

Rathbones

Look forward

Rathbone Active Income and Growth Fund

Interim report for the half year ended 30 September 2023



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Rathbone Active Income and Growth Fund

Authorised Fund Manager (the Manager)

Rathbone Unit Trust Management Limited
8 Finsbury Circus
London EC2M 7AZ
Telephone 020 7399 0399

A member of the Rathbones Group

**Authorised and regulated by the
Financial Conduct Authority and member
of The Investment Association**

Dealing office

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

SS&C Financial Services International Limited
SS&C House
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Essex SS15 5FS
Telephone 0330 123 3810
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**Authorised and regulated by the
Financial Conduct Authority**

Independent Auditor

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow G1 3BX

Directors of the Manager

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

Administrator

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

Trustee

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

Investment objective and policy

Investment objective

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

Investment policy

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

Investment strategy

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

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

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

Ethical investment policy

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

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

Investment report for the half year ended 30 September 2023

Performance

The fund returned 5.3%, net of fees, in the 12 months to the end of September, versus a 9.9% return from CPI + 3%.

Portfolio activity

The manager bought several UK Treasury Bills, including those maturing on 05/06/2023, 17/07/2023, 11/09/2023 and 30/10/2023, in order to gain an interest rate advantage over simple cash. Other income-generating activity included the purchase of the Deutsche Bank 24/06/2026 and Citigroup 24/01/2024 corporate bonds. The manager also bought the Credit Agricole structured product, paying an income of 11% each year.

The manager continued to sell individual US equities – Verisk, Johnson & Johnson, Becton Dickinson and Bank of America, in favour of the Vanguard S&P 500 ETF, on the basis that the US market is so efficient that, over time, very few active managers actually outperform it.

Given the possibility of a recession coupled with longer-dated bond yields staying higher than investors have been used to, the manager sold the Polar Capital Global Convertibles Fund, as this combines both equity and bond risk – a poor combination when bond yields and equities have been positively correlated.

Market overview

The period under review proved difficult: initially markets were buoyed by the euphoria surrounding Nvidia and artificial intelligence, but then a growing sense that central banks were likely to keep interest rates higher for longer, together with a \$20 rise in the price of oil, dampened spirits. September lived up to its reputation as the worst month of the year for markets. Bond yields hit new highs for the cycle on both sides of the Atlantic. A 10-year Treasury yield at 4.5% is actually in line with the long-term historical average, but as markets got increasingly used to a decade and a half of historically low rates, this has come as a shock to many investors. Indeed, it was only just under four years ago that the

10-year Treasury yield hit an all-time intra-day low of 0.31%. But since then we've seen an astonishing turnaround, and it's worth remembering that the annual rise in the 10-year yield of 2.36% over 2022 was already the biggest annual increase since 1788. So it's no exaggeration to say we're in the midst of a historic sell-off.

Investors have until recently largely ignored the risk of a recession, despite the fact that there is no meaningful precedent for a significant central bank induced disinflation without a recession.

Nonetheless, after September's central bank meetings, there was a temporary burst of optimism that the current tightening cycle had finished. The Atlanta Fed's GDP Growth Tracker currently estimates annualized growth of 4.9% compared with the previous quarter. But it is normal for an economy to continue expanding until the recession begins. It is also not unusual for it to be growing relatively strongly before the recession. In December 2007, for example, it was reported that the US economy had grown by 4.9% in the third quarter of that year, and yet in January 2008 the recession began, which turned into the 'Great Financial Crisis' after the Lehman bankruptcy in September 2008.

So it may be too soon to put out the bunting. Monetary policy operates with a time lag. It is worth remembering that although the most rapid phase of the current tightening cycle took place in 2022, in the last six months alone, the European Central Bank (ECB) has raised its deposit rate by 1% – relative to 12 months ago, it is 3.25% higher than it was; likewise, the Fed has raised rates by 0.5% in the last six months, by 2.25% over the last 12 and is signalling one further hike for 2023.

