Rathbones
Look forward

Rathbone Active Income and Growth Fund

Annual report for the year ended 31 March 2023

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Authorised Fund Manager (the Manager)

Rathbone Unit Trust Management Limited
8 Finsbury Circus
London EC2M 7AZ
Telephone 020 7399 0399
A member of the Rathbones Group
Authorised and regulated by the Financial Conduct Authority and member of The Investment Association

Dealing office

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

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Independent Auditor

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow G1 3BX

Directors of the Manager

RP Stockton – Chairman
MM Webb – Chief Executive Officer
JR Chillingworth – Chief Investment Officer (Retired 31 May 2022)
T Carroll – Chief Investment Officer (Appointed 1 June 2022)
JM Ardouin – Finance Director
MS Warren – Non-Executive Director
J Lowe – Non-Executive Director

Administrator

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

Trustee

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

Investment objective and policy

Investment objective

The objective of the fund is to deliver 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.

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.

Performance

The fund returned -4.4%, net of fees, in the 12 months to the end of March, versus a 13.76% return from CPI +3%.

Portfolio activity

The manager implemented a more defensive posture for the portfolio. He reduced equity risk by trimming the Vanguard S&P 500 ETF and selling the Coupland Cardiff Japan Alpha Fund and the Brown Advisory US MidCap Growth Fund. He also took profits in the USA Treasury 0.125% TIPS 15/07/2031 before the rise in real yields eroded returns. Latterly he sold Accenture PLC as the company reported lower than expected revenue growth.

At times of market stress, holding cash has often been attractive, but mindful of the minimal yield currently available, the manager bought several UK Treasury Bills, including those maturing on 21/11/2022 and 24/04/2023, in order to gain a slight interest rate advantage over simple cash. Other income-generating activity included the purchase of the Barclays 1415 FTSE/Euro Income Autocall, a structured product paying an income of 7.35% each year. This replaced a similar product that matured earlier in the year. The Barclays 1415 matured in March 2023 and was replaced by the Barclays 1472 Income Autocall, which pays an income of 9.0% a year.

In October a position was started in the Wisdomtree Agriculture ETF. This replaced an ETF linked to a Swedish Export Credit bond which had matured. The manager considered it prudent to maintain some exposure to soft commodities, given high inflation, climate change and volatile geopolitics.

Market overview

Over the last three years we have experienced a major pandemic, the biggest peacetime stimulus in history, inflation at multi-decade highs, Russia's invasion of Ukraine, and the fastest monetary tightening in a generation. With all this happening, it can be harder than usual to make predictions. But there are several observations that can safely be made.

The current outlook for economies and markets is undoubtedly challenging. The world experienced exceptional growth for a few decades after 1945; government promises to citizens assumed that this growth would continue forever. From the early 1970s, governments moved towards structural deficit financing and hoped that what was borrowed today could be paid back with ease tomorrow. Debt was low in the 1970s, so this could be done for a few decades without systemic risk. 2008 was a wake-up call that the world had too much debt; this call was left unheeded thanks to QE and zero interest rates. But now inflation and higher yields are exposing the huge problems of this 50-year trend, at a time when structural growth is grinding towards a halt.

We have yet to return to the growth rates seen before 2008. From the start of 2008 to the end of 2021, average GDP growth rates in the Eurozone, UK and US have been roughly half what they were in the 14 years up to and including 2007. And this earlier period was not marked by especially vigorous growth, despite loose monetary and fiscal policy. As growth has trended down, debt has trended up. It could be that high levels of debt cause lower growth, or it could be that lower growth causes higher levels of debt. Either way, debt-laden economies are more vulnerable to shocks.

Perhaps that's why the US Federal Reserve didn't raise rates from zero until CPI inflation was already running above 8%. This meant the real policy rate was actually lower than it was throughout the 1970s, and the chair of the Fed, Jerome Powell, has acknowledged that with hindsight they should have moved quicker. Even now, the federal funds rate, in common with central bank policy rates elsewhere, is still lower than the CPI inflation rate, while the core inflation rate is approximately 2% over the ten-year Treasuries yield.

In his congressional testimony in early March, Powell noted that "the latest economic data have come in stronger than expected, which suggests that the ultimate level of interest rates is likely to be higher than previously anticipated." He probably had in mind the same data that squashed January's rally. News that January's US unemployment rate fell to a 53-year low of 3.4% was followed by upward revisions to inflation data from late-2022, which showed that CPI had fallen less rapidly than thought; then January's personal consumption expenditures deflator, the inflation measure targeted by the Fed, rose by an unexpectedly strong 0.6% on the month, or 5.4% year-on-year.

This trend wasn't confined to the US. In Japan, headline and core CPI for January reached their highest level since 1981.Eurozone inflation also has momentum. While the ECB's 3% of rate increases since July have been accompanied by headline inflation falling from 10.6% in October to 8.5% in February, underlying core inflation climbed to 5.6% year-on-year, up from 5.2% in December. Unemployment at 6.7% in January has come off a record low of 6.6% in December, with work force participation climbing to an all-time high of almost 75%. With the Eurozone's working-age population (15-64) now down 2.7% from its 2012 peak, the region's labour shortages are increasingly structural in nature. As firms succeed in passing on higher wage costs to customers, there is a risk of a gathering wage-price spiral.

