 6.875% VRN perp	10,037,125	0.47
£6,800,000	Credit Agricole 1.874% VRN 2031	5,675,360	0.26

Portfolio and net other assets as at 31 March 2023 *(continued)*

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets	
£3,800,000	Credit Agricole 5.75% VRN 2027	3,760,439	0.18
£8,793,000	CYBG 4% VRN 2026	8,232,083	0.38
£19,700,000	CYBG 4% VRN 2027	18,069,002	0.84
£10,800,000	Direct Line Insurance 4% 2032	8,295,899	0.39
\$1,970,000	DNB Bank ASA FRN perp	1,038,813	0.05
\$2,900,000	DNB Bank ASA FRN perp	1,523,944	0.07
£162,000	Ecology Building Society 9.625% VRN perp	164,965	0.01
£175,000	Ellenbrook Developments 3.3894% Index-Linked 2032	139,555	0.01
€4,600,000	Equinix 1% 2033	2,952,467	0.14
£6,817,000	Fidelity International 7.125% 2024	6,877,699	0.32
£1,917,847	Finance for Residential Social Housing 8.569% 2058	1,236,779	0.06
£600,000	Finance for Residential Social Housing 8.569% 2058	447,764	0.02
£195,000	Fixed Rate Unsecured Bonds 4.5% 2026	169,182	0.01
\$4,500,000	Ford Foundation 2.415% 2050	2,410,898	0.11
£130,000	Glasgow Together 4% 2022	13,000	0.00
£13,803,000	Grainger 3% 2030	10,885,431	0.51
£3,589,000	Grainger 3.375% 2028	3,066,114	0.14
£12,674,000	Greater Gabbard 4.137% 2032	8,109,385	0.38
£6,550,000	Gwynt y Mor OFTO 2.778% 2034	3,926,988	0.18
€3,700,000	HBOS 4.5% VRN 2030	3,158,510	0.15
£501,300	Heylo Housing Secured Bond 1.625% Index-Linked 2028	417,082	0.02
£2,920,000	Hiscox 6% 2027	2,960,364	0.14
£23,917,000	Hiscox 6.125% VRN 2045	23,088,936	1.08
£53,729,000	HSBC Bank 5.844% VRN perp	54,642,393	2.55
\$4,400,000	HSBC Bank FRN perp	2,579,255	0.12
£12,800,000	ING Groep 6.25% VRN 2033	12,494,669	0.58
€1,749,000	Investec Bank 1.25% VRN 2026	1,344,238	0.06
£32,322,000	Investec Bank 1.875% VRN 2028	26,245,031	1.22
£21,014,000	Investec Bank 2.625% VRN 2032	16,875,555	0.79
£1,380,000	Investec Bank 4.25% VRN 2028	1,360,655	0.06
£5,100,000	Investec Bank 9.125% VRN 2033	5,106,849	0.24
£2,362,000	Jupiter Fund Management 8.875% VRN 2030	2,424,003	0.11
£1,322,000	Just 3.5% 2025	1,219,545	0.06
£12,043,000	Just 5% VRN perp	7,827,468	0.37
£18,680,000	Just 7% VRN 2031	18,012,255	0.84
£7,650,000	Just 8.125% 2029	7,775,384	0.36
£29,453,000	Just 9% 2026	31,220,180	1.46
£5,753,000	Leeds Building Society 1.5% VRN 2027	5,058,918	0.24