It is not just spot policy rates that have risen: market pricing shows that investors – finally – now anticipate policy rates remaining higher for longer in the future, so expectations of tighter policy are also having an impact on the economy. We can already see how the impact of higher borrowing costs have been filtering through to the most interest-sensitive parts of the economy. For example, the rate on a US 30-year fixed rate mortgage now stands at its highest level since 2000, at 7.41%. More broadly, global growth indicators are weakening, consistent with the impact of previous rate hike cycles.

Who knows if this will translate into a 'soft' or 'hard' landing – but what is also possible, even probable, is the return of economic volatility after a golden era between 1980 and 2020, when recessions were rare. Since 1982, the US, Germany and France have seen four, whilst the UK and Canada have seen only three. The 40-year period before 1982, by contrast, saw nine US recessions, and the 40 years before that, 10.

But the trends that enabled this super-cycle have been reversing. Low and stable inflation neatly coincided with longer business cycles (and fewer recessions); ageing populations, decarbonisation and deglobalization could well see inflation average over central bank 2% targets in future, while policymakers will have less flexibility to micromanage the economy. In short, the business cycle is back and recessions will be more frequent.

If we are returning to the 'old normal' then we might also expect generally higher bond yields. 10-year government bond yields recently hit levels not seen since 2007 in the US and 2008 in the UK, despite better news on inflation. What would it take for bond yields to stay high? Two reasons spring to mind: inflation failing to fall as much as expected, and concerns over debt sustainability. In the short term, inflation could be exacerbated by El Niño conditions that emerged in May. Also some of the big 'base effect' downward forces on inflation have run out of steam – the large declines from last year will begin to drop out of annual comparison soon. For example, most of the fall in petrol prices happened last year. Indeed, September saw oil prices climbing back to \$95. However, it is wages that are the most important cost factor; the Atlanta Fed's Wage Growth Tracker shows the three-month moving average of median wage growth having fallen to 5.3% in August, down from a peak of 6.7% in June 2022, but still well above the average, since March 1997, of 3.7%.

Inflation understandably hogs the headlines, yet concerns about debt sustainability may also be creeping into investor sentiment. In the past, bond investors were much more focused on inflation and the Fed's policy response to it rather than on the supply of Treasuries. Recessions curbed inflation, so bond yields tended to fall despite widening budget deficits (as government revenues shrank). This time, however, budget deficits are increasing despite rising GDP, which risks spooking the bond market, pushing longer bond yields up to narrow their gap with short-term rates.

So where do we go from here? Over time yields have fluctuated around the growth rate of nominal GDP. During 'normal' times, the 10-year nominal bond yield should be c.4.5%. It's thus quite possible that what we're seeing now is the bond yield returning to its normal pre-2008 range of 4.50%-4.75%. As such, Treasuries are likely to be at least a competitive asset class for the long-term value investor again.

This, however, raises the question of whether higher yields on risk-free assets crowd out investment in riskier asset classes. If you can get over 5% on cash, and around 4.5% on longer-dated Treasuries, then what return do you need on equities? Clearly fixed income and deposit rates might not stay at these levels, but at the moment this is a very different competitive landscape to that of the decade or so before 2022.

James Codrington
Fund Manager
16 October 2023

Net asset value per unit and comparative tables

Income units

| | 30.09.23 pence per unit | 31.03.23 pence per unit | 31.03.22 pence per unit | 31.03.21 pence per unit |
|--|-----------------------------------|----------------------------|----------------------------|----------------------------|
| Change in net assets per unit | | | | |
| Opening net asset value per unit | 133.02p | 142.75p | 138.47p | 114.78p |
| Return before operating charges* | 0.97p | (4.67p) | 8.63p | 27.47p |
| Operating charges | (0.24p) | (0.48p) | (0.52p) | (0.47p) |
| Return after operating charges* | 0.73p | (5.15p) | 8.11p | 27.00p |
| Distributions on income units | (2.51p) | (4.58p) | (3.83p) | (3.31p) |
| Closing net asset value per unit | 131.24p | 133.02p | 142.75p | 138.47p |
| *after direct transaction costs ¹ of: | 0.01p | 0.01p | 0.02p | 0.02p |

