RATHBONES

RATHBONE ACTIVE INCOME AND GROWTH FUND

INTERIM REPORT FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024

CONTENTS

RATHBONE ACTIVE INCOME AND GROWTH FUND

AUTHORISED FUND MANAGER (THE MANAGER)

Rathbones Asset Management Limited
30 Gresham Street
London EC2V 7QN
Telephone 020 7399 0399
A member of the Rathbones Group
Authorised and regulated by the Financial Conduct Authority and member of The Investment Association

Prior to 15 July 2024 the registered address for Rathbones Asset Management Limited was:
8 Finsbury Circus
London EC2M 7AZ

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

T Carroll – Chief Investment Officer and Chief Executive Officer
E Renals – Chief Operating Officer
JA Rogers – Chief Distribution Officer and Chair of the Board
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 Rathbones Asset Management Limited.

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

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

ETHICAL INVESTMENT POLICY

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

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

INVESTMENT REPORT FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024

FUND PERFORMANCE

The Fund returned 3.3%, net of fees, in the 6 months to the end of September, versus a 3.0% return from CPI + 3%.

PORTFOLIO ACTIVITY

The manager bought several UK Treasury Bills, including those maturing on 15/07/2024, 13/05/2024 and 28/10/2024, in order to gain an interest rate advantage over simple cash. Other income-generating activity included adding the Barclays Plc 3.75% 22/11/2030 bond to the portfolio. Meanwhile the NatWest Group 2.105% 28/11/2031 bond was sold, and the Rathbone High Quality Bond Fund was trimmed in favour of individual fixed income holdings.

The UBS MSCI Japan ETF was added to the portfolio, replacing select individual Japanese equities. The manager remains bullish on Japan due to its improving corporate governance and positive outlook.

The manager sold some individual equities — including Berkshire Hathaway — in favour of adding to 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. In the energy space, BP was sold, and the proceeds went into Total as it is the better operator and performer — and has higher ESG credentials.

Given the high UK weighting of the fund, the manager sold out of the Vanguard FTSE All Share ETF holding.

MARKET OVERVIEW

Both bond and equity markets rallied in the third quarter; the S&P 500 posted its biggest year-to-date advance of the 21st Century. That's a significant turnaround from earlier in the quarter, when markets sank as US recession fears grew and the yen carry trade began to unwind. At the height of the turmoil in early August, the VIX index of volatility spiked up to its highest intra-day levels since March 2020, the initial wave of the pandemic. The S&P 500 was down 8.5% peak-to-trough and the Magnificent Seven group was down 18.1%. But risk assets recovered thanks to a dovish central bank pivot, stronger economic data, and fresh stimulus out of China. Looking ahead, if the hoped-for 'soft landing' in the US does materialise, the historical precedents for world markets are positive.

Those anticipating a recession were rewarded by a 0.5% rate cut from the Fed on 18 September. But revisions to GDP and savings data weaken the case for a hard landing, as real GDP has risen consistently since mid-2020, and personal savings rates improved. Fed Chair Powell acknowledged that these revisions alleviated some economic risks but noted increased risks to employment. Nonetheless, the US labour market appears stable, with low initial unemployment claims.

July's employment data was also distorted by Hurricane Beryl, yet jobs still increased by 114,000, with a long-term need of 80,000 to 100,000 new jobs monthly to match population growth. But it's important to note that the unemployment rate is a symptom, not a cause, of recessions.

Other potential recession triggers include the Israel-Iran conflict, which could lead to oil price spikes; massive energy price increases exacerbated the 1973-75, 1979-80 and 2008 recessions.

More typically, US recessions have been triggered by credit crunches which in turn have been triggered by massive interest rate hikes by the Fed; the Fed raised rates by 5.25% from March 2022 to July 2023. However, consumers are less sensitive to these hikes due to long-term fixed-rate debts. Furthermore, household debt has fallen steadily relative to GDP since 2008.

Nonetheless, the Fed is concentrating on preventing further unemployment increases and seems to view its 2% inflation target as a floor rather than a ceiling.