Portfolio and net other assets as at 31 March 2023 *(continued)*

Holding (Bonds unless otherwise stated)		Value £	Percentage of total net assets
£32,191,000	Legal & General 3.75% VRN 2049	27,014,974	1.26
£8,025,000	Legal & General 4.5% VRN 2050	6,960,249	0.32
\$2,360,000	Legal & General 5.25% VRN 2047	1,794,072	0.08
£12,839,000	Legal & General 5.375% VRN 2045	12,516,956	0.58
£33,743,000	Legal & General 5.5% VRN 2064	29,524,680	1.38
£24,741,000	Legal & General 5.625% VRN perp	19,359,833	0.90
£165,000	Linton Hydro Limited 5.25% Index-Linked 2030	167,921	0.01
£35,000,000	Liverpool Victoria Friendly Society 6.5% VRN 2043	34,724,900	1.62
£4,100,000	Lloyds Banking 1.875% VRN 2026	3,816,618	0.18
£8,851,000	Lloyds Banking 1.985% VRN 2031	7,526,417	0.35
£12,878,000	Lloyds Banking 2% VRN 2028	11,054,668	0.52
£59,483,000	Lloyds Banking 2.707% VRN 2035	45,863,903	2.14
AUD\$5,050,000	Lloyds Banking 5.3906% VRN 2027	2,706,298	0.13
£10,476,000	Lloyds Banking 6.625% VRN 2033	10,474,560	0.49
£8,000,000	Logicor 2019-1 1.875% 2031	7,061,366	0.33
€5,300,000	Logicor Financing 1.625% 2030	3,237,266	0.15
£5,413,000	London and Quadrant Housing Trust 2% 2032	4,231,476	0.20
£6,102,000	London and Quadrant Housing Trust 2.25% 2029	5,171,032	0.24
£4,054,000	London and Quadrant Housing Trust 2.625% 2028	3,637,826	0.17
£2,955,000	London Merchant Securities 6.5% 2026	3,023,367	0.14
£8,473,000	M&G 3.875% VRN 2049	8,188,857	0.38
£9,212,000	M&G 5% VRN 2055	8,028,428	0.37
£17,443,000	M&G 5.625% VRN 2051	15,867,744	0.74
£9,114,000	M&G 5.7% VRN 2063	8,010,220	0.37
£12,641,000	M&G 6.25% VRN 2068	10,818,170	0.50
\$4,593,000	Massachusetts Department of Higher Education 2.673% 2031	3,039,438	0.14
\$590,000	MDIF Media Finance 4% 2023	163,245	0.01
£3,263,000	Motability Operations 2.125% 2042	2,157,769	0.10
£4,660,000	Motability Operations 4.875% 2043	4,600,933	0.21
£4,673,000	National Grid Electricity Transportation 5.272% 2043	4,524,080	0.21
\$10,000,000	Nationwide Building Society 4.302% VRN 2029	7,412,552	0.35
£4,786,000	Nationwide Building Society 5.75% VRN perp	3,836,965	0.18
£5,570,000	Nationwide Building Society 5.769% perp	5,254,738	0.25
£6,140,000	Nationwide Building Society 6.178% VRN 2027	6,221,209	0.29
£1,556,000	Nationwide Building Society 6.25% VRN perp	1,511,701	0.07
£3,000,000	Nationwide Building Society 7.859% VRN perp	3,074,040	0.14
£172,938	Nationwide Building Society 10.25% VRN perp	20,692,896	0.97
\$900,000	Nature Conservancy 1.154% 2027	641,056	0.03