The historical record shows that in a number of disinflation episodes, especially the 1970s, central banks in the US and Europe failed to return inflation all the way back to desired levels. This occurred because policy tightening was reversed too quickly when economies moved into recession; quick pivots to often strong stimulus fostered speedy economic recoveries but also meant that inflation resumed uptrends from higher than desired levels.

When central banks in the US, Germany and the UK did finally address the inflation problem in earnest in the early 1980s, they had to engineer severe recessions in order to return inflation sustainably to desired levels.

Hence Powell's comment that "Restoring price stability will likely require that we maintain a restrictive stance of monetary policy for some time." Yet markets seem to be ignoring this, instead pricing in the best of both worlds: a recession that brings inflation down rapidly and keeps rates low, yet one where corporate earnings don't fall sharply. Predictions of rate cuts this year also seem out of kilter with overall financial conditions (i.e. how tight policy is in the real world) which suggest that markets have almost wholly offset the effect of the Fed's policy rate rises.

Powell noted in his congressional testimony that "Although inflation has been moderating in recent months, the process of getting inflation back down to 2 percent has a long way to go and is likely to be bumpy." Quite how bumpy it proved to be in March might have surprised him. Silicon Valley Bank (SVB), previously the 16th largest US bank, failed after customers attempted to withdraw a quarter of its total deposits in one day, and it was unable to meet their requests. It is the largest bankruptcy since that of Washington Mutual in 2008.

SVB wasn't a story about risky lending to borrowers with poor credit quality. It didn't have a large base of "normal" depositors; instead, its main clientele consisted of technology companies and venture capitalists. Indeed, in the first quarter of 2021, total deposits at the bank almost doubled as venture capital funds poured money into start-ups. If deposits are all affected by the same factors, that raises the risk of capital flight, which is likely to be quick if those deposits are large and not 'sticky' like retail deposits.

Because it had significantly more deposits than it was lending, SVB invested the money in US government bonds at extremely low yields in 2021, without hedging against rising rates. As clients burned through their deposits, SVB had to sell Treasuries to meet redemptions but had to do so at a loss given the rise in rates, which is why doubts about the bank's solvency grew. Attempts to raise fresh money by issuing new shares and thus stabilize the balance sheet failed.

Following on swiftly from SVB was Signature Bank, about half the size of SVB and number 29 among US banks. Signature shared some of SVB's vulnerabilities, including a concentrated deposit base and high share of uninsured deposits. It also had significant exposure to cryptocurrency firms.

US regulators announced a significant response. All depositors of both banks would be made whole — including those not covered by deposit insurance. This blocked a key channel of potential contagion, removing the economic disruption that would have occurred if the banks' customers hadn't been able to access their money and reducing the incentive to pull uninsured deposits from other banks.

The response from regulators has been swift and decisive, and a bank crisis on the scale of 2007-08 is unlikely. Missing are the key hallmarks of previous banking crises, such as big increases in private credit-to-GDP ratios and low or falling bank capital ratios.

Furthermore, the large, systemically important banks run extremely different models to the likes of SVB. Retail deposits accounted for less than 10% of SVB's and Signature's total deposits, compared to 50% or more for most of the largest banks. Both also had very high shares of uninsured deposits — close to 90% (depositors insured against losses by the government are less likely suddenly to demand their money back).

They are much better capitalised than they were before 2008. Capital adequacy ratios (a measure of available capital to absorb potential losses) are 50% higher on average. European banks have capital ratios significantly above stringent regulatory requirements. This means that their assets would need to suffer much, much larger losses in order to become insolvent. This seems unlikely, given the absence of a profligate lending boom. Banks' liquidity positions (cash available) are stress-tested every year. More technical reforms have also seen a larger share of transactions between banks now run through centrally cleared exchanges (which prevents problems arising simply because of temporary panic). They must mark more of their assets to market (i.e. report what they are currently worth if they had to be sold today), so the potential losses become more rapidly apparent. They hedge their interest rate exposures to prevent a mismatch in their assets and liabilities. Finally, they do not have large exposures to the cryptocurrency community.

So what went wrong with Credit Suisse (CS), designated as a 'global systemically important bank' by the Basel Committee on Banking Supervision? Its fall was not brought on by higher intertest rates, as SVB's was. Irrational market fear underpinned both events, but in the case of CS, rational analysis said that it was a poorly run bank. Compared to the 42 banks in the Stoxx Europe equity index and the 16 in America's S&P 500, it was the least profitable, the only one where the average return on equity over the last five years — a key measure of success in the sector — was negative. It had been dogged over the years by scandal, mostly relating to weak governance and risk controls.

Unfortunately for CS, the timing of its results release came not when markets were pausing from the strong rally in financials' stocks since the start of October but when US regional banks were collapsing. Next, Bloomberg reported a comment from the bank's largest shareholder, the Saudi National Bank, that it would not increase its stake, as this would mean breaching a limit of 10%. This was widely misreported, missing the crucial context that the Saudis couldn't increase their stake for regulatory reasons and, in any case, CS was not asking for more capital because it didn't need it.