With 2% as the floor for the Personal Consumption Expenditures (PCE) Deflator and with CPI inflation generally some 0.5% higher than PCE inflation, it looks like the Fed is now aiming for 2.5% as a minimum level of CPI inflation. This might seem trifling but it's CPI, not PCE, that is the benchmark used for key economic decision-making, for example in cost-of-living adjustments for Social Security payments, wage contracts and in inflation-linked bond payments. And most importantly, the US bond market is pricing CPI inflation at 2% across all time horizons, even on optimistic assumptions about the Fed's ability and willingness to hit an inflation target which it has missed for the past four years and which will remain out of reach until 2026, according to its own forecasts in its 'Summary of Economic Projections' (SEP).

Given the big initial rate cut, along with Powell's assurance of further cuts to prevent a further rise in unemployment, a recession looks unlikely. If no recession occurs next year, the Fed will not have to cut rates as drastically as forecast, thereby disappointing bond markets pricing in a recession.

On the other hand, the Fed could still cut rates as they expect. Why? Because the Fed's estimate of the neutral, or equilibrium, rate of interest is too low. The SEP shows a median of 2.9% for this 'longer run' interest rate level. This assumes that the period after 2008 was normal, rather than a 'blip'. But the era of excess savings is shifting to one of higher investment: the deleveraging that followed 2008 is over; US companies and households now have historically strong balance sheets, and industry is entering a capital-intensive period. Geopolitics, fiscal policy and demographics also serve to increase the competition for capital.

The Fed's assumption of a 2.9% neutral rate becomes a real rate of 0.4% if we subtract the 2.5% CPI rather than the 2% PCE rate of inflation. 0.4% is at the bottom of the range assumed by the Fed in the decade between 2008 and 2018. The risk is now that longer-dated bond yields rise to catch up with the reality of higher neutral rates rather than with the Fed fiction. The US Treasury yield curve has already steepened (i.e. longer-dated bond yields have risen more than shorter dated bond yields) since the 18 September, confirming that the bond market doesn't think the economy needed the 0.5% jolt.

Tech stocks lost some of their shine in the quarter, but Nvidia's stellar performance over 12 months has drawn comparisons to Cisco in 2000. However, Nvidia is much more profitable now than Cisco was then.

The biggest investors in Nvidia chips – Amazon, Microsoft, Alphabet and Meta – have pledged to spend $200 billion in capital investment this year. Alphabet's CEO warned that the risk of underinvestment outweighed overinvestment, echoing concerns from Meta's CEO about potential overbuilding. However, Meta is a case study in AI investment paying off. The company posted an uplift of almost $7 billion in second quarter sales, thanks in part to its Advantage+ AI automated product promotion tool.

Concerns persist: Nvidia depends on a handful of companies for its sales; models will soon be commoditised, and there are doubts about the technology itself. Generative AI is certainly flawed. While it is surprisingly good at some activities, it is surprisingly bad at others, such as making mathematical calculations, let alone reasoning and learning abstract concepts. There's also a question mark over its promise of huge productivity gains.

Yet history is full of examples of technology taking years to apply, often depending on other innovations. Thus there is, perhaps, a sense of déjà vu in Mario Draghi's long-awaited report on EU competitiveness. Buried within it was this: "… innovative digital companies are generally failing to scale up in Europe and attract finance, reflected in a huge gap in later-stage financing between the EU and the US. In fact, there is no EU company with a market capitalisation over EUR 100 billion that has been set up from scratch in the last fifty years, while in the US all six companies with a valuation above EUR 1 trillion have been created over this period." To Draghi, this gets to the root of one of Europe's key challenges – not enough innovation; instead, stasis.

In a similar vein, recent developments in the UK also look limiting. Pay deals with unions have stipulated no quid pro quo – for example, the use of drones and electronic sensors, rather than union members, to monitor the state of train tracks, and the previous government's plan to invest £1.3 billion in the most advanced computer technology has been abruptly cancelled.

In fact, the UK is a leader of this field in Europe. Yet the UK government has said that it will follow the EU's model of regulating AI. The EU has effectively set an upper limit on the size and power of AI models – which has already been exceeded by the latest AI systems.

In this context, much-needed productivity growth in the UK may yet prove elusive. The forthcoming budget may attempt to 'balance the books' but a sudden fiscal tightening is unnecessary and may indeed prove counterproductive if yet more investment projects are cut. Although public debt is on the high side at close to 100% of GDP, the current fiscal situation does not look very unusual when compared to previous shifts in power. Meanwhile the economy is recovering (growth in the first half was the strongest in the G7) and inflation is more or less under control.