Portfolio and net other assets as at 31 March 2023 *(continued)*

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
\$6,875,000 Nature Conservancy 3.957% 2052	4,695,211	0.22
€5,100,000 NatWest 1.043% VRN 2032	3,652,723	0.17
£12,923,000 NatWest 2.057% VRN 2028	11,034,400	0.51
£11,386,000 NatWest 3.619% VRN 2029	10,258,397	0.48
€2,000,000 NatWest 4.699% VRN 2028	1,772,575	0.08
£10,185,000 NatWest 7.416% VRN 2033	10,248,040	0.48
£3,693,000 NIE Finance 5.875% 2032	3,889,398	0.18
£3,611,000 Nordea Bank 1.625% VRN 2032	2,922,765	0.14
£1,998,000 Notting Hill Genesis 2% 2036	1,393,536	0.07
£4,560,000 Notting Hill Genesis 2.875% 2029	4,047,555	0.19
£1,033,000 Notting Hill Housing 3.25% 2048	730,568	0.03
£1,357,000 Notting Hill Housing 3.75% 2032	1,227,781	0.06
£200,000 Nottinghamshire YMCA 6% 2027	165,320	0.01
£3,700,000 Orange SA 3.25% 2032	3,260,239	0.15
£1,900,000 Orbit Capital 2% 2038	1,252,700	0.06
£4,547,000 Orbit Capital 3.375% 2048	3,339,363	0.16
£3,036,000 Orbit Capital 3.5% 2045	2,321,378	0.11
£6,971,000 Orsted 2.5% VRN 3021	4,779,300	0.22
£6,626,000 Orsted 5.375% 2042	6,565,787	0.31
£440,000 Our Power Social Purpose 6.5% 2021*	–	–
£150,000 Paces Sheffield 6% 2029	124,560	0.01
£3,454,000 Paragon 2% 2036	2,464,392	0.11
£4,625,000 Paragon 4.375% VRN 2031	4,023,750.00	0.19
£9,848,000 Paragon 6% 2024	9,706,189	0.45
£4,583,000 Peabody Capital No 2 2.75% 2034	3,711,506	0.17
£15,479,000 PGH Capital 6.625% 2025	15,476,169	0.72
\$26,069,000 Phoenix 4.75% VRN 2031	18,996,699	0.89
\$12,380,000 Phoenix 5.375% 2027	9,527,605	0.44
£3,000,000 Phoenix 5.625% 2031	2,707,597	0.13
£13,950,000 Phoenix 5.75% VRN perp	11,118,987	0.52
£1,924,300 Places for People Finance 4.25% 2023	1,897,217	0.09
£11,568,000 Places for People Homes 3.625% 2028	10,631,446	0.50
£10,583,000 Places for People Treasury 2.5% 2036	7,670,237	0.36
£3,940,000 Places for People Treasury 2.875% 2026	3,654,511	0.17
£6,000,000 Principality Building Society 2.375% 2023	5,865,984	0.27
£3,911,000 Prologis International Funding II 3% 2042	2,801,336	0.13
£7,500,000 Prudential Funding 6.125% 2031	7,455,861	0.35
£5,500,000 QBE Insurance 2.5% VRN 2038	4,301,168	0.20

Portfolio and net other assets as at 31 March 2023 *(continued)*

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets	
£920,000	Quadrant Housing 7.93% Step 2033	815,591	0.04
£8,000,000	Quilter 8.625% VRN 2033	8,016,128	0.37
£24,000,000	Rabobank Nederland 4.625% 2029	21,896,448	1.02
£1,297,000	RCB Bonds 3.5% 2033	1,077,625	0.05
£27,600,000	Reassure 5.867% 2029	25,571,723	1.19
£553,200	Retail Charity Bonds 3.9% 2029	497,974	0.02
£1,331,200	Retail Charity Bonds 4% 2029	1,179,643	0.06
£2,414,800	Retail Charity Bonds 4.25% 2026	2,185,539	0.10
£1,089,800	Retail Charity Bonds 4.25% 2028	1,003,924	0.05
£871,800	Retail Charity Bonds 4.4% 2027	821,053	0.04
£1,598,800	Retail Charity Bonds 4.5% 2026	1,457,242	0.07
£900,000	Retail Charity Bonds 5% 2030	801,864	0.04
£40,570,000	RL Finance Bonds 4.875% VRN 2049	30,481,584	1.42
£28,576,000	RL Finance Bonds 6.125% 2028	27,736,274	1.29
£26,214,000	RL Finance Bonds 6.125% VRN 2043	25,936,761	1.21
£22,807,000	Rothsay Life 3.375% 2026	20,826,541	0.97
\$23,106,000	Rothsay Life 4.875% VRN perp	13,790,944	0.64
£31,300,000	Rothsay Life 5% VRN perp	20,704,574	0.97
£11,923,000	Rothsay Life 5.5% VRN 2029	11,624,691	0.54
£10,970,000	Rothsay Life 6.875% VRN perp	9,268,992	0.43
£14,912,000	Rothsay Life 8% 2025	15,243,172	0.71
£14,027,000	Rothschild 9% perp	14,307,540	0.67
£4,500,000	Royal Bank of Scotland 3.125% VRN 2027	4,149,914	0.19
£19,628,000	Royal Bank of Scotland 3.622% VRN 2030	18,123,229	0.85
£6,741,000	RSA Insurance 5.125% VRN 2045	6,488,280	0.30
£10,045,000	Santander UK 2.421% VRN 2029	8,577,380	0.40
£21,683,000	Santander UK 2.92% VRN 2026	20,147,674	0.94
£916,000	Santander UK 5.875% 2031	877,227	0.04
£7,407,000	Santander UK 7.098% VRN 2027	7,588,926	0.35
€7,200,000	Scatec ASA FRN 2025	5,725,513	0.27
£1,441,000	Scottish Widows 5.5% 2023	1,437,614	0.07
£41,632,000	Scottish Widows 7% 2043	40,972,025	1.91
£1,650,000	Severn Trent Utilities Finance 4.625% 2034	1,554,366	0.07
£1,364,000	Severn Trent Utilities Finance 5.25% 2036	1,355,855	0.06
£14,920,000	Skipton Building Society 2% VRN 2026	13,429,762	0.63
€1,900,000	Società Cattolica di Assicurazione 4.25% VRN 2047	1,568,759	0.07
£91,500	South Bristol Sports Centre 7% 2027	47,101	0.00
€32,470,000	Stichting AK Rabobank Certificaten 6.5% perp Step	27,461,000	1.28