The Swiss solved the 'too big to fail' problem with a forced merger between CS and UBS, leaving Switzerland with a bank that will be even larger and more systemic. Integration will be challenging for UBS — the deal was done without due diligence. But more worrying is the precedent set. A bank can merge with another bank without shareholder approval, and the capital structure is more 'flexible' than investors would wish. Even unsecured bondholders usually rank above shareholders in the capital structure, yet in this case, contingent convertible (CoCo) bond holders were wiped out. For shareholders to get something and CoCo bond holders to get nothing raises serious questions about the real value of CoCo bonds, despite pedants pointing to CS's prospectus making allowances for such a scenario. The treatment of CS's bond holders thus raises both regulatory uncertainty and could cause European banks to de-risk balance sheets with more conservative structures and credit policies. Understandably, the European Central Bank and Bank of England were quick to reassure markets that they stood by the capital structure as bond investors understood it.

This episode is a reminder that the full effects of monetary tightening on the economy take time to show up. We still haven't felt the full force of the tightening that took place in 2022. Yet market movements since the SVB crisis have just returned prices to where they were at the start of the year. Equity markets don't seem to have priced in a recession: the S&P 500 is trading on a PE ratio of 19 times, hardly distressed.

There are good reasons to be very cautious about the growth outlook. Banks already tightened lending standards significantly at the end of last year and may do so to an even greater extent now. The SVB incident also highlights how, when interest rates and yields rise rapidly – this has been the fastest tightening cycle since the early 1980s in the US – strains nearly always show up somewhere in the financial system. Though the precise circumstances were very different, the LDI crisis in the UK last year was also fundamentally linked to rapidly rising yields. Further signs of stress are likely elsewhere before the cycle is through.

At this stage of a normal hiking cycle, markets and economies are usually fairly benign. This chimes with the current strength of labour markets. Strong employment growth preceded nearly all recessions over recent decades. And since 1945, a bear market trough has never occurred before the start of a US recession, nor before the final Fed rate hike. This fits in with the inversion of the yield curve, which has been a fairly reliable leading indicator of recessions over the past 60 years.

The Fed raised rates by another 0.25% on the 22nd March, a more dovish move than had been anticipated before the SVB episode. Powell stated "that the events of the last two weeks are likely to result in some tightening credit conditions for households and businesses and thereby weigh on demand on the labor market and on inflation… you can think of it as being the equivalent of a rate hike or perhaps more than that… So our decision was to move ahead with the 25 basis point hike and to change our guidance, as I mentioned, from ongoing hikes to some additional hikes maybe, some policy firming may be appropriate."

However, the 'dot plot' reinforced the Fed's ongoing tightening bias; the median 2023 dot was unchanged at 5.1%.

Unlike the US, the UK not only faces tighter monetary policy, but higher taxes too. The latest forecast by the Office for Budget Responsibility sees the tax burden reach a post-war high of 37.7% of GDP in 2027-28, including the highest ratio of corporation tax receipts to GDP since the tax was introduced in 1965. It also expects the ratio of public spending to GDP to settle at 43.4%, its highest sustained level since the 1970s.

The UK is alone in raising taxes as a recession looms. As VAT celebrated its fiftieth birthday on April Fool's Day, it's worth pondering on the deadweight to the economy that is the UK tax system. The tax code is now the longest in the world, at over ten million words – longer than the Bible, but with none of the good news. It has tripled in length since 1997 and now sits at more than 48 times the length of Hong Kong's tax code, which is generally considered by tax lawyers to be the world's most efficient.

As well as taxes, the government has identified life sciences as a key growth sector. It generated revenues of £94.2 billion in 2021. But the UK is slipping behind global competitors as, for example, commercial clinical trial activity falls. The 'Voluntary Scheme for branded medicines Pricing and Access' (VPAS) has come in for particular criticism. This is an annual rebate on branded medicines paid by the producers to the NHS and has risen from 10% in 2019 to 26.5% (as announced in December). The Association for the British Pharmaceutical Industry (ABPI) claimed the new rate to be "more than double that of any comparable country, taking UK clawbacks to levels normally associated with Romania and Greece", two countries where punitively high clawback taxes have been implicated in drug withdrawals and shortages. Thirteen companies posted criticisms on the ABPI website on the day of the announcement, with AbbVie and Eli Lilly further demonstrating their anger by making high-profile exits from VPAS in mid-January. Bayer has since made pointed comments in the Financial Times on increasingly "innovation unfriendly" policies emerging in the UK and elsewhere in Europe. In another blow to government ambitions, AstraZeneca announced in February that it would be building its new $360 million manufacturing plant in Ireland, because of the "discouraging" tax rate in the UK.

It's not difficult to find other examples of rhetoric at odds with reality. Harbour Energy and Ithaca Energy have threatened to divert investment from the North Sea because of the energy profits levy; this is set to remain in place until 2028 and requires companies to pay an additional 35% on top of the headline 40% tax on UK profits.

