Rathbones
Look forward

Rathbone Strategic Bond Fund

Annual report for the year ended 30 June 2023

Contents

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
Facsimile 0330 123 3812

Registrar

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

Independent Auditor

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow G1 3BX

Directors of the Manager

RP Stockton – Chairman
MM Webb – Chief Executive Officer
T Carroll – Chief Investment Officer
E Renals – Chief Operating Officer (appointed 3 July)
JM Ardouin – Finance Director (resigned 14 March 2023)
MS Warren – Non-Executive Director
J Lowe – Non-Executive Director

Administrator

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

Trustee

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

Investment objective and policy

Investment objective

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

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

Investment strategy

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

Character: Whether a company's managers have integrity and competence Capacity: Ensuring a company isn't over-borrowing and has the cash to pay its debts Collateral: Are there assets backing the loan, which reduces the risk of a loan; Covenants: These loan agreements set out the terms of the bond and restrictions on the company; Conviction: The Plus: We think differently to the market; sometimes contrarian, sometimes sceptical of orthodox thinking, but always opinionated.

Investment policy

To meet the objective, the fund manager will invest in government and corporate bonds, with no restriction on their credit quality. Up to 10% of the fund can be invested directly in contingent convertible bonds. The fund will also use a mixture of specialist funds and direct investment in bonds, with no limits on either.

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

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.

Fund performance

In the year ended 30 June 2023, our fund lost 0.73%, while our benchmark, the IA Sterling Strategic Bond sector, fell 0.19%.

Market overview

For most of the period, the biggest story in global bond markets was central banks' forceful pivot away from low interest rates as they sought to choke off sky-high inflation. High rates and higher inflation erode 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 then-Chancellor Kwasi Kwarteng unveiled his ill-fated mini-budget. It aimed to kickstart economic growth with a massive package of help with energy bills, huge tax cuts and a raft of regulatory reforms. Its main effect was to inject significant extra spending power into an economy already struggling with high inflation. Investors feared this could further inflame hot prices, forcing more aggressive and faster Bank of England (BoE) rate rises than they'd previously expected.

They immediately demanded a higher premium for holding UK assets via a cheaper currency and lower government debt prices. The value of sterling slumped to an all-time low versus the US dollar and UK government bond (gilt) yields ballooned. The yield on 10-year gilts rose from 2.24% on 1 July to hit an intra-day peak of 4.63% on 12 October. A hasty U-turn from new Chancellor Jeremy Hunt signalled that government fiscal policy (public spending, taxation and public sector borrowing) was no longer at cross currents with BoE monetary (interest rate) policy, allowing yields to fall back toward 3.00%.

The drop in bond yields was short-lived, however, as persistent UK inflation pushed the BoE to continue hiking rates aggressively in 2023. By the end of June the 10-year UK government bond yield was 4.39%. In early July, it almost broke 4.70%.

It was an eventful year for corporate bonds. Credit spreads seesawed wildly over the past 12 months yet still finished better than they began. The credit spread is the extra yield (or spread) that corporate debt offers relative to government bonds for taking on default risks. The iTraxx European Crossover Index, which measures this spread, started the period at 580 basis points (bps) and ended at 411bps. In between was a lot of movement. It soared above 650bps in September as concerns about the mini-budget led to huge sales of UK assets, fell to 300 bps in early February as the economy hummed along, and then jumped to near 520bps in March as several regional US banks collapsed. It then ground downward for the rest of the period.

Because inflation retreated much more quickly in the US and Europe than in the UK, their central banks have had more flexibility when it comes to setting rates. The US Federal Reserve (Fed) has taken advantage: after raising rates by a quarter percentage point in May, it kept them on hold in June to assess how the rapid increase in rates is affecting its economy. Fed Chair Jay Powell stressed that the June pause doesn't mean US rates have peaked, signalling more hikes are on the way to get inflation firmly under control. The European Central Bank was slower than either the Fed or the BoE to start raising rates so it continued hiking even though the Euro Area officially went into recession in June after two successive quarters of contracting GDP.

While it's only the Euro Area that's sunk into an outright recession so far, it feels like it's too soon to be popping any champagne corks. For quite a while, bond markets have been flashing big red warning signs that investors believe recessions are on the way elsewhere. These show up in the outsized increases in the yields of shorter-dated bonds that's driven them way above those of longer-term ones. Yield curves, which plot the differences in yields that investors demand in compensation for lending their money over various periods, usually slope up.

When bonds that mature soon yield more than those maturing further into the future, yield curves have 'inverted'. This is viewed as an omen of economic trouble ahead. It suggests that while investors expect rates to rise near-term, they also believe that these higher rates will eventually slow GDP growth so much that economies will start to shrink, forcing central banks to start cutting rates. The already extreme inversion of the UK yield curve got ever more eye-watering as the quarter progressed. At the time of writing, two-year UK government bonds (gilts) were yielding almost 1 percentage point more than their 10-year counterparts.

Fund activity

We bought and sold the UK 1.5% Green Gilt 2053 several times throughout the year as yields and expectations of inflation and interest rates seesawed. Longer-dated bonds are more sensitive to prevailing interest rates. This very long-dated 2053 bond allowed us to quickly change the sensitivity of our portfolio to changes in prevailing rates (otherwise known as duration). Another bond we traded a lot, for the same reason, was the UK Treasury 0.875% 2033. We bought both of these bonds in the final quarter of the period to start bolstering our duration as we anticipate the peak of UK rates in the coming months.

We sold the UK Treasury 1% 2024 to reduce our exposure to gilts ahead of Kwarteng's mini-budget, which we felt presented a risk to gilt prices.

In late 2022, following the mini-budget, we bought the UK Index-linked Gilt 0.125% 2029. This bond's coupon payments and the capital it repays at maturity are pegged to RPI inflation. At the time we bought them, we felt index-linked gilt prices underestimated future inflation. This certainly turned out to be the case in the first half of 2023.

As gilt yields rose from exceptionally low levels we sold the Pacific Capital G10 Macro Rates Fund. This fund buys and sells derivatives, government bonds and foreign currencies to make money from changes in inflation, interest rates and fluctuations in exchange rates. The strategy has a low correlation to bond markets, i.e. its returns are very different to those of bond markets. This allowed us to reduce our exposure to bonds while yields were low. After gilt prices had fallen, raising yields and making them more attractive, we no longer needed this fund, so we sold it.