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

Performance

| | | | | |
|----------------------|-------|---------|-------|--------|
| Return after charges | 0.55% | (3.61%) | 5.85% | 23.52% |
|----------------------|-------|---------|-------|--------|

Other information

| | | | | |
|--------------------------|--------------|--------------|--------------|--------------|
| Closing net asset value | £211,957,902 | £214,305,303 | £233,897,963 | £231,112,995 |
| Closing number of units | 161,499,574 | 161,108,838 | 163,855,081 | 166,906,246 |
| Operating charges** | 0.54% | 0.54% | 0.50% | 0.53% |
| Direct transaction costs | 0.01% | 0.01% | 0.01% | 0.02% |

Prices***

| | | | | |
|--------------------|---------|---------|---------|---------|
| Highest unit price | 135.45p | 143.80p | 151.12p | 140.66p |
| Lowest unit price | 129.87p | 127.45p | 136.86p | 112.58p |

** 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 *(continued)*

Accumulation units[†]

| | 30.09.23 pence per unit | 31.03.23 pence per unit | 31.03.22 pence per unit | 31.03.21 pence per unit |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Change in net assets per unit | | | | |
| Opening net asset value per unit | 98.83p | 100.00p | N/A | N/A |
| Return before operating charges* | 0.73p | (0.88p) | N/A | N/A |
| Operating charges | (0.18p) | (0.29p) | N/A | N/A |
| Return after operating charges* | 0.55p | (1.17p) | N/A | N/A |
| Distributions on accumulation units | (1.87p) | (2.74p) | N/A | N/A |
| Retained distributions on accumulation units | 1.87p | 2.74p | N/A | N/A |
| Closing net asset value per unit | 99.38p | 98.83p | N/A | N/A |
| *after direct transaction costs [‡] of: | 0.01p | 0.01p | N/A | N/A |

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

Performance

| | | | | |
|----------------------|-------|---------|-----|-----|
| Return after charges | 0.56% | (1.17%) | N/A | N/A |
|----------------------|-------|---------|-----|-----|

Other information

| | | | | |
|--------------------------|---------|---------|-----|-----|
| Closing net asset value | £42,541 | £57,791 | N/A | N/A |
| Closing number of units | 42,807 | 58,475 | N/A | N/A |
| Operating charges** | 0.53% | 0.54% | N/A | N/A |
| Direct transaction costs | 0.01% | 0.01% | N/A | N/A |

Prices***

| | | | | |
|--------------------|---------|---------|-----|-----|
| Highest unit price | 101.46p | 102.32p | N/A | N/A |
| Lowest unit price | 97.52p | 93.17p | N/A | N/A |

[†] The Accumulation units launched on 24 May 2022.

** 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



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.