Meanwhile, the UK risks being left behind in clean energy investment after the passage of the Inflation Reduction Act in the US, with the EU planning its own incentives. More broadly, UK government investment as a share of GDP has consistently lagged elsewhere: in 2007, it was 2.3%, versus the OECD average of 3.6%; in 2019, it was 2.7% versus 3.3%.[2]

Yet the UK market is still one of the largest and most liquid equity markets in the world. It just doesn't match the US as a source of capital — no one does. The market — as distinct from the UK economy — was the best performing main market in 2022, and it is still trading at a record discount as compared to other regions and offers the highest dividend yield. Indeed, its above average exposure to defensive sectors such as consumer staples and healthcare, alongside its above average exposure to commodities, makes it especially attractive right now.

Further afield, China's reopening is delivering a smaller demand boost than many had hoped for: unsurprising, given that much of China's demand is driven by industry, which continued to operate through the pandemic and so has generated little rebound in demand, and construction, which remains depressed relative to 2021 levels, notwithstanding a bounce in construction starts year-to-date. Its GDP growth target of 5% is a far cry from the post-2008 era, and it has its own banking problems — bad debts are weighing on bank profitability, particularly at the regional banks, which have seen their return on assets fall to just 0.5%, from 1.5% less than a decade ago. Even before last year's downturn, 289 regional banks (out of a total of c.4,000) were considered 'high-risk' by the People's Bank of China. This will constrain the rebound in the very important property sector. Most loans are from state-owned banks and many are to state-owned enterprises, so a banking crisis in any normal sense is almost impossible. But it will constrain credit creation for some time.

Thus China's recovery is unlikely to counteract the effect of a recession in the West, although European and especially German companies should benefit more than US companies. In 2022, the EU's exports to China were about 2.5 times higher than those from the US, when compared to their respective GDPs. Within the EU, Germany accounts for almost half of the exports to China. As much as 15% of the DAX 40 earnings and 9% of the EURO STOXX 50 earnings are generated from business with China. The European economy is even more dependent on China when it comes to imports. In 2022, imports from China accounted for 4% of EU GDP, while only 2% of US imports came from China.

James Codrington
17 May 2023

Net asset value per unit and comparative tables

Income units

	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	142.75p	138.47p	114.78p
Return before operating charges*	(4.67p)	8.63p	27.47p
Operating charges	(0.48p)	(0.52p)	(0.47p)
Return after operating charges*	(5.15p)	8.11p	27.00p
Distributions on income units	(4.58p)	(3.83p)	(3.31p)
Closing net asset value per unit	133.02p	142.75p	138.47p
*after direct transaction costs[1] of:	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	(3.61%)	5.85%	23.52%

Other information

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

Prices***

Highest unit price	143.80p	151.12p	140.66p
Lowest unit price	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.

Accumulation units[†]

	31.03.23 pence per unit
Change in net assets per unit	
Opening net asset value per unit	100.00p
Return before operating charges*	(0.88p)
Operating charges	(0.29p)
Return after operating charges*	(1.17p)
Distributions on accumulation units	(2.74p)
Retained distributions on accumulation units	2.74p
Closing net asset value per unit	98.83p
*after direct transaction costs[1] of:	0.01p

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

Performance

Return after charges	(1.17%)

Other information

Closing net asset value	£57,791
Closing number of units	58,475
Operating charges**	0.54%
Direct transaction costs	0.01%

Prices***

Highest unit price	102.32p
Lowest unit price	93.17p

† 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 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 31 March 2023

	2019	2020	2021	2022	2023
Rathbone Active Income and Growth Fund	5.56%	-6.94%	23.72%	6.34%	-4.37%
UK Consumer Price Index +3%	4.87%	4.74%	3.46%	9.34%	13.76%

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

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

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

Portfolio and net other assets as at 31 March 2023

Holding (Ordinary shares unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
Debt Securities (31.03.22: 10.04%)			
Government Bonds (31.03.22: 3.31%)			
JPY155,000,000	Government of Japan 0.005% 2031**	1,031,306	0.48
£2,207,000	UK Treasury 0% 2023**	2,205,036	1.03
£4,500,000	UK Treasury 0% 2023**	4,493,070	2.10
£9,000,000	UK Treasury 0% 2023**	8,979,030	4.19
£2,971,010	UK Treasury 0.125% 2024**	4,415,090	2.06
£792,000	UK Treasury 0.125% 2026**	1,114,473	0.52
£848,630	UK Treasury 0.125% 2028**	1,120,526	0.52
£700,000	UK Treasury 0.125% 2029**	1,085,624	0.50
Corporate Bonds (31.03.22: 6.73%)			
£1,700,000	Assicurazioni Generali 6.269% VRN perp**	1,663,223	0.78
£4,430,357	Barclays 1472 FTSE S&P Income Autocall ELN 2028**	4,393,142	2.05
£2,029,000	Goldman Sachs 3.125% 2029**	1,765,767	0.82
£2,130,000	Lloyds Banking 2.707% VRN 2035**	1,642,320	0.77
£300,000	Pension Insurance 6.5% 2024**	297,013	0.14
£1,821,000	PGH Capital 6.625% 2025**	1,820,667	0.85
£2,375,479	RBC Capital Markets 1303 New Issue FTSE Acceleration**	2,410,161	1.12
S$3,100,000	Singapore Airlines 3.03% 2024**	1,861,084	0.87
£1,400,000	Zurich Finance Ireland 5.125% VRN 205**	1,266,259	0.59
Total Debt Securities		**41,563,791**	**19.39**
Bond Funds (31.03.22: 7.65%)			
183,360	Capital Global High Income Opportunities Fund*	5,810,689	2.71
7,704,585	Fair Oaks Income	2,990,983	1.40
186,760	Polar Capital Global Convertible Fund*	1,284,908	0.60
7,790,816	Rathbone High Quality Bond Fund*	6,870,721	3.20
Total Bond Funds		**16,957,301**	**7.91**
United Kingdom (31.03.22: 23.13%)			
Oil and Gas (31.03.22: 2.39%)			
401,588	BP	2,051,312	0.95
193,830	Shell	4,473,596	2.09
		6,524,908	**3.04**