We sold units in the Muzinich Americayield Fund during the first half of the period. This fund focuses on US high-yield securities with less robust credit fundamentals than investment-grade corporate bonds. We felt we could find more attractive investment opportunities elsewhere given the big moves in bond prices and yields at the time. In our opinion, these fluctuations had left US high-yield bonds in particular looking a bit too expensive.

In the fourth quarter of 2022, a resurgence in investors' appetite for corporate bonds led us to add to our holding in the higher-yielding Pareto Nordic Corporate Bond Fund. As its name suggests, Pareto invests in a portfolio of diverse Nordic corporate bonds offering an attractive combination of high yields and low duration.

In the second quarter of 2023 we bought the US Treasury Inflation-Protected Securities (TIPS) 0.125% 2025. We thought the bond was trading at an attractive real yield (stripping out inflation) and protected us should US inflation prove stickier than anticipated. The coupon and the capital on TIPS rise and fall in line with inflation, just like the index-linked gilt mentioned earlier.

Outlook

Lots of things are still very uncertain right now and there are risks involved both in being too near-sighted and in looking too far into the future. So while we've been adding duration to our funds, we've also been building what's known as a 'barbell' structure. In bond investing, a barbell combines significant weightings of short-dated bonds with significant weightings of much longer-dated ones — with relatively fewer in the middle.

It's been a wild year already. We can't believe that we're more than halfway through 2023. We don't know what else is in store for us, but we're trying to ensure that our portfolio is well prepared. For the first time in years and years, yields on bonds are back where they used to be. Since the Global Financial Crisis, with interest rates stapled to zero percent, the income you received from bonds and cash was often derisory. The seismic shift in interest rates has ramped up the risk of economies and businesses going pop. But it has also reintroduced solid returns for bond markets that aren't dependent on a hunt for yield that led more and more people (and central banks) to buy ever more at higher prices. Times of great change bring both risks and opportunities. We're excited about making the most of them.

Bryn Jones and Stuart Chilvers
Fund Managers
14 July 2023

Net asset value per unit and comparative tables

I-class income units

	30.06.23 pence per unit	30.06.22 pence per unit	30.06.21 pence per unit
Change in net assets per unit			
Opening net asset value per unit	100.02p	117.50p	113.23p
Return before operating charges*	(0.17p)	(12.58p)	9.49p
Operating charges	(0.55p)	(0.64p)	(0.66p)
Return after operating charges*	(0.72p)	(13.22p)	8.83p
Distributions on income units	(5.10p)	(4.26p)	(4.56p)
Closing net asset value per unit	94.20p	100.02p	117.50p
*after direct transaction costs[1] of:	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	(0.72%)	(11.25%)	7.80%

Other information

Closing net asset value	£44,799,916	£56,238,433	£96,102,477
Closing number of units	47,558,573	56,225,669	81,789,803
Operating charges**	0.64%	0.75%	0.80%
Direct transaction costs	0.00%	0.00%	0.00%

Prices***

Highest unit price	103.07p	119.17p	120.20p
Lowest unit price	90.43p	101.55p	113.64p

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

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

Net asset value per unit and comparative tables

I-class accumulation units

	30.06.23 pence per unit	30.06.22 pence per unit	30.06.21 pence per unit
Change in net assets per unit			
Opening net asset value per unit	144.12p	162.89p	151.03p
Return before operating charges*	(0.10p)	(17.88p)	12.75p
Operating charges	(0.81p)	(0.89p)	(0.89p)
Return after operating charges*	(0.91p)	(18.77p)	11.86p
Distributions on accumulation units	(7.50p)	(5.99p)	(6.17p)
Retained distributions on accumulation units	7.50p	5.99p	6.17p
Closing net asset value per unit	143.21p	144.12p	162.89p
*after direct transaction costs[1] of:	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	(0.63%)	(11.52%)	7.85%

Other information

Closing net asset value	£78,108,819	£90,164,654	£112,046,504
Closing number of units	54,541,226	62,560,699	68,785,577
Operating charges**	0.64%	0.75%	0.80%
Direct transaction costs	0.00%	0.00%	0.00%

Prices***

Highest unit price	148.44p	165.20p	163.36p
Lowest unit price	131.90p	144.52p	151.37p

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

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

Risk and reward profile

Risk and reward profile as published in the fund's most recent Key Investor Information Document

1	2	3	4	5	6	7

Lower potential risk/reward
(Not risk-free)

Higher potential risk/reward

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

Discrete annual performance

Quarter ending 30 June 2023

	2019	2020	2021	2022	2023
I-class units	3.20%	2.83%	7.86%	-11.53%	-0.73%
IA Sterling Strategic Bond Sector	5.33%	3.79%	6.13%	-10.20%	-0.19%

Source performance data Financial Express, bid to bid, 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 30 June 2023

Holding (Bonds unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
United Kingdom (30.06.22: 45.26%)			
Government Bonds (30.06.22: 2.84%)			
£1,500,000	UK Treasury Bill 0% 2023	1,472,265	1.20
£10,150,000	UK Treasury 0.875% 2033	7,272,881	5.92
£18,684,000	UK Treasury Gilt 1.5% 2053	9,747,816	7.93
		18,492,962	**15.05**
Government Index-Linked Bonds (30.06.22: 3.71%)			
£900,000	UK Treasury 0.125% Index-Linked 2026	1,252,011	1.02
£3,000,000	UK Treasury 0.125% 2029	4,516,145	3.67
		5,768,156	**4.69**
Corporate Bonds (30.06.22: 37.06%)			
£259,000	A2Dominion Housing 3.5% 2028	225,514	0.18
$200,000	abrdn 4.25% 2028	137,138	0.11
£200,000	Abrdn 5.25% VRN perp	159,720	0.13
£800,000	Admiral Group 8.5% 2034	806,672	0.66
$789,729	Ardonagh Midco 2 11.5% 2027	571,480	0.47
£452,000	Aviva 4% VRN 2055	337,309	0.27
£300,000	Aviva 4.375% VRN 2049	252,828	0.21
£2,129,000	Aviva 6.875% VRN 2058	2,342,271	1.91
£522,000	Aviva 6.875% VRN Perp	433,004	0.35
€1,400,000	Barclays Bank 4.75% VRN perp	1,066,423	0.87
€500,000	BP Capital Markets 3.625% VRN Perp	372,835	0.30
£500,000	Brit Insurance 6.625% VRN 2030	365,000	0.30
£514,000	Bruntwood 6% 2025	483,160	0.39
£727,000	BUPA Finance 4.125% 2035	536,477	0.44
£550,000	BUPA Finance 5% 2026	509,498	0.41
£500,000	Channel Link FRN 2050	378,372	0.31
£773,000	Close Brothers 2% VRN 2031	621,119	0.51
£800,000	Co Operative Bank Finance 9.5% VRN 2029	786,200	0.64
£1,050,000	Coventry Building Society 6.875% VRN perp	968,772	0.79
£616,000	Dignity Finance 4.6956% 2049	392,134	0.32
£300,000	Direct Line Insurance 4% 2032	215,721	0.18
£400,000	Finance for Residential Social Housing 8.569% 2058	246,346	0.20
€1,300,000	HBOS 4.5% VRN 2030	1,085,028	0.88
£45,000	HBOS 5.75% VRN perp	43,296	0.04
£150,000	Iceland Bondco 4.625% 2025	142,500	0.12
€200,000	Investec Bank 1.25% VRN 2026	150,500	0.12