Portfolio and net other assets as at 30 September 2023

| Holding (Ordinary shares unless otherwise stated) | Value £ | Percentage of total net assets |
|---|-------------------|--------------------------------------|
| Debt Securities (31.03.23: 19.39%) | | |
| Government Bonds (31.03.23: 11.40%) | | |
| JPY155,000,000 Government of Japan 0.005% 2031** | 961,704 | 0.45 |
| £6,000,000 UK Treasury 0% 2023** | 5,975,640 | 2.82 |
| £2,971,010 UK Treasury 0.125% 2024** | 4,552,720 | 2.15 |
| £792,000 UK Treasury 0.125% 2026** | 1,130,896 | 0.53 |
| £848,630 UK Treasury 0.125% 2028** | 1,119,032 | 0.53 |
| £700,000 UK Treasury 0.125% 2029** | 1,080,081 | 0.51 |
| £1,192,000 UK Treasury 0.25% 2031** | 872,628 | 0.41 |
| £1,483,000 UK Treasury 0.875% 2046** | 684,078 | 0.32 |
| £471,000 UK Treasury 4.25% 2036** | 456,771 | 0.21 |
| Corporate Bonds (31.03.23: 7.99%) | | |
| £1,700,000 Assicurazioni Generali 6.269% VRN perp** | 1,649,334 | 0.78 |
| £4,430,357 Barclays 1472 FTSE S&P Income Autocall ELN 2028** | 4,346,623 | 2.05 |
| £1,159,000 Citigroup 2.75% 2024** | 1,147,294 | 0.54 |
| £2,100,000 Deutsche Bank 4% VRN 2026 ** | 1,993,605 | 0.94 |
| £2,029,000 Goldman Sachs 3.125% 2029** | 1,753,633 | 0.83 |
| £2,130,000 Lloyds Banking 2.707% VRN 2035** | 1,576,719 | 0.74 |
| £1,821,000 PGH Capital 6.625% 2025** | 1,815,376 | 0.86 |
| £2,375,479 RBC Capital Markets 1303 New Issue FTSE Acceleration** | 2,221,786 | 1.05 |
| \$\$3,100,000 Singapore Airlines 3.03% 2024** | 1,847,592 | 0.87 |
| £1,400,000 Zurich Finance Ireland 5.125% VRN 2052** | 1,234,259 | 0.58 |
| Other Bonds (31.03.23: 0.00%) | | |
| £2,180,000 Credit Agricole ELN 2028** | 2,217,060 | 1.05 |
| Total Debt Securities | 38,636,831 | 18.22 |
| Bond Funds (31.03.23: 7.91%) | | |
| 183,360 Capital Global High Income Opportunities Fund* | 5,777,684 | 2.72 |
| 7,704,585 Fair Oaks Income | 3,314,004 | 1.56 |
| 6,930,816 Rathbone High Quality Bond Fund* | 6,097,732 | 2.88 |
| Total Bond Funds | 15,189,420 | 7.16 |

Portfolio and net other assets as at 30 September 2023 *(continued)*

| Holding (Ordinary shares unless otherwise stated) | Value £ | Percentage of total net assets |
|--|------------------|--------------------------------------|
| United Kingdom (31.03.23: 23.19%) | | |
| Oil and Gas (31.03.23: 3.04%) | | |
| 401,588 BP | 2,134,039 | 1.01 |
| 193,830 Shell | 5,051,210 | 2.38 |
| | 7,185,249 | 3.39 |
| Basic Materials (31.03.23: 3.33%) | | |
| 69,041 Antofagasta | 986,596 | 0.47 |
| 40,010 Croda International | 1,966,491 | 0.93 |
| 490,440 Elementis | 609,126 | 0.29 |
| 20,343 Rhi Magnesita | 565,942 | 0.27 |
| 35,918 Rio Tinto | 1,858,397 | 0.88 |
| 461,429 Tharisa | 332,229 | 0.16 |
| | 6,318,781 | 3.00 |
| Industrials (31.03.23: 2.42%) | | |
| 81,579 Ashtead | 4,080,582 | 1.92 |
| 103,850 Breedon | 341,147 | 0.16 |
| 105,714 Howden Joinery | 778,478 | 0.37 |
| | 5,200,207 | 2.45 |
| Consumer Goods (31.03.23: 1.19%) | | |
| 53,626 Nichols | 536,260 | 0.25 |
| 46,619 Unilever | 1,893,431 | 0.89 |
| | 2,429,691 | 1.14 |
| Healthcare (31.03.23: 3.61%) | | |
| 35,168 AstraZeneca | 3,903,648 | 1.84 |
| 66,604 Genus | 1,394,688 | 0.66 |
| 103,565 GSK | 1,544,983 | 0.73 |
| 119,795 Haleon | 408,142 | 0.19 |
| | 7,251,461 | 3.42 |
| Consumer Services (31.03.23: 2.55%) | | |
| 98,056 Experian | 2,638,687 | 1.24 |
| 59,041 Future | 524,874 | 0.25 |
| 125,363 Informa | 940,724 | 0.44 |
| 32,200 RELX | 893,550 | 0.42 |
| 162,600 Sainsbury (J) | 411,053 | 0.19 |
| | 5,408,888 | 2.54 |

