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Rathbone Income Fund

Authorised Fund Manager (the Manager)

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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

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**Authorised and regulated by the
Financial Conduct Authority**

Independent Auditor

Deloitte LLP
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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
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**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 that is in line with or better than that of the FTSE All-Share Index over any rolling three-year period.

The fund also aims to increase income payments in line with the CPI measure of inflation over any rolling five-year period. The fund aims to generate a greater total return than the FTSE All-Share Index, after fees, over any 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 FTSE All-Share Index as a target for our fund's return and the income we pay because we want to offer you a better income and higher returns than the UK stock market. Increasing your income payments at least in line with the CPI measure of inflation protects your future spending power.

Investment strategy

To meet the objective, the fund manager will invest at least 80% of our fund in UK-listed shares, with the remainder in global shares, cash, short-term deposits and UK government debt.

Derivatives may be used by the fund for the purposes of efficient portfolio management and hedging.

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.

Investment policy

This is a stock-picking fund, which means we invest in a small number of UK-listed stocks. We invest in businesses which offer the best investment opportunities at the most attractive prices.

When choosing investments we use our own trinity of risk framework: price, business and financial. We look for businesses that offer good value and make strong and consistent profits with high quality earnings – those that are backed by real cash rather than accounting contrivance. Companies shouldn't have more debt than they can handle.

We buy these companies because we believe they should grow generate good earnings backed by cash over many years. A healthy cash flow gives companies the flexibility to repay debts, reinvest in their businesses, and pay a dividend that increases over time.

Investment report for the half year ended 31 March 2023

Performance

On 23 September, Chancellor Kwasi Kwarteng presented a mini-budget that unveiled the biggest tax-cutting moves in 50 years, sending UK financial markets into a tailspin, and resulting in the end of the Liz Truss government. In the weeks after that chaotic day, policy was reversed, stability restored, and markets recovered. This was good for UK equities, and great for our fund. In the subsequent six months through to 31 March 2023, our fund gained 13.4%, ahead of the IA UK Equity Income sector average of 12.9%, and further ahead of the FTSE All-Share Index move of 12.3%.

Having pushed through a very healthy increase in distribution last year, we are choosing to be a bit more circumspect at the interim stage this year, raising our interim distribution by 1%. However, we do believe this leaves us with a lot of firepower and flexibility looking into the second half.

Performance review

Games Workshop made the greatest positive contribution to the fund. We bought this global (only 25% of revenues originate in the UK) business thinking that the opportunity to extend its Warhammer 40k franchise was under-recognised. The agreement with Amazon to “explore opportunities to exploit (their) IP” added weight to this argument, and the share price reaction suggested that we were right in our hypothesis on the value of the shares.

Oil giant BP performed very well in the first few months of the period under review. The shares moved ahead despite the oil price being very much range-bound, a reflection of high profitability through the year, and a strong resumption in dividend growth on the back of this.

We believe that fast-moving consumer goods companies are maintaining their advertising budgets to boost market share. This meant that advertising conglomerate WPP had a great start to the current year. We suggest that the idea that big advertising agencies are redundant in a modern, digital world is now dead. The shares have performed very well, especially in the last three months.

Once again, defence and aerospace engineer BAE Systems had a considerable influence on fund performance. Increased emphasis on defence spending means a higher percentage of developed nations' GDP will be directed towards the military. BAE delivered excellent results on the back of exceptional operational performance. The sad reality of the modern world is that the company's key platforms – US fighter jets, warships for the Royal Navy, armoured land vehicles and other weaponry, and developing areas such as cyber security – are all gaining impetus. Global security demands mean greater growth for defence contractors for longer. Moreover, as we've mentioned before, this is a company that is executing very well. The fact that it has sorted out its UK pension liabilities provides one more reason to own the stock.

On the negative side of the equation, British American Tobacco was our principal laggard. This was perhaps a surprise considering the heightened volatility at the end of the half. But while the shares recovered very well 12 months ago, they had certainly trended lower more recently and therefore deserve review. BAT's board may be in a bit of a quandary about the company's balance sheet. At its full-year results, the board said it would use excess cash to pay down debt. We approve of this ambition, debt is too high. But sell-side analysts don't like it and want further share repurchases, something we've written to the board to argue against. The shares have drifted lower. We think the shares are cheap if the company's next-generation products prove a commercial success. But we're frustrated by the performance of the shares.