Movements in the Japanese yen affected global markets earlier in the quarter. Having fallen to historic lows, the yen soared 12% against the dollar in July and August. The equity market fell by almost 25%, wiping out a year of gains, before recouping nearly all of its losses in short order. Much of this volatility – and the sell-off in US tech stocks, Mexican bonds, etc, can be attributed to the end of the 'carry trade'.

What prompted the rally in the yen was the fact that the Bank of Japan started to raise rates on 31 July, with the Governor stressing that the Bank would keep hiking, just as the US dollar weakened after a batch of poor US economic data drove expectations for large Fed rate cuts.

Most investors that needed to buy back yen have done so, hence we have probably seen the worst. However, further appreciation of the yen has important implications for Japanese equities. By some estimates, large Japanese companies derive some 60% of their revenues and 70% of their profits from overseas; by contrast, Japanese small and mid-cap companies generate, on average, only 30% of their revenues from abroad. Moreover, many could even benefit from a stronger yen, as that would release funds for domestic consumption by cutting the cost of imported energy and goods. Declining consumer costs would coincide with governmental pressure on employers to support wage growth, which turned positive in July for the first time in two years. Japan's Consumer Confidence Index has recently been climbing faster than expected and private consumption was a major contributor to strong second quarter GDP growth – all good news for domestic companies' revenues.

Larger companies may miss an excessively weak yen, but they still reported robust second-quarter earnings and gave mostly positive guidance. Meanwhile, the greater focus on shareholder value remains, meaning higher dividends, more share buybacks and higher returns on capital. Merger and acquisition activity has also increased and private equity names are also setting up or expanding their Japan operations, buying the assets being sold as companies shrink their portfolios.

The LDP leadership election on 27 September saw former defence minister Shigeru Ishiba selected to become Prime Minister in an unusually close race against Sanae Takaichi, who led in the first round of voting. Takaichi had positioned herself as a monetary policy dove, resulting in higher equity prices, a weaker yen and lower interest rates. Ishiba's win sent those moves into reverse. However, although Ishiba may adopt slightly more restrictive policies, the probability of major change is low.

In the US, the outcome of the election on 5 November is finely balanced. Trump has promised deregulation, tax cuts and fewer constraints on gas and oil production, which equity markets should like, but his tariff proposals are certainly eye-catching and should lead to higher inflation and lower growth. Harris's economic proposals have an anti-big business flavour. For example, she has attributed rising food prices to price gouging and has made various proposals to ban it. Her other plans include more affordable housing, increased child tax credits and higher health insurance subsidies. It is safe to say that neither candidate is a fiscal hawk; the risk premium demanded by investors to hold US government bonds would rise. Historically, markets do best when the US government is divided and presidential ambitions are thereby thwarted. Hence Trump policy risks are more acute since he is more likely to capture Congress, and he can impose his tariffs regardless.

China provided the fireworks at the end of the quarter. Over a three-year-long property bust and post-pandemic slump, China's government has consistently tried to do the minimum necessary to support growth. The end of September, however, witnessed the PBOC announcing cuts in key interest rates and mortgage costs, along with significant support for the stock market. The changes in monetary policy were already widely expected, but their presentation as one package was not. Within days, the Politburo held an emergency meeting which called for extra economic stimulus. The shift from contractionary to expansionary fiscal policy included plans to spend roughly RMB 2 trillion, double last year's total.

INVESTMENT REPORT FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024 (continued)

The Politburo called for "promoting income gains for low and middle-income groups", given a weak jobs market and slowing household income growth, and promised fiscal transfers of RMB 1 trillion to subsidise the trade-in and renewal of consumer goods and to upgrade large-scale business equipment. Not directly mentioned in the Politburo's statement, but also significant, are the plans to strengthen the banking system by boosting the capital of the major state-owned banks. A capital increase now — said to be around RMB 1 trillion — would help banks get ahead of the bad loan problem and increase the effectiveness of monetary policy. As we saw after 2008, swift bank balance sheet resolution was key to solving the debt/property crisis.

However, the bulk of the population has access to money, they just don't want to spend it. As Japan showed in the 1990s, cutting lending rates can be 'pushing on a string'. Thus concerns remain about whether these measures will restore consumer confidence or merely serve as temporary fixes. The structural factors weighing on Chinese growth haven't gone away. While Japan's experience offers some insights, China is confronting an arguably worse set of challenges. First, China's demographics are less favourable, with its population decline coinciding with the bursting of its asset bubble, while Japan's population only started to decline almost two decades after its bubble burst.