Holding (Bonds unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
£1,049,000	Investec Bank 1.875% VRN 2028	820,600	0.67
£933,000	Investec Bank 2.625% VRN 2032	730,703	0.59
£108,000	Investec Bank 4.25% VRN 2028	107,280	0.09
£386,000	Investec 9.125% VRN 2033	374,710	0.30
£629,000	Jupiter Fund Management 8.875% VRN 2030	637,177	0.52
£1,557,000	Just 7% VRN 2031	1,481,615	1.21
£100,000	Just 8.125% 2029	100,907	0.08
£700,000	Just 9% 2026	729,649	0.59
£599,000	Legal & General 3.75% VRN 2049	482,523	0.39
£245,000	Legal & General 4.5% VRN 2050	204,466	0.17
$400,000	Legal & General 5.25% VRN 2047	299,078	0.24
£225,000	Legal & General 5.375% VRN 2045	213,299	0.17
£555,000	Legal & General 5.625% VRN perp	427,088	0.35
£940,000	Liverpool Victoria Friendly Society 6.5% VRN 2043	915,744	0.75
£1,600,000	Lloyds Banking 2.707% VRN 2035	1,155,552	0.94
AUD390,000	Lloyds Banking 5.3906% VRN 2027	200,369	0.16
$400,000	Lloyds Banking 7.5% VRN Perp	300,547	0.24
£557,000	M&G 3.875% VRN 2049	536,729	0.44
£300,000	M&G 5% VRN 2055	255,328	0.21
£378,000	M&G 5.625% VRN 2051	333,288	0.27
£200,000	M&G 6.25% VRN 2068	168,618	0.14
£560,000	Nationwide Building Society 5.769% perp	530,600	0.43
£300,000	Nationwide Building Society 7.859% VRN perp	295,272	0.24
£5,400	Nationwide Building Society 10.25% VRN perp	618,435	0.50
€450,000	NatWest 1.043% VRN 2032	314,834	0.26
€747,000	NatWest 3.619% VRN 2029	640,836	0.52
£1,000,000	NatWest Markets 6.625% 2026	990,025	0.81
£625,000	Paragon 4.375% VRN 2031	522,240	0.42
£1,656,000	Paragon 6% 2024	1,637,784	1.33
£500,000	Pension Insurance 4.625% 2031	402,146	0.33
£900,000	Pension Insurance 5.625% 2030	778,302	0.63
£750,000	Pension Insurance 7.375% VRN perp	633,669	0.52
£600,000	Pension Insurance 8% 2026	597,028	0.49
$1,300,000	Phoenix 4.75% VRN 2031	931,278	0.76
£335,000	Places For People Finance 4.25% 2023	330,021	0.27
£200,000	Quilter 8.625% VRN 2033	203,119	0.17
£600,000	Reassure 5.867% 2029	535,094	0.44
£341,000	RL Finance 10.125% VRN Perp	335,459	0.27
£2,864,000	RL Finance Bonds 4.875% VRN 2049	2,075,065	1.69

Holding (Bonds unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
£700,000	RL Finance Bonds 6.125% 2028	650,260	0.53
£1,740,000	Rothesay Life 3.375% 2026	1,542,840	1.26
$1,547,000	Rothesay Life 4.875% VRN perp	902,854	0.73
£1,700,000	Rothesay Life 5% VRN perp	1,081,625	0.88
£605,000	Rothesay Life 5.5% VRN 2029	586,576	0.48
£779,000	Royal Bank of Scotland 3.622% VRN 2030	716,412	0.58
£861,000	Scottish Widows 7% 2043	826,446	0.67
£500,000	Shawbrook 9% VRN 2030	477,500	0.39
£598,000	Skipton Building Society 6.25% VRN 2029	563,974	0.46
$300,000	Standard Chartered 6.409% VRN perp	216,963	0.18
$1,000,000	Standard Chartered 7.014% VRN perp	754,308	0.61
$250,000	TP ICAP Finance 7.875% 2030	236,591	0.19
£800,000	Utmost 4% 2031	576,904	0.47
£484,000	Virgin Money UK 2.625% VRN 2031	391,692	0.32
£635,000	Virgin Money UK 5.125% VRN 2030	569,682	0.46
£300,000	Virgin Money UK 7.875% VRN 2028	297,453	0.24
£200,000	Virgin Money UK 8.25% VRN Perp	167,494	0.14
£709,000	Yorkshire Building Society 3.375% VRN 2028	589,047	0.48
		47,624,415	**38.78**
Collective Investment Schemes (30.06.22: 1.52%)			
Equities (30.06.22: 0.13%)			
125,000	Santander UK 10.375% preference perp	**158,125**	**0.13**
Total United Kingdom		**72,043,658**	**58.65**
Australia (30.06.22: 2.32%)			
Corporate Bonds (30.06.22: 1.70%)			
$1,330,000	Australia and New Zealand Banking FRN perp	**959,722**	**0.78**
Public Authorities (30.06.22: 0.62%)			
AUD 3,000,000	New South Wales Treasury 2.5% 2032	1,315,554	1.07
AUD 1,500,000	Queensland Treasury Corporation 1.25% 2031	622,119	0.51
		1,937,673	**1.58**
Total Australia		**2,897,395**	**2.36**