Otherwise, in a strong half, there were few other instances of retreat. Swiss pharmaceutical Roche has been a bit of a drag for a little while, and is also under review, but we are warming to the broader sector, so it probably deserves to stay part of our overall pharmaceutical exposure. More on this later.

Principal trades

The fund's largest trades were driven by combinations of pragmatic portfolio management and conviction. Miner and commodities trader Glencore had performed well, but there were two issues we had to consider. First, the lack of income on offer given its preference for capital distributions over normal dividends and, secondly, the market's increased angst about the proportion of revenues it derives from the marketing of thermal coal (even if this is a function of rising prices rather than any increased business focus on this commodity on its part). These two factors encouraged our switch into Australian miner BHP (formerly listed in the UK). We have also trimmed our positions in oil giants BP and Shell, reallocating proceeds into miners BHP and Rio Tinto. The net result is broadly neutral regarding our exposure to commodities, but with a greater weight allocated to the miners over energy.

In a similar vein, we have introduced a new housebuilder, Redrow, into the portfolio, which we financed by trimming other exposures to the building industry. So this proved an exercise in reducing stock-specific risk, while maintaining the same overall sector positioning.

Of greater importance, perhaps, has been the tilt towards some growthier names. Our increased confidence in dividends for this year, combined with our hypothesis that there is greater 'value' to be found now in growth and quality, has encouraged us to look at businesses with lower yields, but which we believe offer opportunities to generate greater growth. We have added to three global growth businesses. Compass Group operates in the food service sector, and while its commercial contracts may experience economic headwinds, a large proportion of its activity is concentrated in the education and healthcare sectors -think school and hospital canteens. It also controls a north American co-operative that, while non-profit making, does

create enormous buying power, which feeds through into profit margins, a competitive advantage that is nearly impossible to replicate.

Experian is involved in credit and marketing services, not only credit analysis, but crucially technology that helps to detect and prevent payment fraud. The industry has a stable market structure, dominated by two major participants, Experian and Equifax, competing with Dun & Bradstreet and TransUnion. So it's a very concentrated market that facilitates pricing power. Finally, we bought some more shares in veterinary business Dechra Pharmaceuticals. A long-held position, we were happy to add to this growth business on share price weakness. Post the period-end, the company announced that it had received potential takeover bid from a private equity group. This news is great in the short term for us, but a frustration on a longer view.

We sold Bunzl, the global distributor of non-food consumables to multiple industry sectors. Bunzl is a great business, but its share price fails to reflect what we believe are potential pressures on its margins. We have also sold Barclays in response to the increased volatility in the banking industry. The shares are cheap, but its business model is a little too opaque in the current environment.

Outlook

Our team has experienced many market cycles. This doesn't prevent us from making mistakes and getting caught out, but it does help us assess calmly and rationally potential challenges when they confront us. It's very easy to respond hastily just for the sake of being seen to be doing something, and it's just as easy to freeze like a startled rabbit in the headlights. We hope we've steered a middle ground. As ever, we prefer gentle nudges on the tiller rather than screeching handbrake turns. But we are currently moving our emphasis away from more cyclical areas of the market and re-allocating a percentage of funds in two specific areas. First, businesses that offer more defensive, predictable earning streams, like those proffered by the pharmaceutical sector, and secondly, more aggressive businesses, looking for growth.

The record is scratched, we know. On the one hand, we must advocate for the UK market – you wouldn't expect anything less from us. But, in reality, the cards are still stacked against this advocacy. Recent industry data have highlighted that money keeps flowing out of UK funds, while there are plenty of headlines trumpeting the discontent and departures of UK businesses from the London market.