Portfolio and net other assets as at 30 September 2023 *(continued)*

| Holding (Ordinary shares unless otherwise stated) | Value £ | Percentage of total net assets |
|--|-------------------|--------------------------------------|
| Telecommunications (31.03.23: 0.38%) | | |
| 908,745 Vodafone | 698,098 | 0.33 |
| Utilities (31.03.23: 0.85%) | | |
| 23,864 Severn Trent | 564,145 | 0.27 |
| 107,164 United Utilities | 1,016,129 | 0.48 |
| | 1,580,274 | 0.75 |
| Real Estate (31.03.23: 0.39%) | | |
| 1,545,965 Regional REIT | 440,600 | 0.21 |
| Financials (31.03.23: 4.02%) | | |
| 201,865 Aviva | 786,870 | 0.37 |
| 679,793 Barclays | 1,080,463 | 0.51 |
| 236,985 HSBC (London listed) | 1,528,316 | 0.72 |
| 331,186 Legal & General | 736,889 | 0.35 |
| 2,547,674 Lloyds Banking | 1,130,403 | 0.53 |
| 252,345 M&G | 497,877 | 0.23 |
| 128,476 Polar Capital | 597,413 | 0.28 |
| 113,404 Savills | 980,945 | 0.46 |
| 213,789 Standard Chartered | 1,620,521 | 0.76 |
| | 8,959,697 | 4.21 |
| Technology (31.03.23: 0.08%) | | |
| 150,000 Alphawave IP | 171,300 | 0.08 |
| UK Equity Funds (31.03.23: 1.03%) | | |
| 19,202 Vanguard FTSE All Share index Fund* | 2,221,733 | 1.05 |
| Total United Kingdom | 47,865,979 | 22.57 |
| Europe (31.03.23: 1.00%) | | |
| 5,670 New Linde | 1,730,615 | 0.82 |
| Total Europe | 1,730,615 | 0.82 |

Portfolio and net other assets as at 30 September 2023 *(continued)*

| Holding (Ordinary shares unless otherwise stated) | Value £ | Percentage of total net assets |
|--|-------------------|--------------------------------------|
| Japan (31.03.23: 6.75%) | | |
| 74,400 Advantest | 1,705,832 | 0.80 |
| 94,900 Amada | 783,640 | 0.37 |
| 50,700 Daifuku | 787,488 | 0.37 |
| 6,200 Daikin Industries | 797,907 | 0.38 |
| 31,600 Daiseki | 692,250 | 0.33 |
| 26,200 Hitachi | 1,334,047 | 0.63 |
| 11,000 Hoya | 924,032 | 0.44 |
| 50,900 JCU Corporation | 867,725 | 0.41 |
| 28,000 Nintendo | 957,589 | 0.45 |
| 40,900 Pola Orbis | 403,304 | 0.19 |
| 73,600 Rohm | 1,137,520 | 0.54 |
| 34,900 Rohto Pharmaceutical | 776,805 | 0.37 |
| 70,700 Sanwa | 771,488 | 0.36 |
| 67,100 Sekisui Chemical | 792,991 | 0.37 |
| 18,200 Seven & I | 584,961 | 0.28 |
| 33,500 Shin-Etsu Chemical | 798,615 | 0.38 |
| 69,700 Shoen | 875,571 | 0.41 |
| 16,700 Sony | 1,121,820 | 0.53 |
| 7,700 Tokyo Electron | 862,430 | 0.41 |
| 86,500 Topcon | 781,478 | 0.37 |
| Total Japan | 17,757,493 | 8.39 |
| Germany (31.03.23: 2.14%) | | |
| 23,472 Bayer | 925,994 | 0.44 |
| 16,158 Daimler | 922,956 | 0.43 |
| 13,600 Porsche Preference | 550,572 | 0.26 |
| 204,323 TAG Immobilien | 1,757,130 | 0.83 |
| Total Germany | 4,156,652 | 1.96 |
| Denmark (31.03.23: 1.13%) | | |
| 35,216 Novo Nordisk | 2,657,818 | 1.25 |
| Netherlands (31.03.23: 2.08%) | | |
| 28,024 Aalberts Industries | 842,794 | 0.40 |
| 3,505 ASML | 1,699,868 | 0.80 |
| 7,000 Redcare Pharmacy | 614,796 | 0.29 |
| Total Netherlands | 3,157,458 | 1.49 |