Secondly, the direct hit from the housing slump could be larger in China than in Japan given residential investment's share of China's GDP is double the ratio in Japan in the 1990s. Housing represented one of the main ways that Chinese citizens invested; hence the wealth destruction hasbeen massive, an estimated $18 trillion.

Thirdly, China's tensions with the US extend beyond economics and trade to national security and ideology. Lastly, holding Chinese equities means accepting highly unpredictable regulatory risk in China itself — foreign investors' interests are largely ignored.

Given such challenges, it is difficult to determine how much stimulus is 'enough'. The government's end goals are perhaps more important than the specific means already announced. Based on available information, China's policy stimulus could reach RMB 7.5 trillion, or 6% of GDP, the largest in history in nominal terms and the third largest as a percentage of GDP, on a par with the stimulus implemented following the Covid outbreak in 2020.

The abrupt policy change certainly came as a big surprise to local markets, which leapt on the news. The end of September was the best six-day run for the CSI 300, ever, and the best six days for the Hang Seng since March 2022. The strength of the rally was helped by the fact that Chinese equities were severely out of favour and valuations were low. The average 12-month return after the CSI 300 troughs (since 2009) has been 25% and for the Hang Seng (since 1994), 64%. Thus the rally may have further to go.

James Codrington
Fund Manager

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES

INCOME UNITS

	30.09.24 pence per unit	31.03.24 pence per unit	31.03.23 pence per unit	31.03.22 pence per unit
Change in net assets per unit				
Opening net asset value per unit	**141.13p**	133.02p	142.75p	138.47p
Return before operating charges*	**4.50p**	13.17p	(4.67p)	8.63p
Operating charges	**(0.28p)**	(0.47p)	(0.48p)	(0.52p)
Return after operating charges*	**4.22p**	12.70p	(5.15p)	8.11p
Distributions on income units	**(2.17p)**	(4.59p)	(4.58p)	(3.83p)
Closing net asset value per unit	**143.18p**	141.13p	133.02p	142.75p
*after direct transaction costs[1] of:	**0.02p**	0.02p	0.01p	0.02p

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

PERFORMANCE

Return after charges	**2.99%**	9.55%	(3.61%)	5.85%

OTHER INFORMATION

Closing net asset value	**£216,286,841**	£222,524,061	£214,305,303	£233,897,963
Closing number of units	**151,058,964**	157,667,655	161,108,838	163,855,081
Operating charges**	**0.44%**	0.50%	0.54%	0.50%
Direct transaction costs	**0.01%**	0.01%	0.01%	0.01%

PRICES***

Highest unit price	**145.46p**	142.55p	143.80p	151.12p
Lowest unit price	**137.24p**	128.57p	127.45p	136.86p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP and includes a synthetic element relating to the expenses paid by any open-ended 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†

	30.09.24 pence per unit	31.03.24 pence per unit	31.03.23 pence per unit	31.03.22 pence per unit
Change in net assets per unit				
Opening net asset value per unit	**108.47p**	98.83p	100.00p	N/A
Return before operating charges*	**3.47p**	9.98p	(0.88p)	N/A
Operating charges	**(0.22p)**	(0.34p)	(0.29p)	N/A
Return after operating charges*	**3.25p**	9.64p	(1.17p)	N/A
Distributions on accumulation units	**(1.68p)**	(3.45p)	(2.74p)	N/A
Retained distributions on accumulation units	**1.68p**	3.45p	2.74p	N/A
Closing net asset value per unit	**111.72p**	108.47p	98.83p	N/A
*after direct transaction costs[1] of:	**0.01p**	0.01p	0.01p	N/A

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

PERFORMANCE

Return after charges	**3.00%**	9.75%	(1.17%)	N/A

OTHER INFORMATION

Closing net asset value	**£154,802**	£150,298	£57,791	N/A
Closing number of units	**138,567**	138,567	58,475	N/A
Operating charges**	**0.44%**	0.49%	0.54%	N/A
Direct transaction costs	**0.01%**	0.01%	0.01%	N/A

PRICES***

Highest unit price	**112.68p**	108.59p	102.32p	N/A
Lowest unit price	**106.33p**	97.35p	93.17p	N/A

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

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP and includes a synthetic element relating to the expenses paid by any open-ended 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 SEPTEMBER 2024

	2020	2021	2022	2023	2024
Rathbone Active Income and Growth Fund	-0.73%	16.94%	-8.83%	5.29%	12.52%
UK Consumer Price Index +3%	3.20%	6.32%	13.11%	9.86%	5.35%

Source performance data FE fundinfo, mid to mid, net income reinvested.