Portfolio and net other assets as at 31 March 2023 *(continued)*

Holding (Bonds unless otherwise stated)		Value £	Percentage of total net assets
£9,146,000	Stonewater Funding 1.625% 2036	6,216,550	0.29
£4,140,000	Svenska Handelsbanken 4.625% VRN 2032	3,820,746	0.18
£12,353,000	TC Dudgeon Ofto 3.158% 2038	9,481,428	0.44
£1,117,000	Telereal Securitisation 1.3657% 2033	725,123	0.03
£2,270,000	Telereal Securitisation 1.9632% VRN 2033	2,026,179	0.09
£5,169,000	Telereal Securitisation FRN 2033	4,405,505	0.21
£500,000	Thera Trust 5.5% 2024	473,900	0.02
£750,000	Thrive Renewables 5% 2024	739,200	0.03
£3,690,000	TP ICAP Finance 2.625% 2028	2,866,532	0.13
£300,000	Triodos Bank 4% 2030	263,100	0.01
\$10,229,000	Vena Energy Capital 3.133% 2025	7,765,967	0.36
£2,850,000	Verizon Communications 1.125% 2028	2,323,669	0.11
£6,870,000	Verizon Communications 1.875% 2038	4,373,233	0.20
£20,680,000	Virgin Money UK 2.625% VRN 2031	17,214,923	0.80
£22,969,000	Virgin Money UK 5.125% VRN 2030	21,258,976	0.99
£5,556,000	Vodafone International Financing 5.125% 2052	5,144,600	0.24
£2,043,000	Welltower 4.5% 2034	1,756,171	0.08
£700,000	Welltower 4.8% 2028	662,908	0.03
\$12,766,000	WK Kellogg Foundation Trust 2.443% 2050	6,716,934	0.31
£12,023,000	Wods Transmission 3.446% 2034	8,117,429	0.38
£12,586,000	Yorkshire Building Society 1.5% VRN 2029	10,009,334	0.47
£27,614,000	Yorkshire Building Society 3.375% VRN 2028	23,722,773	1.11
£15,846,000	Yorkshire Building Society 3.511% VRN 2030	13,764,767	0.64
\$37,255,000	Zurich Finance Ireland Designated 3% VRN 2051	23,237,551	1.08
£10,874,000	Zurich Finance Ireland Designated 5.125% VRN 2052	9,835,212	0.46
		2,065,607,087	96.35
Government Bonds (30.09.22: 1.47%)			
£14,500,000	UK Treasury Gilt 1.5% 2053	8,461,910	0.39
Total Bonds		2,084,233,351	97.22
Equities (30.09.22: 0.72%)			
3,307,582	Greencoat Renewables**	3,167,892	0.15

Portfolio and net other assets as at 31 March 2023 *(continued)*

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
Forward Foreign Exchange Contracts (30.09.22: (0.72%))		
Buy £11,237,315, Sell AUD20,419,449	162,055	0.01
Buy £101,283,077, Sell €114,406,332	471,472	0.02
Buy €2,374,898, Sell £2,093,038	(346)	—
Buy \$7,277,896, Sell £5,961,232	(83,923)	—
Buy £214,935,839, Sell \$260,457,746	4,601,599	0.21
	5,150,857	0.24
Total value of investments (30.09.22: 97.92%)	2,092,552,100	97.61
Net other assets (30.09.22: 2.08%)	51,331,074	2.39
Total value of the fund as at 31 March 2023	2,143,883,174	100.00