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

Holding (Ordinary shares unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
Basic Materials (31.03.22: 3.31%)			
69,041	Antofagasta	1,090,848	0.51
40,010	Croda International	2,599,050	1.21
490,440	Elementis	584,114	0.27
20,343	Rhi Magnesita	455,276	0.21
35,918	Rio Tinto	1,967,229	0.92
461,429	Tharisa	452,200	0.21
		7,148,717	**3.33**
Industrials (31.03.22: 2.51%)			
81,579	Ashtead	4,042,239	1.89
519,250	Breedon	397,226	0.19
105,714	Howden Joinery	737,884	0.34
		5,177,349	**2.42**
Consumer Goods (31.03.22: 0.99%)			
53,626	Nichols	597,930	0.28
46,619	Unilever	1,953,103	0.91
		2,551,033	**1.19**
Healthcare (31.03.22: 3.49%)			
35,168	AstraZeneca	3,950,070	1.84
66,604	Genus	1,914,199	0.90
103,565	GSK	1,479,944	0.69
119,795	Haleon	385,740	0.18
		7,729,953	**3.61**
Consumer Services (31.03.22: 2.23%)			
98,056	Experian	2,608,290	1.22
59,041	Future	683,695	0.32
125,363	Informa	868,264	0.41
32,200	RELX	842,674	0.39
162,600	Sainsbury (J)	453,004	0.21
		5,455,927	**2.55**
Telecommunications (31.03.22: 0.49%)			
908,745	Vodafone	**811,509**	**0.38**

Holding (Ordinary shares unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
Utilities (31.03.22: 0.96%)			
23,864	Severn Trent	687,045	0.32
107,164	United Utilities	1,135,938	0.53
		1,822,983	**0.85**
Real Estate (31.03.22: 1.12%)			
1,545,965	Regional REIT	**837,913**	**0.39**
Financials (31.03.22: 4.02%)			
201,865	Aviva	815,938	0.38
679,793	Barclays	991,138	0.46
236,985	HSBC (London listed)	1,302,470	0.61
331,186	Legal & General	791,203	0.37
2,547,674	Lloyds Banking	1,214,604	0.57
252,345	M&G	499,643	0.23
128,476	Polar Capital	581,354	0.27
113,404	Savills	1,122,133	0.52
213,789	Standard Chartered	1,313,092	0.61
		8,631,575	**4.02**
Technology (31.03.22: 0.11%)			
150,000	Alphawave IP	**175,800**	**0.08**
UK Equity Funds (31.03.22: 1.20%)			
19,202	Vanguard FTSE All Share index Fund*	**2,202,398**	**1.03**
Supranational Bonds (31.03.22: 0.31%)			
8,700,000	Nordic Investment Bank 1.5% 2025**	**646,763**	**0.30**
Total United Kingdom		**49,716,828**	**23.19**
Europe (31.03.22: 0.60%)			
106,317	iShares S&P 500 Equal Weight UCITS ETF#	520,634	0.24
5,670	New Linde	1,628,477	0.76
Total Europe		**2,149,111**	**1.00**

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

Holding (Ordinary shares unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
Japan (31.03.22: 7.83%)			
18,600	Advantest	1,373,306	0.64
94,900	Amada	713,369	0.33
11,100	Daifuku	164,653	0.08
6,200	Daikin Industries	890,671	0.42
24,400	Daiseki	620,531	0.29
26,200	Hitachi	1,154,296	0.54
11,000	Hoya	972,933	0.45
39,600	JCU Corporation	822,999	0.38
28,000	Nintendo	872,708	0.41
40,900	Pola Orbis	427,742	0.20
18,400	Rohm	1,225,480	0.57
70,700	Sanwa	607,930	0.28
55,600	Sekisui Chemical	632,497	0.29
33,500	Shin-Etsu Chemical	866,819	0.40
58,600	Shoei	985,337	0.46
16,700	Sony	1,213,233	0.57
86,500	Topcon	935,126	0.44
Total Japan		**14,479,630**	**6.75**
Germany (31.03.22: 2.88%)			
23,472	Bayer	1,210,658	0.56
14,138	Daimler	878,668	0.41
13,600	Porsche Preference	632,878	0.30
204,323	TAG Immobilien	1,141,846	0.53
6,513	Volkswagen Preference	719,022	0.34
Total Germany		**4,583,072**	**2.14**
Denmark (31.03.22: 0.65%)			
18,889	Novo Nordisk 'B'	**2,422,346**	**1.13**
Netherlands (31.03.22: 1.57%)			
21,018	Aalberts Industries	801,335	0.37
3,903	ASML	2,144,129	1.00
10,437	Koninklijke DSM	996,411	0.47
7,000	Shop Apotheke Europe	513,345	0.24
Total Netherlands		**4,455,220**	**2.08**