Holding (Bonds unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
Bermuda (30.06.22: 0.99%)			
Corporate Bonds (30.06.22: 0.99%)			
£780,000	Hiscox 6.125% VRN 2045	737,444	0.60
$600,000	Lancashire 5.625% VRN 2041	390,058	0.32
		1,127,502	**0.92**
Non Equity Invest Instruments (30.06.22 : 0.00%)			
126	CATCo Reinsurance Opportunities Fund	**9,118**	**0.01**
Total Bermuda		**1,136,620**	**0.93**
Canada (30.06.22: 0.76%)			
Corporate Bonds (30.06.2022: 0.76%)			
CAD 1,500,000	Scotiabank Capital Trust 5.65% VRN 2056	**920,420**	**0.75**
Cayman Islands (30.06.22: 0.62%)			
Corporate Bonds (30.06.22: 0.62%)			
£200,000	Phoenix 5.625% 2031	**173,529**	**0.14**
Channel Islands (30.06.22: 5.98%)			
Corporate Bonds (30.06.22: 3.40%)			
£437,900	Burford Capital 5% 2026	396,624	0.32
£1,550,000	HSBC Bank 5.844% VRN perp	1,550,000	1.26
$1,000,000	HSBC Capital Funding LP 10.176% VRN perp	966,820	0.79
£1,567,000	Rothschild 9% perp	1,590,521	1.29
		4,503,965	**3.66**
Non-Equity Investment Trusts (30.06.22: 2.58%)			
€4,920,392	Chenavari Toro	1,815,632	1.48
£566,645	KKV Secured Loan Fund	32,865	0.02
		1,848,497	**1.50**
Total Channel Islands		**6,352,462**	**5.16**
Czech Republic (30.06.22: 0.00%)			
Corporate Bonds (30.06.22: 0.00%)			
$400,000	EnergoPro 8.5% 2027	**298,108**	**0.24**

Holding (Bonds unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
Denmark (30.06.22: 0.00%)			
Corporate Bonds (30.06.22: 0.00%)			
€300,000	European Energy 2025	**247,119**	**0.20**
Finland (30.06.22: 0.11%)			
Corporate Bonds (30.06.22: 0.11%)			
€500,000	Finnair Oyj 4.25% 2025	**399,036**	**0.32**
France (30.06.22: 5.40%)			
Corporate Bonds (30.06.22: 5.40%)			
€200,000	AXA 0% VRN perp	137,303	0.11
$2,200,000	AXA 6.379% VRN perp	1,837,175	1.49
$1,510,000	BNP Paribas FRN perp	1,080,820	0.88
£300,000	BPCE 2.5% VRN 2032	237,007	0.19
AUD 500,000	BPCE 4.5% 2028	236,165	0.19
£500,000	BPCE 5.25% 2029	444,098	0.36
AUD 870,000	BPCE 6.3424% VRN 2028	447,743	0.36
£600,000	Credit Agricole 1.874% VRN 2031	488,755	0.40
$1,240,000	Orange 9% 2031 Step	1,198,279	0.97
Total France		**6,107,345**	**4.95**
Germany (30.06.22: 1.24%)			
Corporate Bonds (30.06.22: 1.24%)			
£200,000	Commerzbank 8.625% VRN 2033	192,122	0.16
€1,100,000	Fuerstenberg Capital II GmbH 5.625% Perp	492,232	0.40
Total Germany		**684,354**	**0.56**
Greece (30.06.22: 0.14%)			
Corporate Bonds (30.06.22: 0.14%)			
€250,000	Piraeus Bank 9.75% VRN 2029	**215,167**	**0.17**
Hong Kong (30.06.22: 0.24%)			
Corporate Bonds (30.06.22: 0.24%)			
$550,000	HSBC Bank FRN perp	**430,556**	**0.35**

Holding (Bonds unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
Ireland (30.06.22: 19.32%)			
Collective Investment Schemes (30.06.22: 13.80%)			
39,700	Muzinich Asia Credit Opportunities Fund*	2,655,136	2.16
195,000	Pacific G10 Macro Rates Fund*	2,026,245	1.65
		4,681,381	**3.81**
Corporate Bonds (30.06.22: 3.68%)			
$2,320,000	Beazley 5.875% 2026	1,760,963	1.43
$1,882,000	Beazley Insurance DAC 5.5% 2029	1,354,489	1.10
$2,382,000	Zurich Finance Ireland Designated 3% VRN 2051	1,477,728	1.20
		4,593,180	**3.73**
Non-Equity Investment Trusts (30.06.22: 1.50%)			
Equities (30.06.22: 0.34%)			
217,718	Greencoat Renewables	**190,196**	**0.15**
Total Ireland		**9,464,757**	**7.69**
Italy (30.06.22: 0.19%)			
Corporate Bonds (30.06.22: 0.19%)			
€400,000	Almaviva The Italian Innovation 4.875% 2026	330,748	0.27
€318,000	Assicurazioni Generali 5.8% 2032	284,630	0.23
£650,000	Assicurazioni Generali 6.269% perp	629,312	0.51
€600,000	Poste Italiane 2.625% VRN Perp	390,026	0.32
Total Italy		**1,634,716**	**1.33**
Luxembourg (30.06.22: 5.32%)			
Collective Investment Schemes (30.06.22: 4.75%)			
31,500	Pareto SICAV — Pareto Nordic Corporate Bond*	**3,930,878**	**3.20**
Corporate Bonds (30.06.22: 0.16%)			
Corporate Convertibles (30.06.22: 0.41%)			
€2,000,000	Mitsubishi UFJ Investor Services & Banking FRN 2050	793,782	0.65
Total Luxembourg		**4,724,660**	**3.85**

Holding (Bonds unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
Mauritius (30.06.22: 0.00%)			
Corporate Bonds (30.06.22: 0.0%)			
$500,000	Axian Telecom 7.375% 2027	**356,904**	**0.29**
Netherlands (30.06.22: 2.35%)			
Corporate Bonds (30.06.22: 2.35%)			
$400,000	IHS Netherlands Holdco 8% 2027	286,467	0.23
€900,975	Stichting AK Rabobank Certificaten 6.5% perp Step	717,111	0.58
$300,000	Ziggo 4.875% 2030	195,838	0.16
Total Netherlands		**1,199,416**	**0.97**
Norway (30.06.22: 0.49%)			
Corporate Bonds (30.06.22: 0.49%)			
€300,000	B2Holding 2024	**255,512**	**0.21**
Spain (30.06.22: 1.84%)			
Corporate Bonds (30.06.22: 1.84%)			
£1,500,000	Banco Bilbao Vizcaya Argent 3.104% VRN 2031	1,281,463	1.04
€717,100	Banco Santander 1% VRN perp	552,009	0.45
£800,000	Banco Santander 2.25% VRN 2032	631,621	0.51
€450,000	Banco Santander FRN perp	293,292	0.24
Total Spain		**2,758,385**	**2.24**
South Africa (30.06.22: 0.00%)			
Public Authorities (30.06.22: 0.00%)			
$200,000	Eskom 7.125% 2025	**154,337**	**0.13**
Sweden (30.06.22: 0.05%)			
Corporate Bonds (30.06.22: 0.05%)			
£461,000	Volvo Treasury 6.125% 2028	**458,251**	**0.37**