* Delisted

** Equity Security

Sectors eliminated since the beginning of the period:

Corporate Convertibles 0.06%

Summary of portfolio investments

	Value £	Percentage of total net assets
Investment grade	1,613,140,413	75.22
Below investment grade	32,168,702	1.50
Unrated stocks***	438,924,236	20.50
Debt Securities	2,084,233,351	97.22
Equity Securities	3,167,892	0.15
Derivatives	5,150,857	0.24
Total value of investments	2,092,552,100	97.61

*** Stocks not rated by S&P, Moody or Fitch

Statement of total return for the half year ended 31 March 2023

	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
Income				
Net capital gains/(losses)		140,106,874		(222,353,229)
Revenue	49,711,366		46,558,121	
Expenses	(6,909,750)		(8,745,009)	
Interest payable and similar charges	(3,819)		(1,944)	
Net revenue before taxation	42,797,797		37,811,168	
Taxation	(2,931)		990	
Net revenue after taxation		42,794,866		37,812,158
Total return before distributions		182,901,740		(184,541,071)
Distributions		(49,364,785)		(46,114,149)
Change in net assets attributable to unitholders from investment activities		133,536,955		(230,655,220)

Statement of change in net assets attributable to unitholders for the half year ended 31 March 2023

	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
Opening net assets attributable to unitholders		2,017,662,946		2,630,727,387
Amounts receivable on issue of units	137,318,683		278,671,527	
Amounts payable on cancellation of units	(174,482,541)		(144,244,238)	
		(37,163,858)		134,427,289
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		133,536,955		(230,655,220)
Retained distributions on accumulation units		29,847,131		28,939,881
Closing net assets attributable to unitholders		2,143,883,174		2,563,439,337

The comparatives used within the Statement of change in net assets attributable to unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 30 September 2022 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 31 March 2022.

Balance sheet as at 31 March 2023

	31.03.23 £	31.03.23 £	30.09.22 £	30.09.22 £
Assets				
Fixed assets:				
Investments		2,092,636,369		1,990,672,349
Current assets:				
Debtors		43,342,179	44,217,290	
Cash and bank balances		31,756,806	15,063,190	
Total current assets		75,098,985		59,280,480
Total assets		2,167,735,354		2,049,952,829
Liabilities				
Investment liabilities		(84,269)		(14,976,441)
Creditors:				
Other creditors		(13,938,782)	(8,114,078)	
Distribution payable on income units		(9,829,129)	(9,199,364)	
Total liabilities		(23,852,180)		(32,289,883)
Net assets attributable to unitholders		2,143,883,174		2,017,662,946

Notes to the interim financial statements

Accounting policies

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

All accounting policies applied are consistent with those of the annual report for the year ended 30 September 2022 and are detailed in full in those financial statements.

Portfolio transactions

Total purchases and sales transactions for the half year ended 31 March 2023 were £343,417,507 and £358,336,623 respectively.

Distribution tables for the half year ended 31 March 2023

Distribution tables (pence per unit)

First Interim

Group 1 – Units purchased prior to 1 October 2022

Group 2 – Units purchased on or after 1 October 2022 and on or before 31 December 2022

R-class income units	Income	Equalisation	Paid 28.02.23	Paid 28.02.22
Group 1	0.86	–	0.86	0.82
Group 2	0.23	0.63	0.86	0.82

R-class accumulation units	Income	Equalisation	Accumulated 28.02.23	Accumulated 28.02.22
Group 1	2.16	–	2.16	1.97
Group 2	0.97	1.19	2.16	1.97

I-class income units	Income	Equalisation	Paid 28.02.23	Paid 28.02.22
Group 1	0.93	–	0.93	0.87
Group 2	0.43	0.50	0.93	0.87

I-class accumulation units	Income	Equalisation	Accumulated 28.02.23	Accumulated 28.02.22
Group 1	2.29	–	2.29	2.07
Group 2	1.05	1.24	2.29	2.07