Holding (Ordinary shares unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
United States (31.03.22: 12.73%)			
14,729	Alphabet 'A'	1,234,832	0.58
43,438	Bank of America	1,003,699	0.47
5,125	Becton Dickinson	1,025,539	0.48
5,705	Berkshire Hathaway B	1,422,178	0.66
31,170	Citi	1,181,306	0.55
6,370	Clorox	815,228	0.38
29,992	Coca-Cola	1,504,391	0.70
14,510	Emerson Electric	1,021,902	0.48
61,900	Hewlett Packard Enterprise	796,998	0.37
10,238	Johnson & Johnson	1,282,845	0.60
8,311	Microsoft	1,937,318	0.90
93,856	Palantir Technologies	641,420	0.30
6,588	PayPal	404,514	0.19
8,250	Procter & Gamble	991,441	0.46
2,308	Thermo Fisher Scientific	1,075,219	0.50
16,689	Vanguard S&P 500 ETF#	1,042,896	0.49
7,342	Verisk Analytics	1,138,724	0.53
6,581	Visa 'A'	1,199,531	0.56
Total United States		**19,719,981**	**9.20**
Switzerland (31.03.22: 1.89%)			
12,448	Nestlé (registered)	1,228,094	0.57
4,877	Roche	1,126,466	0.53
12,181	Sensirion	1,078,385	0.50
15,506	Swiss Reinsurance	1,287,912	0.60
Total Switzerland		**4,720,857**	**2.20**
Italy (31.03.22: 1.34%)			
6,841	Ferrari	1,485,940	0.69
270,209	Snam	1,158,652	0.54
Total Italy		**2,644,592**	**1.23**
Sweden (31.03.22: 0.38%)			
66,564	Sandvik	**1,141,118**	**0.53**

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

Holding (Ordinary shares unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
Australia (31.03.22: 1.70%)			
305,153	Allkem	1,958,719	0.91
67,647	BHP	1,731,087	0.81
138,549	Lynas Rare Earths	475,054	0.22
238,261	Sandfire Resources	816,945	0.38
43,325	Woodside Energy	784,183	0.37
Total Australia		**5,765,988**	**2.69**
France (31.03.22: 0.70%)			
1,290	LVMH	956,337	0.45
7,313	Schneider Electric	984,693	0.46
Total France		**1,941,030**	**0.91**
Canada (31.03.22: 2.56%)			
72,945	Brookfield	1,909,338	0.89
27,186	Brookfield Asset Management	706,721	0.33
Total Canada		**2,616,059**	**1.22**
Cayman Islands (31.03.22: 0.00%)			
25,000	Alibaba	**258,343**	**0.12**
Chile (31.03.22: 0.00%)			
15,693	Sociedad Química y Minera de Chile ADR	**1,028,304**	**0.48**
Global (31.03.22: 0.61%)			
753,341	Lazard Global Listed Infrastructure Equity Fund*	**1,372,588**	**0.64**
Commodities (31.03.22: 5.05%)			
308,178	ETFS Agriculture ETF#	1,663,391	0.78
314,555	ETFS GBP Daily Hedged Physical Gold ETC ETF#	3,288,673	1.54
33,926	Gold Bullion Securities*	5,022,568	2.34
92,551	ishares Physical Silver ETF#	1,721,911	0.80
Total Commodities		**11,696,543**	**5.46**
Alternatives (31.03.22: 3.44%)			
2,176,423	GCP Infrastructure Investments	1,854,312	0.86
5,091,926	Sequoia Economic Infrastructure Income	4,083,725	1.91
Total Alternatives		**5,938,037**	**2.77**

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

Holding (Ordinary shares unless otherwise stated)		Value (note 1e) £	Percentage of total net assets
Emerging Markets (31.03.22: 1.23%)			
85,129	Vanguard FTSE Emerging Markets ETF#	**2,780,144**	**1.30**
Property Unit Trusts (31.03.22: 6.24%)			
15,019,814	Property Income Trust for Charities*	**11,910,712**	**5.56**
Total value of investments (31.03.22: 92.55%)		209,861,595	97.90
Net other assets (31.03.22: 7.45%)		4,501,499	2.10
Total value of the fund as at 31 March 2023		**214,363,094**	**100.00**

Countries eliminated since the beginning of the year:

British Virgin Islands	0.33%

* Collectives
** Debt securities
# Exchange Traded Funds

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

Summary of portfolio investments

	Value £	Percentage of total net assets
Equities	122,158,808	56.98
Bonds	42,210,554	19.69
Pooled Investment Vehicles	45,492,233	21.23
Total value of investments	**209,861,595**	**97.90**

Statement of total return for the year ended 31 March 2023

	Note	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
Income					
Net capital (losses)/gains	*3*		**(15,053,395)**		7,955,077
Revenue	*4*	**7,647,065**		6,453,176	
Expenses	*5*	**(775,596)**		(848,721)	
Interest payable and similar charges	*6*	**(1,911)**		(2,506)	
Net revenue before taxation		**6,869,558**		5,601,949	
Taxation	*7*	**(249,331)**		(151,504)	
Net revenue after taxation			**6,620,227**		5,450,445
Total return before distributions			**(8,433,168)**		13,405,522
Distributions	*8*		**(7,422,079)**		(6,285,600)
Change in net assets attributable to unitholders from investment activities			**(15,855,247)**		7,119,922

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

	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
Opening net assets attributable to unitholders		**233,897,963**		231,112,995
Amounts receivable on issue of units	**5,575,042**		8,414,022	
Amounts payable on cancellation of units	**(9,255,968)**		(12,748,976)	
		(3,680,926)		(4,334,954)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		**(15,855,247)**		7,119,922
Retained distributions on accumulation units		**1,304**		–
Closing net assets attributable to unitholders		**214,363,094**		233,897,963

Balance sheet as at 31 March 2023

	Note	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
Assets					
Fixed assets:					
Investments			**209,861,595**		216,473,994
Current assets:					
Debtors	*9*	**1,053,450**		949,827	
Cash and bank balances		**5,368,369**		18,197,117	
Total current assets			**6,421,819**		19,146,944
Total assets			**216,283,414**		235,620,938
Liabilities					
Creditors:					
Other creditors	*10*	**(99,790)**		(182,737)	
Distribution payable on income units		**(1,820,530)**		(1,540,238)	
Total liabilities			**(1,920,320)**		(1,722,975)
Net assets attributable to unitholders			**214,363,094**		233,897,963

1 Accounting policies

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

As stated in the Statement of the Manager's responsibilities in relation to the report and accounts of the Company on page 39, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the fund.

There are no significant judgments or sources of estimation uncertainty.

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

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

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

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

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

d) Treatment of expenses
All expenses are charged against capital.

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

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

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

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

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

1 Accounting policies *(continued)*

g) Taxation/deferred tax
i) The fund was an unauthorised unit trust within the meaning of the Income Tax Act 2007 prior to 1 April 2014. Approval was received from the FCA to launch the fund, on 1 April 2014, as a Non-UCITS Retail Scheme (NURS) and was also approved by HMRC to enable the income to be streamed under the Tax Elected Fund (TEF) regime.

ii) As a TEF, the fund will be exempt from UK tax on capital gains on the disposal of investment assets and will be exempt on certain investment income.

h) Unit classes rights on termination, allocation of tax and distributable income
The fund may be terminated if an order declaring the fund to be an authorised unit trust scheme is revoked, or the Financial Conduct Authority (FCA) determines to revoke the order at the request of the Trustee or the Manager. In the case of a reconstruction or an amalgamation of the fund with another body or trust, on the passing of an extraordinary resolution of holders of units approving the amalgamation. The Trustee shall wind up the fund in accordance with that resolution.

On the termination of the fund in any other case, the Trustee shall sell the investments, and out of the proceeds of the sale shall settle the fund's liabilities and pay the costs and expenses of the winding up before distributing the proceeds of the realisation to unitholders and the Manager proportionally to their respective interests in the fund. Any unclaimed proceeds or cash held by the Trustee after the expiration of 12 months from the date on which the same became payable shall be paid by the Trustee into court subject to the Trustee having a right to retain any expenses incurred by it in making such payment into court.

On the completion of the winding-up the trustee must notify the FCA to revoke the relevant authorisation order.

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

2 Distribution policy

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

For the purpose of calculating the distribution available to unitholders, all expenses are deducted from capital, offsetting expenses against capital may constrain future growth in revenue and capital.

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

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

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

3 Net capital (losses)/gains

	31.03.23 £	31.03.22 £
The net capital (losses)/gains during the year comprise:		
Realised gains non-derivative securities	**2,840,064**	2,133,949
Unrealised (losses)/gains non-derivative securities	**(17,996,520)**	5,848,187
Capital special dividends	**108,451**	–
Realised losses currency	**(21,586)**	(30,039)
Unrealised gains currency	**17,534**	6,035
Transaction charges	**(1,338)**	(3,055)
Net capital (losses)/gains	**(15,053,395)**	7,955,077

Realised gains/(losses) in the current accounting year include gains/(losses) arising in previous years, a corresponding gain/(loss) is included in unrealised gains/(losses).