Holding (Bonds unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
United States (30.06.22: 3.18%)			
Government Index-linked (30.06.22: 0.00%)			
$5,100,000	US Treasury 0.125% Index-Linked 2025	**4,480,979**	**3.65**
Corporate Bonds (30.06.22: 3.11%)			
$300,000	BAC Capital Trust 4% VRN perp	181,696	0.15
$200,000	Burford Capital Global Finance 6.25% 2028	144,728	0.12
$1,500,000	Dresdner Funding Trust 8.151% 2031	1,256,210	1.02
$400,000	Ford Motor 3.37% 2023	311,401	0.25
$1,000,000	HSBC USA 7.2% 2097	833,420	0.68
$957,000	WK Kellogg Foundation Trust 2.443% 2050	486,055	0.40
		3,213,510	**2.62**
Corporate Convertibles (30.06.22: 0.07%)			
Total United States		**7,694,489**	**6.27**
Alternative Investments (30.06.22: 0.00%)			
Alternative Investments (30.06.22: 0.00%)			
150	iTraxx Warrants 2023 JPM	**15,189**	**0.01**
Forward Foreign Exchange Contracts (30.06.22: (0.09%))			
	Buy £24,042,017 Sell $30,273,611	233,061	0.19
	Buy £9,919,284 Sell €11,507,957	7,888	0.01
	Buy £2,830,669 Sell AUD5,243,117	80,158	0.06
	Buy £879,176 Sell CAD1,476,212	791	–
Total Forward Foreign Exchange Contracts		**321,898**	**0.26**
Total value of investments (30.06.22: 95.71%)		120,944,283	98.40
Net other assets (30.06.22: 4.29%)		1,964,452	1.60
Total value of the fund as at 30 June 2023		**122,908,735**	**100.00**

* Collective Investment Schemes
VRN = Variable Rate Note
perp = perpetual
FRN = Floating Rate Note

Summary of portfolio investments

	Value £	Percentage of total net assets
Debt Securities	109,789,001	89.33
Equity Securities	348,321	0.28
Pooled Investment Vehicles	10,469,874	8.52
Structured Products	15,189	0.01
Derivatives	321,898	0.26
Total value of investments	**120,944,283**	**98.40**

Statement of total return for the year ended 30 June 2023

	Note	30.06.23 £	30.06.23 £	30.06.22 £	30.06.22 £
Income					
Net capital losses	3		**(7,712,446)**		(27,037,242)
Revenue	4	**7,243,835**		7,145,894	
Expenses	5	**(786,543)**		(1,066,869)	
Interest payable and similar charges	6	**(210)**		(2,217)	
Net revenue before taxation		**6,457,082**		6,076,808	
Taxation	7	**(11,938)**		(1,393)	
Net revenue after taxation			**6,445,144**		6,075,415
Total return before distributions			**(1,267,302)**		(20,961,827)
Distributions	8		**(7,234,650)**		(7,148,437)
Change in net assets attributable to unitholders from investment activities			**(8,501,952)**		(28,110,264)

Statement of change in net assets attributable to unitholders for the year ended 30 June 2023

	30.06.23 £	30.06.23 £	30.06.22 £	30.06.22 £
Opening net assets attributable to unitholders		**146,403,087**		208,148,981
Amounts receivable on issue of units	**20,097,010**		19,191,780	
Amounts payable on cancellation of units	**(39,563,817)**		(56,811,779)	
		(19,466,807)		(37,619,999)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		**(8,501,952)**		(28,110,264)
Retained distributions on accumulation units		**4,474,407**		3,984,369
Closing net assets attributable to unitholders		**122,908,735**		146,403,087

Balance sheet as at 30 June 2023

	Note	30.06.23 £	30.06.23 £	30.06.22 £	30.06.22 £
Assets					
Fixed assets:					
Investments			**120,944,283**		140,300,004
Current assets:					
Debtors	*9*	**1,692,144**		5,155,634	
Cash and bank balances		**2,478,920**		3,817,643	
Total current assets			**4,171,064**		8,973,277
Total assets			**125,115,347**		149,273,281
Liabilities					
Investment liabilities		**–**		(174,646)	
Creditors:					
Bank overdrafts		**(26)**		–	
Other creditors	*10*	**(1,483,696)**		(1,992,727)	
Distribution payable on income units		**(722,890)**		(702,821)	
Total liabilities			**(2,206,612)**		(2,870,194)
Net assets attributable to unitholders			**122,908,735**		146,403,087

1 Accounting policies

a) Basis of accounting

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

As stated in the Statement of the Manager's responsibilities in relation to the report and accounts of the Company on page 36, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the fund.

There are no significant judgments or sources of estimation uncertainty.

b) Recognition of revenue

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

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

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

Management fee rebates arising from the holding of units or shares in underlying funds are recognised on an accrual basis. Where the policy of the underlying fund is to charge its management fee to capital, in determining its distributions, then the management fee rebates are recognised in capital. Otherwise, the management fee rebates are recognised in revenue.

c) Treatment of scrip and special dividends

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

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

d) Treatment of expenses

All expenses are charged against capital.

e) Basis of valuation of investments

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

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

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

During the year the fund entered into derivative transactions in the form of forward foreign currency contracts. For forward foreign currency contracts, market value is determined by reference to forward currency exchange rates at the year end.

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

Unquoted investments are valued at fair value, which represents the Manager's view of the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that its current shareholders have an intention to sell their holding in the near future.