The situation is certainly difficult, but we're going to continue banging our particular drum. Yes, the IMF recently highlighted how the UK economy is lagging, but we're not going into the deep recession that many had forecast. Indeed, we'd suggest that the data have surprised on the upside. Despite its very strong three-year performance, the UK market remains cheap relative to other developed markets, and many strategists are waking up to this argument. Finally, we'd point out that we're in a better place politically. The adults do seem to have entered the room – Prime Minister Rishi Sunak and Opposition leader Keir Starmer are both more sensible stewards of our futures than their respective predecessors. If that means a deeper understanding of our relationship with our biggest trading partner, the EU, then that must represent a step forward.

Yes, the UK has its challenges, but we think that these are priced in and more. This year has started well, let's hope things continue in that vein!

Carl Stick
Fund Manager
21 April 2023

Alan Dobbie
Fund Manager

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	753.53p	836.43p	681.96p	872.21p
Return before operating charges*	105.28p	(31.66p)	201.87p	(148.36p)
Operating charges	(6.38p)	(13.08p)	(12.36p)	(11.97p)
Return after operating charges*	98.90p	(44.74p)	189.51p	(160.33p)
Distributions on income units	(14.10p)	(38.16p)	(35.04p)	(29.92p)
Closing net asset value per unit	838.33p	753.53p	836.43p	681.96p
*after direct transaction costs ¹ of:	0.49p	0.71p	0.88p	0.77p

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

Performance

Return after charges	13.12%	(5.35%)	27.79%	(18.38%)
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Other information

Closing net asset value	£54,644,904	£51,648,061	£62,733,316	£58,522,091
Closing number of units	6,518,339	6,854,127	7,500,164	8,581,509
Operating charges**	1.53%	1.53%	1.53%	1.53%
Direct transaction costs	0.06%	0.08%	0.11%	0.10%

Prices***

Highest unit price	895.71p	908.49p	883.85p	917.35p
Lowest unit price	751.82p	778.32p	654.63p	591.16p

** 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	1,569.63p	1,661.09p	1,298.66p	1,589.49p
Return before operating charges*	219.29p	(65.27p)	386.14p	(268.77p)
Operating charges	(13.29p)	(26.19p)	(23.71p)	(22.06p)
Return after operating charges*	206.00p	(91.46p)	362.43p	(290.83p)
Distributions on accumulation units	(24.69p)	(76.52p)	(67.37p)	(55.04p)
Retained distributions on accumulation units	24.69p	76.52p	67.37p	55.04p
Closing net asset value per unit	1,775.63p	1,569.63p	1,661.09p	1,298.66p

*after direct transaction costs¹ of: 1.02p 1.42p 1.68p 1.42p

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

Performance

Return after charges 13.12% (5.51%) 27.91% (18.30%)

Other information

Closing net asset value	£53,317,746	£49,850,919	£60,564,424	£57,171,363
Closing number of units	3,002,755	3,175,971	3,646,058	4,402,339
Operating charges**	1.53%	1.53%	1.53%	1.53%
Direct transaction costs	0.06%	0.08%	0.11%	0.10%

Prices***

Highest unit price	1,865.80p	1,804.20p	1,711.00p	1,671.74p
Lowest unit price	1,566.04p	1,570.81p	1,246.62p	1,077.30p

** 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	828.60p	912.85p	738.64p	937.54p
Return before operating charges*	115.85p	(35.09p)	219.18p	(160.01p)
Operating charges	(3.59p)	(7.32p)	(6.86p)	(6.60p)
Return after operating charges*	112.26p	(42.41p)	212.32p	(166.61p)
Distributions on income units	(15.00p)	(41.84p)	(38.11p)	(32.29p)
Closing net asset value per unit	925.86p	828.60p	912.85p	738.64p
*after direct transaction costs ¹ of:	0.54p	0.78p	0.95p	0.83p

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

Performance

Return after charges	13.55%	(4.65%)	28.74%	(17.77%)
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Other information

Closing net asset value	£193,368,767	£180,876,590	£220,172,087	£208,227,849
Closing number of units	20,885,307	21,829,078	24,119,084	28,190,591
Operating charges**	0.78%	0.78%	0.78%	0.78%
Direct transaction costs	0.06%	0.08%	0.11%	0.10%