Past performance should not be seen as an indication of future performance.

The value of investments and the income from them may go down as well as up and you may not get back your original investment.

PORTFOLIO AND NET OTHER ASSETS AS AT 30 SEPTEMBER 2024

Holding		Value £	Percentage of total net assets
Debt Securities (31.03.24: 18.88%)			
Government Bonds (31.03.24: 7.48%)			
MXN147,400	Government of Mexico 7.75% 29/05/2031**	521,572	0.24
SGD1,863,000	Government of Singapore 2.125% 01/06/2026**	1,077,709	0.50
SEK14,780,000	Government of Sweden 1% 01/06/2025**	1,425,569	0.66
MXN24,200,000	KFW 4.4% 25/07/2025**	880,263	0.41
£3,200,000	UK Treasury 0% 28/10/2024**	3,188,192	1.47
£1,142,000	UK Treasury 0.125% 22/03/2026**	1,699,463	0.78
£1,223,630	UK Treasury 0.125% 10/08/2028**	1,694,822	0.78
£1,050,000	UK Treasury 0.125% 22/03/2029**	1,702,669	0.79
£1,192,000	UK Treasury 0.25% 31/07/2031**	940,035	0.43
£1,675,000	UK Treasury 0.5% 22/10/2061**	511,110	0.24
£2,087,155	UK Treasury 0.875% 31/01/2046**	1,057,582	0.49
£1,042,364	UK Treasury 4.25% 31/07/2034**	1,062,575	0.49
£1,642,000	UK Treasury 4.25% 31/07/2036**	1,665,628	0.77
		17,427,189	**8.05**
Corporate Bonds (31.03.24: 8.63%)			
£1,700,000	Assicurazioni Generali 6.269% VRN perp**	1,705,978	0.79
£1,830,000	Aviva 6.875% VRN 20/05/2058**	1,898,951	0.88
£4,430,357	Barclays 1472 FTSE S&P Income Autocall ELN 23/03/2028**	4,377,636	2.02
£3,231,000	Barclays 3.75% VRN 22/11/2030**	3,159,022	1.46
£2,100,000	Deutsche Bank 4% VRN 24/06/2026**	2,078,769	0.96
£2,029,000	Goldman Sachs 3.125% 25/07/2029**	1,903,485	0.88
SGD1,500,000	HSBC 5.3% VRN 26/03/2034**	929,235	0.43
£2,100,000	Lloyds Banking 1.875% VRN 15/01/2026**	2,078,387	0.96
£2,130,000	Lloyds Banking 2.707% VRN 03/12/2035**	1,787,059	0.83
£1,540,257	RBC Capital Markets 1303 New Issue FTSE Acceleration**	2,036,528	0.94
£1,729,000	Zurich Finance Ireland 5.125% VRN 23/11/2052**	1,674,581	0.77
		23,629,631	**10.92**
Other Bonds (31.03.24: 2.77%)			
£1,000,000	Barclays Bank ELN 19/10/2027**	1,083,400	0.50
1,687,000	Credit Agricole 1534 TOPIX Booster (300%) EIS**	1,662,201	0.77
£1,000,000	UBS AG ELN 07/02/2030**	1,039,900	0.48
		3,785,501	**1.75**
Total Debt Securities		**44,842,321**	**20.72**

PORTFOLIO AND NET OTHER ASSETS AS AT 30 SEPTEMBER 2024
(continued)