1 Accounting policies *(continued)*

e) Basis of valuation of investments *(continued)*

The unquoted investments are valued by the Manager based upon information from an independent valuation firm, taking into account, where appropriate, latest dealing prices, achievement or not of key milestones, valuations from reliable sources, financial performance, and other relevant factors.

f) Exchange rates

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

g) Taxation/Deferred Tax

i) Corporation tax is provided for at 20% on taxable revenue, after deduction of expenses.

ii) Where overseas tax has been deducted from taxable overseas revenue, that tax can, in some instances, be set off against the corporation tax payable by the fund, by way of double taxation relief.

iii) The charge for deferred tax is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax assets can be offset. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

h) Unit classes rights on termination, allocation of tax and distributable income

The fund may be terminated if an order declaring the fund to be an authorised unit trust scheme is revoked, or the Financial Conduct Authority (FCA) determines to revoke the order at the request of the Trustee or the Manager. In the case of a reconstruction or an amalgamation of the fund with another body or trust, on the passing of an extraordinary resolution of holders of units approving the amalgamation. The Trustee shall wind up the fund in accordance with that resolution. On the termination of the fund in any other case, the Trustee shall sell the investments, and out of the proceeds of the sale shall settle the fund's liabilities and pay the costs and expenses of the winding up before distributing the proceeds of the realisation to unitholders and the Manager proportionally to their respective interests in the fund. Any unclaimed proceeds or cash held by the Trustee after the expiration of 12 months from the date on which the same became payable shall be paid by the Trustee into court subject to the Trustee having a right to retain any expenses incurred by it in making such payment into court. On the completion of the winding-up the trustee must notify the FCA to revoke the relevant authorisation order.

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

2 Distribution policy

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

For the purpose of calculating the distribution available to unitholders, the Manager's charge is deducted from capital, offsetting expenses against capital may constrain future growth in revenue and capital.

There may be instances where marginal tax relief is due to/from revenue for the utilisation of allowable expenses.

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

A reconciliation of the net distribution to the net revenue of the fund as reported total return is shown in note 8.

In order to conduct a controlled dividend flow to unitholders, interim distributions will be made at the Managers' discretion, up to a maximum of the distributable revenue available for the year. All remaining revenue is distributed in accordance with the regulations.

3 Net capital losses

	30.06.23 **£**	30.06.22 £
The net capital losses during the year comprise:		
Non-derivative securities	**(8,524,919)**	(23,256,472)
Currency (losses)/gains	**(64,994)**	58,137
Forward currency contracts	**882,920**	(3,835,904)
Transaction charges	**(5,453)**	(3,003)
Net capital losses	**(7,712,446)**	(27,037,242)

4 Revenue

	30.06.23 **£**	30.06.22 £
Dividends — UK Ordinary	**12,969**	12,969
— Overseas	**442,994**	512,474
Interest on debt securities	**6,547,954**	6,585,819
Rebates on annual management charges on underlying investments	**18,347**	23,138
Bank interest	**221,571**	11,494
Total revenue	**7,243,835**	7,145,894

5 Expenses

	30.06.23 **£**	**30.06.23** **£**	30.06.22 £	30.06.22 £
Payable to the Manager, associates of the Manager and agents of either of them:				
Manager's periodic charge		**694,607**		961,832
Payable to the Trustee, associates of the Trustee and agents of either of them:				
Trustee's fees	**22,238**		38,190	
Safe custody and other bank charges	**16,663**		20,976	
		38,901		59,166
Other expenses:				
Administration fees	**27,267**		30,074	
Audit fee*	**12,972**		12,120	
Listing fee	**—**		(6,180)	
Printing and publication costs	**4,024**		2,849	
Registration fees	**8,772**		7,008	
Total expenses		**786,543**		1,066,869

* Audit fees for 2023 are £10,810 excluding VAT (30.06.22: £10,100 excluding VAT).

6 Interest payable and similar charges

	30.06.23 £	30.06.22 £
Bank interest payable	**210**	2,217
Interest payable and similar charges	**210**	2,217

7 Taxation

	30.06.23 £	30.06.22 £
a) Analysis of charge in the year		
Overseas tax	**11,938**	1,393
Total tax charge for the year (note 5b)	**11,938**	1,393

b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for an Authorised Unit Trust (20%) (30.06.22: 20%). The differences are explained below.

	30.06.23 £	30.06.22 £
Net revenue before taxation	**6,457,082**	6,076,808
Corporation tax at 20%	**1,291,416**	1,215,362
Effects of:		
Revenue not subject to taxation	**(91,193)**	(105,089)
Tax deductible interest distributions	**(1,087,282)**	(983,417)
Tax relief on Index Linked Gilts	**(112,941)**	(126,856)
Corporate tax charge	**–**	–
Overseas tax	**11,938**	1,393
Total tax charge for the year (note 5a)	**11,938**	1,393

c) Deferred tax

At the year end the fund had no surplus management expenses (30.06.22 : £nil) and no deferred tax asset has been recognised.

8 Distributions

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

	30.06.23 £	30.06.22 £
First Interim	**1,699,773**	1,722,673
Second Interim	**1,843,287**	1,843,763
Third Interim	**1,570,935**	1,501,101
Final	**1,966,430**	1,816,401
	7,080,425	6,883,938
Add: Amounts deducted on cancellation of units	**271,154**	363,508
Deduct: Amounts received on issue of units	**(116,929)**	(99,009)
Net distribution for the year	**7,234,650**	7,148,437
Reconciliation of net distribution for the year to net revenue after tax:		
Net distribution for the year	**7,234,650**	7,148,437
Expenses charged to capital:		
Manager's periodic charge	**(694,607)**	(961,832)
Trustee fee	**(22,238)**	(38,190)
Audit fee	**(12,972)**	(12,120)
Safe custody fee	**(16,663)**	(20,976)
Administration fee	**(27,267)**	(30,074)
Printing and publication costs	**(4,024)**	(2,849)
Registration fee	**(8,772)**	(7,008)
Listing fee	**–**	6,180
Balance brought forward	**(7,861)**	(14,014)
Balance carried forward	**4,898**	7,861
Net revenue after taxation	**6,445,144**	6,075,415

9 Debtors

	30.06.23 £	30.06.22 £
Amounts receivable for issue of units	**71,979**	1,815,377
Sales awaiting settlement	**74,971**	1,739,376
Accrued revenue	**1,544,968**	1,600,654
Taxation recoverable	**226**	227
Total debtors	**1,692,144**	5,155,634

10 Other creditors

	30.06.23 £	30.06.22 £
Amounts payable for cancellation of units	**561,653**	1,606,089
Purchases awaiting settlement	**815,189**	287,546
Accrued expenses	**55,560**	35,450
Accrued manager's periodic charge	**51,294**	63,642
Total other creditors	**1,483,696**	1,992,727

11 Reconciliation of units

	I-class income	I-class accumulation
Opening units issued at 01.07.22	**56,225,669**	62,560,699
Unit movements 01.07.22 to 30.06.23		
Units issued	**6,259,569**	9,753,754
Units cancelled	**(14,926,665)**	(17,773,227)
Closing units issued at 30.06.23	**47,558,573**	54,541,226

12 Related party transactions

Management fees paid to Rathbone Unit Trust Management Limited (the Manager) are disclosed in note 5 and amounts outstanding at the year end in note 10.