Prices***

Highest unit price	987.76p	993.72p	964.32p	987.94p
Lowest unit price	826.94p	856.24p	709.47p	637.73p

** 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	30.09.22	30.09.21	30.09.20
	pence per unit	pence per unit	pence per unit	pence per unit
Change in net assets per unit				
Opening net asset value per unit	1,687.56p	1,772.54p	1,375.45p	1,670.86p
Return before operating charges*	235.92p	(70.67p)	409.97p	(283.53p)
Operating charges	(7.30p)	(14.31p)	(12.88p)	(11.88p)
Return after operating charges*	228.62p	(84.98p)	397.09p	(295.41p)
Distributions on accumulation units	(25.60p)	(82.01p)	(71.65p)	(58.07p)
Retained distributions on accumulation units	25.60p	82.01p	71.65p	58.07p
Closing net asset value per unit	1,916.18p	1,687.56p	1,772.54p	1,375.45p

*after direct transaction costs¹ of: 1.10p 1.52p 1.79p 1.50p

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

Performance

Return after charges 13.55% (4.79%) 28.87% (17.68%)

Other information

Closing net asset value	£288,058,706	£265,848,000	£310,014,886	£285,016,845
Closing number of units	15,032,946	15,753,431	17,489,879	20,721,707
Operating charges**	0.78%	0.78%	0.78%	0.78%
Direct transaction costs	0.06%	0.08%	0.11%	0.10%

Prices***

Highest unit price	2,011.71p	1,929.56p	1,824.78p	1,760.67p
Lowest unit price	1,684.15p	1,688.83p	1,321.12p	1,136.55p

** 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	854.07p	938.45p	757.36p	958.75p
Return before operating charges*	119.43p	(36.27p)	224.94p	(163.81p)
Operating charges	(2.47p)	(5.03p)	(4.71p)	(4.52p)
Return after operating charges*	116.96p	(41.30p)	220.23p	(168.33p)
Retained distributions on income units	(15.23p)	(43.08p)	(39.14p)	(33.06p)
Closing net asset value per unit	955.80p	854.07p	938.45p	757.36p
*after direct transaction costs ¹ of:	0.56p	0.80p	0.98p	0.85p

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

Performance

Return after charges	13.69%	(4.40%)	29.08%	(17.56%)
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Other information

Closing net asset value	£67,964,578	£63,876,466	£75,814,263	£71,089,586
Closing number of units	7,110,745	7,479,089	8,078,639	9,386,441
Operating charges**	0.52%	0.52%	0.52%	0.52%
Direct transaction costs	0.06%	0.08%	0.11%	0.10%

Prices***

Highest unit price	1,019.13p	1,022.38p	991.32p	1,011.08p
Lowest unit price	852.43p	882.73p	727.61p	652.98p

** 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	1,725.97p	1,808.17p	1,399.46p	1,695.60p
Return before operating charges*	241.35p	(72.44p)	417.48p	(288.07p)
Operating charges	(4.98p)	(9.76p)	(8.77p)	(8.07p)
Return after operating charges*	236.37p	(82.20p)	408.71p	(296.14p)
Distributions on accumulation units	(25.77p)	(83.77p)	(73.01p)	(59.00p)
Retained distributions on accumulation units	25.77p	83.77p	73.01p	59.00p
Closing net asset value per unit	1,962.34p	1,725.97p	1,808.17p	1,399.46p

*after direct transaction costs¹ of: 1.13p 1.55p 1.82p 1.52p

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

Performance

Return after charges 13.69% (4.55%) 29.20% (17.47%)

Other information

Closing net asset value	£73,922,343	£67,919,363	£77,908,239	£69,444,322
Closing number of units	3,767,051	3,935,145	4,308,672	4,962,209
Operating charges**	0.52%	0.52%	0.52%	0.52%
Direct transaction costs	0.06%	0.08%	0.11%	0.10%

Prices***

Highest unit price	2,059.54p	1,969.88p	1,861.11p	1,788.13p
Lowest unit price	1,722.64p	1,727.27p	1,344.47p	1,154.82p

** 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	5.32%	-20.28%	29.16%	10.78%	1.81%
I-class units	6.08%	-19.67%	30.12%	11.61%	2.57%
S-class units	6.35%	-19.46%	30.46%	11.90%	2.84%
IA UK Equity Income sector	3.59%	-20.64%	32.62%	10.84%	0.23%

Source performance data FE fundinfo, price performance based upon bid to bid prior to 21.01.19 and single price (mid) thereafter, net income re-invested.