Holding		Value £	Percentage of total net assets
Bond Funds (31.03.24: 5.95%)			
122,795	Capital Global High Income Opportunities Fund*	3,823,845	1.77
8,575,196	Fair Oaks Income	3,420,233	1.58
2,428,512	Rathbone High Quality Bond Fund*	2,201,203	1.02
Total Bond Funds		**9,445,281**	**4.37**
United Kingdom (31.03.24: 21.10%)			
Oil and Gas (31.03.24: 3.17%)			
193,830	Shell	**4,700,378**	**2.17**
Basic Materials (31.03.24: 2.39%)			
69,041	Antofagasta	1,389,795	0.64
28,579	Croda International	1,204,891	0.56
490,440	Elementis	797,455	0.37
35,918	Rio Tinto	1,902,936	0.88
		5,295,077	**2.45**
Industrials (31.03.24: 2.98%)			
81,579	Ashtead	4,720,161	2.18
167,850	Breedon	718,398	0.33
105,714	Howden Joinery	958,826	0.44
		6,397,385	**2.95**
Consumer Goods (31.03.24: 0.83%)			
46,619	Unilever	**2,255,427**	**1.04**
Healthcare (31.03.24: 3.19%)			
35,168	AstraZeneca	4,074,564	1.88
75,704	Genus	1,514,080	0.70
117,985	GSK	1,789,243	0.83
		7,377,887	**3.41**
Consumer Services (31.03.24: 3.01%)			
50,902	Compass Group	1,218,594	0.56
95,458	Experian	3,752,454	1.74
32,200	RELX	1,129,898	0.52
		6,100,946	**2.82**
Utilities (31.03.24: 0.50%)			
134,333	National Grid	**1,383,630**	**0.64**

PORTFOLIO AND NET OTHER ASSETS AS AT 30 SEPTEMBER 2024
(continued)

Holding		Value £	Percentage of total net assets
Financials (31.03.24: 3.71%)			
201,865	Aviva	976,017	0.45
348,739	Barclays	783,093	0.36
236,985	HSBC (London listed)	1,585,904	0.73
331,186	Legal & General	749,143	0.35
2,547,674	Lloyds Banking	1,497,523	0.69
8,802	London Stock Exchange Group	899,564	0.42
252,345	M&G Prudential	523,111	0.24
113,404	Savills	1,342,703	0.62
		8,357,058	**3.86**
Total United Kingdom		**41,867,788**	**19.34**
Europe (31.03.24: 1.80%)			
832,117	iShares MSCI EM ex-China UCITS ETF#	**3,443,300**	**1.59**
Japan (31.03.24: 8.97%)			
61,900	Advantest	2,168,005	1.00
94,900	Amada	719,664	0.33
50,700	Daifuku	727,865	0.34
131,000	Hitachi	2,575,392	1.19
11,000	Hoya	1,126,277	0.52
2,800	Keyence	997,463	0.46
28,000	Nintendo	1,111,584	0.51
34,900	Rohto Pharmaceutical	646,099	0.30
70,700	Sanwa	1,389,557	0.64
33,500	Shin-Etsu Chemical	1,040,094	0.48
98,000	Sony	1,411,006	0.65
11,200	Tokyo Electron	1,473,940	0.68
Total Japan		**15,386,946**	**7.10**
Germany (31.03.24: 1.46%)			
204,323	TAG Immobilien	**2,820,363**	**1.30**
Denmark (31.03.24: 1.29%)			
22,000	Novo Nordisk 'B'	**1,931,727**	**0.89**
Netherlands (31.03.24: 2.23%)			
33,778	Aalberts Industries	1,023,565	0.47
3,505	ASML	2,174,379	1.01
10,428	Redcare Pharmacy	1,127,939	0.52
Total Netherlands		**4,325,883**	**2.00**

PORTFOLIO AND NET OTHER ASSETS AS AT 30 SEPTEMBER 2024
(continued)

Holding		Value £	Percentage of total net assets
United States (31.03.24: 11.74%)			
14,729	Alphabet 'A'	1,821,703	0.84
29,992	Coca-Cola	1,606,535	0.74
8,311	Microsoft	2,664,588	1.23
62,294	Palantir Technologies	1,727,615	0.80
238,030	Vanguard S&P 500 ETF#	19,297,687	8.91
Total United States		**27,118,128**	**12.52**
Singapore (31.03.24: 0.53%)			
79,380	DBS Goup	**1,756,449**	**0.81**
Switzerland (31.03.24: 2.32%)			
12,119	DSM Firmenich	1,246,312	0.58
12,448	Nestlé (registered)	934,676	0.43
14,815	Sensirion	955,810	0.44
15,506	Swiss Reinsurance	1,598,569	0.74
Total Switzerland		**4,735,367**	**2.19**
Italy (31.03.24: 1.34%)			
5,741	Ferrari	**1,997,621**	**0.92**
Sweden (31.03.24: 0.53%)			
66,564	Sandvik	**1,109,830**	**0.51**
Australia (31.03.24: 2.10%)			
67,647	BHP	1,564,675	0.72
345,524	Lynas Rare Earths	1,415,352	0.66
315,345	Sandfire Resources	1,741,880	0.81
Total Australia		**4,721,907**	**2.19**
France (31.03.24: 1.22%)			
1,741	L'Oreal	582,326	0.27
1,981	LVMH	1,134,827	0.53
8,684	Schneider Electric	1,705,914	0.79
34,147	TotalEnergies	1,661,788	0.77
Total France		**5,084,855**	**2.36**
Canada (31.03.24: 0.61%)			
41,186	Brookfield Asset Management	1,451,661	0.67
12,888	Canadian Pacific Kansas City	821,696	0.38
Total Canada		**2,273,357**	**1.05**