Details of units created and cancelled by the Manager are shown in the Statement of Change in Net Assets Attributable to Unitholders and note 8.

There were no commissions paid to stockbroking of the Manager in respect of dealings in the investments of Rathbone Strategic Bond Fund during the year (30.06.22: nil).

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

At the year end there were significant unitholders. Rathbone Nominees Limited held a total of 14.47% (30.06.22: 34.78%), FNZ (UK) Nominees Limited held a total of 33.21% (30.06.22: 31.07%) and Transact Nominees Limited held a total of 10.13% (30.06.22: 7.74%).

13 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (30.06.22: nil).

14 Risk disclosures on financial instruments

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

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

The fund holds a substantial number of Collective Investment Schemes that are designed to give overseas exposure. The fund has indirect exposure to foreign currency risk, interest rate risk and credit risk as a result of these holdings (see the portfolio statement on pages 9 to 16).

The main risks arising from the financial instruments are:

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

The table below shows the foreign currency risk profile at the balance sheet date:

	30.06.23	30.06.22
	£	£
Currency:		
Australian dollar	**2,919,251**	1,416,844
Canadian dollar	**921,211**	1,136,063
Euro	**10,174,555**	11,266,865
US dollar	**25,133,536**	30,612,626
Pound sterling	**83,759,956**	101,970,462
	122,908,509	146,402,860
Other net assets not categorised as financial instruments	**226**	227
Net assets	**122,908,735**	146,403,087

If GBP to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the fund would have decreased by £3,558,980 (30.06.22: £4,039,330). If GBP to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the fund would have increased by £4,349,864 (30.06.22: £4,936,958). These calculations assume all other variables remain constant.

14 Risk disclosures on financial instruments *(continued)*

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

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

	30.06.23 £	30.06.22 £
Fixed rate assets:		
Australian dollar	**2,173,837**	1,176,725
Euro	**2,517,049**	1,604,523
US dollar	**15,099,614**	9,232,765
Pound sterling	**41,976,073**	32,491,941
	61,766,573	44,505,954
Floating rate assets:		
Australian dollar	**648,112**	219,052
Canadian dollar	**920,420**	1,109,512
Euro	**5,505,568**	6,545,469
US dollar	**9,456,784**	14,678,856
Pound sterling	**33,970,463**	40,973,213
	50,501,347	63,526,102
Floating rate liabilities:		
Euro	**(26)**	–
Assets on which no interest is paid:		
Australian dollar	**97,302**	21,067
Canadian dollar	**791**	27,049
Euro	**2,167,382**	3,427,254
US dollar	**577,138**	6,838,176
Pound sterling	**10,004,588**	30,927,452
	12,847,201	41,240,998
Liabilities on which no interest is paid:		
Canadian dollar	**–**	(498)
Euro	**(15,192)**	(310,381)
US dollar	**–**	(137,171)
Pound sterling	**(2,191,394)**	(2,422,144)
	(2,206,586)	(2,870,194)
Other net assets/(liabilities) not categorised as financial instruments	**226**	227
Net assets	**122,908,735**	146,403,087

If interest rates had increased by 1% as at the balance sheet date, the net asset value of the fund would have decreased by £4,779,912 (30.06.22: £12,743,337). If interest rates had decreased by 1% as at the balance sheet date, the net asset value of the fund would have increased by £4,779,912 (30.06.22: £12,743,337). These calculations assume all other variables remain constant.

14 Risk disclosures on financial instruments *(continued)*

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

Bond credit ratings	30.06.23 Value (note 1e) £	30.06.23 Percentage of total net assets	30.06.22 Value (note 1e) £	30.06.22 Percentage of total net assets
Investment grade	**71,369,732**	**58.07**	58,714,926	40.10
Below investment grade	**38,419,269**	**31.26**	45,499,487	31.08
Total bonds	**109,789,001**	**89.33**	104,214,413	71.18

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

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

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

If market prices had increased by 10% as at the balance sheet date the net asset value of the fund would have increased by £12,094,428 (30.06.22: £14,012,536). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £12,094,428 (30.06.22: £14,012,536). These calculations assume all other variables remain constant.

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

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

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

15 Portfolio transaction cost

For the year ended 30 June 2023

Analysis of total purchase costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	15,192	–	–	–	–
Bond transactions	102,132,940	–	–	–	–
Fund transactions	9,832,091	–	–	–	–
Corporate actions	40,163	–	–	–	–
Total purchases before transaction costs	112,020,386	–		–	
Total purchases including commission and taxes	112,020,386				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	1,034,630	434	0.04	11	–
Bond transactions	65,488,536	–	–	–	–
Fund transactions	33,301,244	1,077	–	–	–
Corporate actions	24,253,357	–	–	–	–
Total sales including transaction costs	124,077,767	1,511		11	
Total sales net of commission and taxes	124,076,245				

The fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 30 June 2023.

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

15 Portfolio transaction cost *(continued)*

For the year ended 30 June 2022

Analysis of total purchase costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	1,414,062	940	0.07	–	–
Bond transactions	68,813,599	–	–	–	–
Fund transactions	17,756,873	395	–	–	–
Corporate actions	106,307	–	–	–	–
Total purchases before transaction costs	88,090,841	1,335		–	
Total purchases including commission and taxes	88,092,176				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	381,147	201	0.05	1	–
Bond transactions	58,836,296	–	–	–	–
Fund transactions	53,359,934	1,938	–	–	–
Corporate actions	9,237,942	–	–	–	–
Total sales including transaction costs	121,815,319	2,139		1	
Total sales net of commission and taxes	121,813,179				

The fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 30 June 2022.

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

In the case of shares, commissions and taxes are paid by the fund on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 0.69% (30.06.22: 0.83%).