Portfolio and net other assets as at 30 September 2023 *(continued)*

| Holding (Ordinary shares unless otherwise stated) | | Value £ | Percentage of total net assets |
|--|---|-------------------|--------------------------------------|
| United States (31.03.23: 9.20%) | | | |
| 14,729 | Alphabet 'A' | 1,578,551 | 0.74 |
| 5,705 | Berkshire Hathaway B | 1,637,111 | 0.77 |
| 31,170 | Citi | 1,050,364 | 0.49 |
| 29,992 | Coca-Cola | 1,376,062 | 0.65 |
| 106,317 | iShares S&P 500 Equal Weight UCITS ETF# | 516,860 | 0.24 |
| 8,311 | Microsoft | 2,149,741 | 1.01 |
| 93,856 | Palantir Technologies | 1,229,575 | 0.58 |
| 145,315 | Vanguard S&P 500 ETF# | 9,725,570 | 4.59 |
| 6,581 | Visa 'A' | 1,240,445 | 0.59 |
| Total United States | | 20,504,279 | 9.66 |
| Switzerland (31.03.23: 2.20%) | | | |
| 10,437 | DSM Firmenich | 724,909 | 0.34 |
| 12,448 | Nestlé (registered) | 1,156,549 | 0.55 |
| 4,877 | Roche | 1,093,718 | 0.52 |
| 14,815 | Sensirion | 973,904 | 0.46 |
| 15,506 | Swiss Reinsurance | 1,309,851 | 0.62 |
| Total Switzerland | | 5,258,931 | 2.49 |
| Italy (31.03.23: 1.23%) | | | |
| 6,841 | Ferrari | 1,659,184 | 0.78 |
| 270,209 | Snam | 1,037,641 | 0.49 |
| Total Italy | | 2,696,825 | 1.27 |
| Sweden (31.03.23: 0.53%) | | | |
| 66,564 | Sandvik | 1,011,991 | 0.48 |
| Australia (31.03.23: 2.69%) | | | |
| 268,266 | Allkem | 1,661,100 | 0.78 |
| 67,647 | BHP | 1,582,602 | 0.75 |
| 275,524 | Lynas Rare Earths | 989,242 | 0.47 |
| 315,345 | Sandfire Resources | 1,010,490 | 0.48 |
| 43,325 | Woodside Energy | 824,475 | 0.39 |
| Total Australia | | 6,067,909 | 2.87 |
| France (31.03.23: 0.91%) | | | |
| 1,290 | LVMH | 801,647 | 0.38 |
| 8,684 | Schneider Electric | 1,182,502 | 0.56 |
| Total France | | 1,984,149 | 0.94 |

Portfolio and net other assets as at 30 September 2023 *(continued)*

| Holding (Ordinary shares unless otherwise stated) | Value £ | Percentage of total net assets |
|--|--------------------|--------------------------------------|
| Canada (31.03.23: 1.22%) | | |
| 58,745 Brookfield | 1,507,264 | 0.71 |
| 27,186 Brookfield Asset Management | 743,001 | 0.35 |
| Total Canada | 2,250,265 | 1.06 |
| Cayman Islands (31.03.23: 0.12%) | | |
| 25,000 Alibaba | 223,869 | 0.10 |
| Chile (31.03.23: 0.48%) | | |
| 15,693 Sociedad Química y Minera de Chile ADR | 767,325 | 0.36 |
| Global (31.03.23: 0.64%) | | |
| 753,341 Lazard Global Listed Infrastructure Equity Fund* | 1,301,246 | 0.61 |
| Commodities (31.03.23: 5.46%) | | |
| 453,718 ETFS Agriculture ETF# | 2,410,377 | 1.14 |
| 314,555 ETFS GBP Daily Hedged Physical Gold ETC ETF# | 3,062,979 | 1.44 |
| 33,926 Gold Bullion Securities* | 4,760,286 | 2.24 |
| 92,551 iShares Physical Silver ETF# | 1,627,047 | 0.77 |
| Total Commodities | 11,860,689 | 5.59 |
| Alternatives (31.03.23: 2.77%) | | |
| 2,176,423 GCP Infrastructure Investments | 1,473,438 | 0.69 |
| 5,091,926 Sequoia Economic Infrastructure Income | 4,231,391 | 2.00 |
| Total Alternatives | 5,704,829 | 2.69 |
| Emerging Markets (31.03.23: 1.30%) | | |
| 100,729 Vanguard FTSE Emerging Markets ETF# | 3,236,730 | 1.53 |
| Property Unit Trusts (31.03.23: 5.56%) | | |
| 15,019,814 Property Income Trust for Charities* | 11,734,980 | 5.54 |
| Total value of investments (31.03.23: 97.90%) | 205,756,283 | 97.05 |
| Net other assets (31.03.23: 2.10%) | 6,244,160 | 2.95 |
| Total value of the fund as at 30 September 2023 | 212,000,443 | 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:

Supernational Bonds 0.30%

* Collectives

** Debt securities

Exchange Traded Funds

Summary of portfolio investments

| | Value £ | Percentage of total net assets |
|-----------------------------------|--------------------|--------------------------------------|
| Equities | 114,646,228 | 54.08 |
| Bonds | 38,636,831 | 18.22 |
| Pooled Investment Vehicles | 52,473,224 | 24.75 |
| Total value of investments | 205,756,283 | 97.05 |

Statement of total return for the half year ended 30 September 2023

| | 30.09.23 £ | 30.09.23 £ | 30.09.22 £ | 30.09.22 £ |
|--|------------------|--------------------|---------------|---------------|
| Income | | | | |
| Net capital losses | | (2,470,508) | | (22,333,478) |
| Revenue | 4,139,880 | | 4,221,340 | |
| Expenses | (389,767) | | (395,694) | |
| Interest payable and similar charges | — | | (1,882) | |
| Net revenue before taxation | 3,750,113 | | 3,823,764 | |
| Taxation | (109,209) | | (135,695) | |
| Net revenue after taxation | | 3,640,904 | | 3,688,069 |
| Total return before distributions | | 1,170,396 | | (18,645,409) |
| Distributions | | (4,044,201) | | (4,097,518) |
| Change in net assets attributable to unitholders from investment activities | | (2,873,805) | | (22,742,927) |

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

| | 30.09.23 £ | 30.09.23 £ | 30.09.22 £ | 30.09.22 £ |
|---|--------------------|--------------------|---------------|---------------|
| Opening net assets attributable to unitholders | | 214,363,094 | | 233,897,963 |
| Amounts receivable on issue of units | 2,378,377 | | 1,786,882 | |
| Amounts payable on cancellation of units | (1,868,188) | | (5,614,973) | |
| | | 510,189 | | (3,828,091) |
| Change in net assets attributable to unitholders from investment activities (see Statement of total return above) | | (2,873,805) | | (22,742,927) |
| Retained distributions on accumulation units | | 965 | | 403 |
| Closing net assets attributable to unitholders | | 212,000,443 | | 207,327,348 |

Balance sheet as at 30 September 2023

| | 30.09.23 £ | 30.09.23 £ | 31.03.23 £ | 31.03.23 £ |
|---|--------------------|--------------------|---------------|---------------|
| Assets | | | | |
| Fixed assets: | | | | |
| Investments | | 205,756,283 | | 209,861,595 |
| Current assets: | | | | |
| Debtors | 1,426,098 | | 1,053,450 | |
| Cash and bank balances | 12,674,727 | | 5,368,369 | |
| Total current assets | | 14,100,825 | | 6,421,819 |
| Total assets | | 219,857,108 | | 216,283,414 |
| Liabilities | | | | |
| Creditors: | | | | |
| Other creditors | (6,080,170) | | (99,790) | |
| Distribution payable on income units | (1,776,495) | | (1,820,530) | |
| Total liabilities | | (7,856,665) | | (1,920,320) |
| Net assets attributable to unitholders | | 212,000,443 | | 214,363,094 |

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 31 March 2023 and are detailed in full in those financial statements.

Portfolio transactions

Total purchases and sales transactions for the half year ended 30 September 2023 were £47,914,371 and £49,982,579 respectively.