PORTFOLIO AND NET OTHER ASSETS AS AT 30 SEPTEMBER 2024
(continued)

Holding		Value £	Percentage of total net assets
Chile (31.03.24: 0.27%)			
15,693	Sociedad Química y Minera de Chile ADR	**487,514**	**0.23**
Jersey (31.03.24: 0.42%)			
268,266	Arcadium Lithium	**584,129**	**0.27**
Taiwan (31.03.24: 0.00%)			
8,435	Taiwan Semiconducter	**1,092,051**	**0.51**
Commodities (31.03.24: 6.20%)			
512,899	ETFS Agriculture ETF#	2,325,484	1.07
363,647	ETFS GBP Daily Hedged Physical Gold ETC ETF#	4,965,600	2.29
33,926	Gold Bullion Securities*	6,123,550	2.83
120,151	ishares Physical Silver ETF#	2,661,345	1.23
63,036	UBS Lux Fund Solutions MSCI ETF#	2,676,509	1.24
Total Commodities		**18,752,488**	**8.66**
Alternatives (31.03.24: 3.16%)			
1,087,000	DJ STOXX Warrants 2027 Goldman	1,194,613	0.55
2,451,423	GCP Infrastructure Investments	1,926,818	0.89
5,091,926	Sequoia Economic Infrastructure Income	4,048,081	1.87
Total Alternatives		**7,169,512**	**3.31**
Property Unit Trusts (31.03.24: 4.49%)			
11,655,225	Swiss Life Asset Managers UK*	**8,606,218**	**3.98**
Total value of investments (31.03.24: 96.61%)		**209,553,035**	**96.82**
Net other assets (31.03.24: 3.39%)		6,888,608	3.18
Total value of the fund as at 30 September 2024		**216,441,643**	**100.00**

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

Sectors/Countries eliminated since the beginning of the year:

Telecommunications	0.29%
UK Equity Funds	1.03%

* Collectives
** Debt securities
# Exchange Traded Funds

SUMMARY OF PORTFOLIO INVESTMENTS

	Value £	Percentage of total net assets
Equities	110,248,174	50.94
Bonds	43,180,120	19.95
Collective investment Schemes	56,124,741	25.93
Total value of investments	**209,553,035**	**96.82**

STATEMENT OF TOTAL RETURN FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024

	30.09.24 £	**30.09.24 £**	30.09.23 £	30.09.23 £
Income				
Net capital gains/(losses)		**3,573,808**		(2,470,508)
Revenue	**3,429,274**		4,139,880	
Expenses	**(398,770)**		(389,767)	
Interest payable and similar charges	**(795)**		–	
Net revenue before taxation	**3,029,709**		3,750,113	
Taxation	**(80,642)**		(109,209)	
Net revenue after taxation		**2,949,067**		3,640,904
Total return before distributions		**6,522,875**		1,170,396
Distributions		**(3,350,946)**		(4,044,201)
Change in net assets attributable to unitholders from investment activities		**3,171,929**		(2,873,805)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024

	30.09.24 £	**30.09.24 £**	30.09.23 £	30.09.23 £
Opening net assets attributable to unitholders		**222,674,359**		214,363,094
Amounts receivable on issue of units	**2,335,170**		2,378,377	
Amounts payable on cancellation of units	**(11,742,143)**		(1,868,188)	
		(9,406,973)		510,189
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		**3,171,929**		(2,873,805)
Retained distributions on accumulation units		**2,328**		965
Closing net assets attributable to unitholders		**216,441,643**		212,000,443