16 Fair value of investments

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

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

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

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

For the year ended 30 June 2023

Category	1	2	3	Total
Investment assets	**£**	**£**	**£**	**£**
Equities	158,125	–	–	158,125
Bonds	28,742,098	81,046,903	–	109,789,001
Pooled investment vehicles	2,047,811	8,612,259	–	10,660,070
Structured Products	15,189	–	–	15,189
Derivatives	–	321,898	–	321,898
	30,963,223	89,981,060	–	120,944,283

For the year ended 30 June 2022

Category	1	2	3	Total
Investment assets	**£**	**£**	**£**	**£**
Equities	185,000	–	–	185,000
Bonds	9,592,314	94,222,589	399,510	104,214,413
Pooled investment vehicles	6,490,529	29,361,807	–	35,852,336
Derivatives	–	48,255	–	48,255
	16,267,843	123,632,651	399,510	140,300,004

Category	1	2	3	Total
Investment liabilities	**£**	**£**	**£**	**£**
Derivatives	–	(174,646)	–	(174,646)
	–	(174,646)	–	(174,646)

Distribution tables for the year ended 30 June 2023

Distribution tables (pence per unit)

First Interim

Group 1 – Units purchased prior to 1 July 2022
Group 2 – Units purchased on or after 1 July 2022 and on or before 30 September 2022

I-class income units	Income	Equalisation	Paid 30.11.22	Paid 30.11.21
Group 1	1.13	–	1.13	0.98
Group 2	0.57	0.56	1.13	0.98

I-class accumulation units	Income	Equalisation	Accumulated 30.11.22	Accumulated 30.11.21
Group 1	1.62	–	1.62	1.36
Group 2	0.99	0.63	1.62	1.36

Second 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

I-class income units	Income	Equalisation	Paid 28.02.23	Paid 28.02.22
Group 1	1.29	–	1.29	1.08
Group 2	0.75	0.54	1.29	1.08

I-class accumulation units	Income	Equalisation	Accumulated 28.02.23	Accumulated 28.02.22
Group 1	1.88	–	1.88	1.50
Group 2	1.02	0.86	1.88	1.50

Third 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

I-class income units	Income	Equalisation	Paid 31.05.23	Paid 31.05.22
Group 1	1.16	–	1.16	0.95
Group 2	0.33	0.83	1.16	0.95

I-class accumulation units	Income	Equalisation	Accumulated 31.05.23	Accumulated 31.05.22
Group 1	1.72	–	1.72	1.35
Group 2	0.70	1.02	1.72	1.35

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

Final

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

I-class income units	Income	Equalisation	Payable 31.08.23	Paid 31.08.22
Group 1	1.52	–	1.52	1.25
Group 2	0.83	0.69	1.52	1.25

I-class accumulation units	Income	Equalisation	Allocated 31.08.23	Accumulated 31.08.22
Group 1	2.28	–	2.28	1.78
Group 2	1.30	0.98	2.28	1.78

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 Strategic Bond Fund
15 September 2023

Statement of the Manager's responsibilities in relation to the annual report and accounts of the Rathbone Strategic Bond Fund

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

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

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

In so far as the Manager is aware:

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

The Manager has considered the activities of the fund together with the factors likely to affect its future development, including those related to the COVID-19 pandemic. The assets of the Rathbone Strategic Bond Fund consist predominantly of cash and liquid securities that are readily realisable and therefore has adequate resources to continue in operational existence for the foreseeable future. The Manager has also considered the impact of the COVID-19 pandemic on the operations of the AFM and material third party service providers which continue to be maintained and fully functioning. Accordingly, the Manager continues to adopt the going concern basis in the preparation of the financial statements.

In accordance with COLL 4.5.8 R, the Annual Report and the audited financial statements were approved by the board of directors of the Manager of the Scheme and authorised for issue on 15 September 2023.

Statement of the Trustee's responsibilities and report of the Trustee to the unitholders of Rathbone Strategic Bond Fund (the Scheme) for the year ended 30 June 2023

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

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

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

The Trustee must ensure that:

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

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

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Schemes income in accordance with the Regulations and the Scheme documents, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

NatWest Trustee and Depositary Services Limited
Trustee of Rathbone Strategic Bond Fund
15 September 2023

Independent Auditor's Report to the unitholders of Rathbone Strategic Bond Fund

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Rathbone Strategic Bond Fund (the "fund"):

- give a true and fair view of the financial position of Rathbone Strategic Bond Fund as at 30 June 2023 and of the net revenue and the net capital losses on the property of the fund for the year ended 30 June 2023; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Trust Deed.

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the distribution table; and
- the summary of significant accounting policies, judgements and estimates applicable to the fund and notes.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report[1], other than the financial statements and our auditor's report thereon. The manager is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

[1] The term used to describe the annual report should be the same as that used by the manager.

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

We have nothing to report in this regard.

Responsibilities of trustee and manager

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 30 June 2023 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

Use of our report

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

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
15 September 2023

Authorised status

The Rathbone Strategic Bond Fund is an authorised unit trust scheme, authorised by the Financial Conduct Authority on 20 June 2007 and launched on 3 October 2011.

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 units at present is to the value of £1,000 which may be varied by the Manager. 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 I-class units.

The Manager currently receives an annual remuneration for managing the I-class property of the fund at the rate of 0.50%.

Statements

A distribution statement showing the rate per unit and your unit holding will be sent half yearly on the 28 February and 31 August.

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 the last day in February and 31 August, 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.

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 Ethical Bond Fund
Rathbone Global Opportunities Fund
Rathbone Income Fund
Rathbone UK Opportunities Fund

and the Authorised Corporate Director of:

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

Further details

Should you require 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

UCITS Remuneration

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

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

	Fixed remuneration £'000	Variable remuneration £'000	Total remuneration £'000	Headcount
Senior Management	1,945	4,636	6,581	9
Risk takers	2,115	2,498	4,613	16
Control functions	289	32	321	3
Other	141	128	267	1
Total remuneration code staff	4,490	7,294	11,782	29
Non-remuneration code staff	952	251	1,203	23
Total for the Manager	**5,442**	**7,545**	**12,985**	**52**

The variable remuneration disclosed in the table above is for the financial year ended 31 December 2022, which is the most recent period for which data are available. Variable remuneration is determined annually based on, inter alia, the results of the Manager and the investment performance of the UCITS that it manages for discrete annual periods ending on 31 December each year. Consequently, it is not possible to apportion the variable award between calendar years.

Rathbones
Look forward

Rathbone Unit Trust Management Limited
8 Finsbury Circus, London EC2M 7AZ
Tel 020 7399 0000

Information line
020 7399 0399
rutm@rathbones.com
rathbonefunds.com

Authorised and regulated by the Financial Conduct Authority

A member of The Investment Association

A member of the Rathbones Group. Registered No. 02376568

8458.08.23