Distribution tables for the half year ended 30 September 2023

Distribution tables (pence per unit)

First Interim

Group 1 – Units purchased prior to 1 April 2023

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

| Income units | Income | Equalisation | Paid 31.08.23 | Paid 31.08.22 |
|----------------------------------|---------------|---------------------|---------------------------------|---------------------------------|
| Dividend Distribution | | | | |
| Group 1 | 0.78 | – | 0.78 | 0.80 |
| Group 2 | 0.33 | 0.45 | 0.78 | 0.80 |
| Non-dividend Distribution | | | | |
| Group 1 | 0.63 | – | 0.63 | 0.48 |
| Group 2 | 0.27 | 0.36 | 0.63 | 0.48 |
| Accumulation units | | | | |
| Income units | Income | Equalisation | Accumulated 31.08.23 | Accumulated 31.08.22 |
| Dividend Distribution | | | | |
| Group 1 | 0.58 | – | 0.58 | 0.15 |
| Group 2 | 0.58 | – | 0.58 | 0.15 |
| Non-dividend Distribution | | | | |
| Group 1 | 0.47 | – | 0.47 | 0.16 |
| Group 2 | 0.47 | – | 0.47 | 0.16 |

Distribution tables for the half year ended 30 September 2023 *(continued)*

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

Second Interim

Group 1 – Units purchased prior to 1 July 2023

Group 2 – Units purchased on or after 1 July 2023 and on or before 30 September 2023

| Income units | Income | Equalisation | Payable 30.11.23 | Paid 30.11.22 |
|----------------------------------|--------|--------------|-----------------------|-------------------------|
| Dividend Distribution | | | | |
| Group 1 | 0.78 | – | 0.78 | 0.86 |
| Group 2 | 0.24 | 0.54 | 0.78 | 0.86 |
| Non-dividend Distribution | | | | |
| Group 1 | 0.32 | – | 0.32 | 0.38 |
| Group 2 | 0.10 | 0.22 | 0.32 | 0.38 |
| <hr/> | | | | |
| Accumulation units | Income | Equalisation | Allocated 30.11.23 | Accumulated 30.11.22 |
| Dividend Distribution | | | | |
| Group 1 | 0.57 | – | 0.57 | 0.64 |
| Group 2 | 0.57 | – | 0.57 | 0.64 |
| Non-dividend Distribution | | | | |
| Group 1 | 0.25 | – | 0.25 | 0.25 |
| Group 2 | 0.25 | – | 0.25 | 0.25 |

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 Active Income and Growth Fund
23 November 2023

General information

Authorised status

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

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

The currency of the fund is pounds sterling.

Eligible investors

An eligible investor is any person who is and who will, throughout the period for which it is a unitholder, remain:

(a) a charity as defined in paragraph 1(1) of Schedule 6 Finance Act 2010 which:

- (i) holds the units for qualifying charitable purposes within the meaning of paragraph 1(2) Schedule 8, Finance Act 2003; and
- (ii) applies any income or gain accruing to it in respect of its units for charitable purposes only; or

(b) a unit trust scheme (as defined in section 101(4) Finance Act 2003) in which all the unitholders are charities falling within point (a) above

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.

AIFMD disclosure

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

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

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

General information *(continued)*

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

Buying and selling of units

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

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

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

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

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

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

Statements

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

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

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

Prices

The prices of units are available on request from the Manager.

Other information

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

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

General information *(continued)*

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.

Value Assessment

Our regulator, the Financial Conduct Authority (FCA), has asked us to assess the value of our funds. Assessing value is much more than just looking at the fees you pay or the performance of your fund in isolation. Considering this, we have designed an assessment which looks at nine criteria.

We have also appointed an independent research firm, Square Mile Investment Consulting & Research, to provide an impartial report on the value our funds offer compared with the market.

It is the responsibility of our board of directors to consider the outcomes of these assessments, ensure they are clear and fair, and then communicate to you, our investors, if we have delivered value or, if not, where we need to improve.

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

Other funds

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

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

and the Authorised Corporate Director of:

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

Further details

Should you need further details of this fund or any of the other funds managed by 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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Financial Conduct Authority

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Investment Association

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