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 (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
Oil and Gas (30.09.22: 10.29%)		
5,000,000 BP	25,540,000	3.49
1,100,000 Shell	25,388,000	3.47
	50,928,000	6.96
Mining (30.09.22: 7.31%)		
920,000 BHP	23,542,800	3.22
410,000 Rio Tinto	22,455,700	3.07
	45,998,500	6.29
Aerospace and Defence (30.09.22: 4.18%)		
2,900,000 BAE Systems	28,495,400	3.90
Industrial Engineering (30.09.22: 3.30%)		
300,000 DCC	14,151,000	1.94
900,000 IMI	13,797,000	1.89
	27,948,000	3.83
Construction and Materials (30.09.22: 1.58%)		
370,000 Bellway	8,165,900	1.12
1,500,000 Redrow	7,143,000	0.98
	15,308,900	2.10
Real Estate (30.09.22: 1.75%)		
1,400,000 Big Yellow	16,338,000	2.23
Support Services (30.09.22: 7.53%)		
300,000 Ashtead	14,865,000	2.03
500,000 Experian	13,300,000	1.82
5,000,000 Hays	5,570,000	0.76
2,100,000 Page	9,584,400	1.31
	43,319,400	5.92
Household Goods (30.09.22: 5.58%)		
840,000 Persimmon	10,542,000	1.44
350,000 Reckitt Benckiser	21,553,000	2.95
7,500,000 Taylor Wimpey	8,917,500	1.22
	41,012,500	5.61

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

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
Tobacco (30.09.22: 7.08%)		
600,000 Altria	21,642,606	2.96
820,000 British American Tobacco	23,292,100	3.19
	44,934,706	6.15
Pharmaceuticals and Biotechnology (30.09.22: 7.86%)		
250,000 Astrazeneca	28,080,000	3.84
600,000 Dechra Pharmaceuticals	15,888,000	2.17
500,000 GSK	7,145,000	0.98
135,000 Novartis	10,009,437	1.37
30,000 Roche	6,929,253	0.95
	68,051,690	9.31
General Retailers (30.09.22: 1.84%)		
2,500,000 B&M European Value Retail	12,050,000	1.65
5,500,000 Halfords	9,614,000	1.31
	21,664,000	2.96
Media (30.09.22: 5.51%)		
800,000 Relx	20,936,000	2.86
2,500,000 WPP	23,965,000	3.28
	44,901,000	6.14
Electricity (30.09.22: 2.92%)		
1,400,000 SSE	25,242,000	3.45
Gas, Water and Multiutilities (30.09.22: 2.33%)		
1,900,000 National Grid	20,824,000	2.85
Banks (30.09.22: 10.58%)		
1,500,000 Close Brothers	13,515,000	1.85
61,500,000 Lloyds Banking	29,320,125	4.01
11,000,000 NatWest	28,996,000	3.97
	71,831,125	9.83
Non-Life Insurance (30.09.22: 1.71%)		
1,320,000 Hiscox	14,632,200	2.00

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

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
General Financial (30.09.22: 8.66%)		
2,500,000 Aviva	10,105,000	1.38
12,000,000 Legal & General	28,668,000	3.92
500,000 Sampo Oyj	19,111,403	2.61
	57,884,403	7.91
Travel & Leisure (30.09.22: 0.00%)		
400,000 Compass	8,132,000	1.11
General Industrials (30.09.22: 2.03%)		
390,000 Smurfit Kappa	11,411,400	1.56
3,100,000 Vesuvius	12,827,800	1.75
	24,239,200	3.31
Leisure Goods (30.09.22: 1.36%)		
175,407 Games Workshop	16,909,235	2.31
Financials (30.09.22: 1.42%)		
2,300,000 One Savings Bank	11,076,800	1.51
Total value of investments (30.09.22: 95.72%)	699,671,059	95.68
Net other assets (30.09.22: 4.28%)	31,605,985	4.32
Total value of the fund as at 31 March 2023	731,277,044	100.00