BALANCE SHEET AS AT 30 SEPTEMBER 2024

	30.09.24 £	30.09.24 £	31.03.24 £	31.03.24 £
Assets				
Fixed assets:				
Investments		**209,553,035**		215,130,667
Current assets:				
Debtors	**1,006,331**		2,662,392	
Cash and bank balances	**7,492,951**		9,162,075	
Total current assets		**8,499,282**		11,824,467
Total assets		**218,052,317**		226,955,134
Liabilities				
Creditors:				
Other creditors	**(84,978)**		(2,309,929)	
Distribution payable on income units	**(1,525,696)**		(1,970,846)	
Total liabilities		**(1,610,674)**		(4,280,775)
Net assets attributable to unitholders		**216,441,643**		222,674,359

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 2024 and are detailed in full in those financial statements.

PORTFOLIO TRANSACTIONS

Total purchases and sales transactions for the half year ended 30 September 2024 were £35,019,398 (30 September 2023: £47,914,371) and £46,040,527 (30 September 2023: £49,982,579) respectively.

DISTRIBUTION TABLES FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024

DISTRIBUTION TABLES (PENCE PER UNIT)

First Interim
Group 1 – Units purchased prior to 1 April 2024
Group 2 – Units purchased on or after 1 April 2024 and on or before 30 June 2024

Income units	Income	Equalisation	Paid 30.08.24	Paid 31.08.23
Dividend Distribution				
Group 1	0.66	–	0.66	0.78
Group 2	0.37	0.29	0.66	0.78
Non-dividend Distribution				
Group 1	0.50	–	0.50	0.63
Group 2	0.29	0.21	0.50	0.63

Accumulation units	Income	Equalisation	Accumulated 30.08.24	Accumulated 31.08.23
Dividend Distribution				
Group 1	0.52	–	0.52	0.58
Group 2	0.52	0.00	0.52	0.58
Non-dividend Distribution				
Group 1	0.38	–	0.38	0.47
Group 2	0.38	0.00	0.38	0.47

DISTRIBUTION TABLES FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024 (continued)

DISTRIBUTION TABLES (PENCE PER UNIT) (continued)

Second Interim
Group 1 – Units purchased prior to 1 July 2024
Group 2 – Units purchased on or after 1 July 2024 and on or before 30 September 2024

Income units	Income	Equalisation	Payable 29.11.24	Paid 30.11.23
Dividend Distribution				
Group 1	0.72	–	0.72	0.78
Group 2	0.33	0.39	0.72	0.78
Non-dividend Distribution				
Group 1	0.29	–	0.29	0.32
Group 2	0.13	0.16	0.29	0.32

Accumulation units	Income	Equalisation	Allocated 29.11.24	Accumulated 30.11.23
Dividend Distribution				
Group 1	0.56	–	0.56	0.57
Group 2	0.56	0.00	0.56	0.57
Non-dividend Distribution				
Group 1	0.22	–	0.22	0.25
Group 2	0.22	0.00	0.22	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.

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

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 to set the prices at which units in the fund may be bought or sold. Valuations may be made at other times on business days with the Trustee's approval.

STEWARDSHIP CODE

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

BUYING AND SELLING OF UNITS

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

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

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

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

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

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

STATEMENTS

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

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

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

PRICES

Prices are available on our website rathbonesam.com

OTHER INFORMATION

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

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

Further copies of this report are available upon request, free of charge, from Client Services Department, Rathbones Asset Management Limited, 30 Gresham Street, London, EC2V 7QN.

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, 30 Gresham Street, London, EC2V 7QN . Any complaint we receive will be handled in accordance with our internal complaint procedures. A copy of these are available from the Compliance Officer.

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

ISA ELIGIBILITY

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

RISK FACTORS

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

VALUE ASSESSMENT

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

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

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

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

OTHER FUNDS

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

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

and the Authorised Corporate Director of:

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

FURTHER DETAILS

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

Client Services Department
Rathbones Asset Management Limited
30 Gresham Street
London EC2V 7QN

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

DATA PROTECTION

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

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

Data Protection Officer
Rathbones Asset Management Limited
30 Gresham Street
London EC2V 7QN

Rathbones Asset Management

30 Gresham Street
London EC2V 7QN
+44 (0)20 7399 0000
Information line:
+44 (0)20 7399 0399
ram@rathbones.com
rathbonesam.com

9134.11.24