S-class income units	Income	Equalisation	Paid 28.02.23	Paid 28.02.22
Group 1	0.96	–	0.96	0.89
Group 2	0.52	0.44	0.96	0.89

S-class accumulation units	Income	Equalisation	Accumulated 28.02.23	Accumulated 28.02.22
Group 1	1.13	–	1.13	1.03
Group 2	0.85	0.28	1.13	1.03

Distribution tables for the half year ended 31 March 2023 *(continued)*

Distribution tables (pence per unit) *(continued)*

Second Interim

Group 1 – Units purchased prior to 1 January 2023

Group 2 – Units purchased on or after 1 January 2023 and on or before 31 March 2023

R-class income units	Income	Equalisation	Payable 31.05.23	Paid 31.05.22
Group 1	0.88	—	0.88	0.79
Group 2	0.28	0.60	0.88	0.79
R-class accumulation units	Income	Equalisation	Allocated 31.05.23	Accumulated 31.05.22
Group 1	2.21	—	2.21	1.91
Group 2	1.18	1.03	2.21	1.91
I-class income units	Income	Equalisation	Payable 31.05.23	Paid 31.05.22
Group 1	0.94	—	0.94	0.85
Group 2	0.44	0.50	0.94	0.85
I-class accumulation units	Income	Equalisation	Allocated 31.05.23	Accumulated 31.05.22
Group 1	2.36	—	2.36	2.02
Group 2	1.02	1.34	2.36	2.02
S-class income units	Income	Equalisation	Payable 31.05.23	Paid 31.05.22
Group 1	0.97	—	0.97	0.87
Group 2	0.45	0.52	0.97	0.87
S-class accumulation units	Income	Equalisation	Allocated 31.05.23	Accumulated 31.05.22
Group 1	1.17	—	1.17	0.99
Group 2	0.44	0.73	1.17	0.99

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.

MM Webb **T Carroll**
for Rathbone Unit Trust Management Limited
Manager of Rathbone Ethical Bond Fund
31 May 2023

General information

Authorised status

The Rathbone Ethical Bond Fund is an authorised unit trust scheme, authorised by the Financial Conduct Authority on 29 October 2001 and launched in May 2002.

It is a 'UCITS Scheme' authorised under Section 243 of the Financial Services and Markets Act 2000, and the currency of the fund is pound sterling.

Valuation of the fund

The fund is valued on each business day at 12 noon for the purpose of determining 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

Rathbone Unit Trust Management Limited fully supports the UK Stewardship Code sponsored by the Financial Reporting Council.

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 despatch 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 R-class units is £100,000,000. The minimum initial investment for I-class units is £1,000. The minimum initial investment for the S-class units is £100,000,000.

Thereafter holders may invest additional amounts to the value of £500 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.

There is no preliminary charge for R-class, I-class or S-class units.

The Manager currently receives an annual remuneration for managing the R-class property of the fund at the rate of 1.25%.

The Manager currently receives an annual remuneration for managing the I-class property of the fund at the rate of 0.625%.

The Manager currently receives an annual remuneration for managing the S-class property of the fund at a rate of 0.49%.

For more information on our charges, please visit the fund-specific pages of our website: rathbonefunds.com

Statements

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

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 31 March and 30 September, 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 rathbonefunds.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 Limited, 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, Rathbone Unit Trust 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, Rathbone Unit Trust 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 revenue 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.

General information *(continued)*

Other funds

Rathbone Unit Trust Management Limited is also the Manager of the following funds:

Rathbone Active Income and Growth Fund
Rathbone Core Investment Fund for Charities
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 Defensive Growth Portfolio
Rathbone Greenbank Dynamic Growth Portfolio
Rathbone Greenbank Global Sustainability Fund
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 Rathbone Unit Trust 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
Rathbone Unit Trust Management Limited
8 Finsbury Circus
London EC2M 7AZ

All literature is available free of charge. Information is also available on our website: rathbonefunds.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 Rathbone Unit Trust 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
Rathbone Unit Trust Management Limited
8 Finsbury Circus
London EC2M 7AZ

Rathbones

Look forward

Rathbone Unit Trust Management Limited

8 Finsbury Circus, London EC2M 7AZ
Tel 020 7399 0000

Information line

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rutm@rathbones.com
rathbonefunds.com

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