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

Sectors eliminated since the beginning of the period:

Beverages 0.90%

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

	31.03.23 £	31.03.22 £	31.03.22 £	31.03.21 £
Income				
Net capital gains		79,224,846		26,377,315
Revenue	15,120,556		14,605,290	
Expenses	(3,098,577)		(3,428,503)	
Net revenue before taxation	12,021,979		11,176,787	
Taxation	(324,365)		(217,828)	
Net revenue after taxation		11,697,614		10,958,959
Total return before distributions		90,922,460		37,336,274
Distributions		(10,950,464)		(11,847,446)
Change in net assets attributable to unitholders from investment activities		79,971,996		25,488,828

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

	31.03.23 £	31.03.22 £	31.03.21 £	31.03.20 £
Opening net assets attributable to unitholders		680,019,399		807,207,215
Amounts receivable on issue of units	7,048,632		7,883,877	
Amounts payable on cancellation of units	(41,330,016)		(56,241,187)	
		(34,281,384)		(48,357,310)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		79,971,996		25,488,828
Retained distributions on accumulation units		5,560,583		5,995,001
Unclaimed distributions		6,450		8,405
Closing net assets attributable to unitholders		731,277,044		790,342,139

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		699,671,059		650,898,486
Current assets:				
Debtors	18,166,462		4,184,569	
Cash and bank balances	31,655,522		36,043,881	
Total current assets		49,821,984		40,228,450
Total assets		749,493,043		691,126,936
Liabilities				
Creditors:				
Other creditors		(13,081,151)	(1,463,025)	
Distribution payable on income units		(5,134,848)	(9,644,512)	
Total liabilities		(18,215,999)		(11,107,537)
Net assets attributable to unitholders		731,277,044		680,019,399

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 £88,327,019 and £118,868,984 respectively.

Distribution tables for the half year ended 31 March 2023

Distribution table (pence per unit)

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 March 2023

R-class income units	Income	Equalisation	Payable 31.05.23	Paid 31.05.22
Group 1	14.10	–	14.10	13.96
Group 2	8.96	5.14	14.10	13.96
R-class accumulation units	Income	Equalisation	Allocated 31.05.23	Accumulated 31.05.22
Group 1	24.69	–	24.69	24.45
Group 2	7.54	17.15	24.69	24.45
I-class income units	Income	Equalisation	Payable 31.05.23	Paid 31.05.22
Group 1	15.00	–	15.00	14.85
Group 2	7.61	7.39	15.00	14.85
I-class accumulation units	Income	Equalisation	Allocated 31.05.23	Accumulated 31.05.22
Group 1	25.60	–	25.60	25.35
Group 2	10.89	14.71	25.60	25.35
S-class income units	Income	Equalisation	Payable 31.05.23	Paid 31.05.22
Group 1	15.23	–	15.23	15.08
Group 2	6.47	8.76	15.23	15.08
S-class accumulation units	Income	Equalisation	Allocated 31.05.23	Accumulated 31.05.22
Group 1	25.77	–	25.77	25.51
Group 2	8.55	17.22	25.77	25.51

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 Income Fund
31 May 2023

General information

Authorised status

The Rathbone Income Fund is an authorised unit trust scheme, established by a Trust Deed dated 12 February 1971 and launched in February 1971.

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 the R-class is £100,000,000. The minimum initial investment for I-class units is £1,000. The minimum initial investment for 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 1.50%.

The Manager currently receives an annual remuneration for managing the I-class property of the fund at the rate of 0.75%.

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

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 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 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 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. Where periodic charge is wholly or partly taken out of the fund's capital, distributable income will be increased at the expense of capital which will either be eroded or future growth restrained.

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 Fund
Rathbone Ethical Bond Fund
Rathbone Global Opportunities 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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