4 Revenue

	31.03.23 £	31.03.22 £
Dividends – UK Ordinary	**1,631,549**	1,614,405
– Overseas	**2,975,862**	2,376,996
– Unfranked	**553,557**	784,837
– Property income distributions	**111,758**	93,714
Interest on debt securities	**2,018,232**	1,575,433
Bank interest	**356,107**	7,791
Total revenue	**7,647,065**	6,453,176

5 Expenses

	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
Payable to the Manager, associates of the Manager and agents of either of them:				
Manager's periodic charge		**659,544**		713,267
Payable to the Trustee, associates of the Trustee and agents of either of them:				
Trustee's fees	**32,915**		49,929	
Safe custody and other bank charges	**13,457**		22,450	
		46,372		72,379
Other expenses:				
Administration fees	**47,811**		46,537	
Audit fee*	**13,320**		10,200	
Printing and publication costs	**2,728**		2,604	
Registration fees	**5,821**		3,734	
		69,680		63,075
Total expenses		**775,596**		848,721

* Audit fees for 2023 are £11,100 excluding VAT (31.03.22: £8,500 excluding VAT).

6 Interest payable and similar charges

	31.03.23 £	31.03.22 £
Bank interest payable	**1,911**	2,506
Interest payable and similar charges	**1,911**	2,506

7 Taxation

	31.03.23 £	31.03.22 £
a) Analysis of charge in the year		
Irrecoverable overseas tax	**209,592**	151,504
Reclaimable tax written off	**3,231**	–
Overseas withholding tax charged to capital	**16,268**	–
Irrecoverable income tax	**20,240**	–
Current tax charge (note 5b)	**249,331**	151,504

b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an Authorised Unit Trust (20%) (31.03.22: 20%). The differences are explained below.

	31.03.23 £	31.03.22 £
Net revenue before taxation	**6,869,558**	5,601,949
Corporation tax at 20%	**1,373,912**	1,120,390
Effects of:		
Revenue not subject to taxation	**(943,834)**	(817,023)
Tax deductible interest distributions	**(261,928)**	(192,612)
Tax relief on Indexed Linked Gilts	**(168,150)**	(110,755)
Corporate tax charge	**–**	–
Overseas withholding tax charged to capital	**16,268**	–
Irrecoverable overseas tax	**209,592**	151,504
Reclaimable tax written off	**3,231**	–
Irrecoverable income tax	**20,240**	–
Total tax charge for the year (note 5a)	**249,331**	151,504

c) Deferred tax

At the year end the fund had no surplus management expenses (31.03.22 : £nil) and no deferred tax asset has been recognised.

8 Distributions

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

	31.03.23 £	31.03.22 £
Interim	**5,593,697**	4,736,798
Final	**1,821,021**	1,540,238
	7,414,718	6,277,036
Add: Amounts deducted on cancellation of units	**27,402**	38,779
Deduct: Amounts received on issue of units	**(20,041)**	(30,215)
Net distribution for the year	**7,422,079**	6,285,600
Reconciliation of net distribution for the year to net revenue after tax:		
Net distribution for the year	**7,422,079**	6,285,600
Expenses charged to capital:		
Manager's periodic charge	**(659,544)**	(713,267)
Trustee's fees	**(32,915)**	(49,929)
Audit fee	**(13,320)**	(10,200)
Safe custody and other bank charges	**(13,457)**	(22,450)
Registration fees	**(5,821)**	(3,734)
Printing and publication costs	**(2,728)**	(2,604)
Administration fees	**(47,811)**	(46,537)
Irrecoverable withholding tax on capital special dividends	**(16,389)**	–
Irrecoverable tax	**121**	–
Balance brought forward	**(28,488)**	(14,922)
Balance carried forward	**18,500**	28,488
Net revenue after taxation	**6,620,227**	5,450,445

9 Debtors

	31.03.23 £	31.03.22 £
Amounts receivable for issue of units	**–**	105,932
Accrued revenue	**838,073**	716,222
Taxation recoverable	**215,377**	127,673
Total debtors	**1,053,450**	949,827

10 Other creditors

	31.03.23 £	31.03.22 £
Amounts payable for cancellation of units	–	50,907
Accrued expenses	**43,974**	48,017
Accrued Manager's periodic charge	**55,243**	58,784
Taxation payable	**573**	25,029
Total other creditors	**99,790**	182,737

11 Reconciliation of units

	Income units	Accumulation units
Opening units issued at 01.04.22	163,855,081	–
Unit movements 01.04.22 to 31.03.23		
Units issued	4,104,660	58,475
Units cancelled	(6,850,903)	–
Closing units issued at 31.03.23	161,108,838	58,475

12 Related party transactions

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

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

There were no commissions paid to stockbroking of the Manager in respect of dealings in the investments of Rathbone Active Income and Growth Fund during the year (31.03.22: nil).

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

At the year end Rathbone Nominees were significant shareholders in the fund (31.03.22: same).

13 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31.03.22: nil).

14 Risk disclosures on financial instruments

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

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

The fund holds a substantial number of Collective Investment Schemes that are designed to give overseas exposure. The fund has indirect exposure to foreign currency risk, interest rate risk and credit risk as a result of these holdings (see the portfolio statement on pages 12 to 18).

The fund does not make use of derivatives.

The main risks arising from the financial instruments are:

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

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

	31.03.23 **£**	31.03.22 £
Currency:		
Australian dollar	**3,250,718**	1,984,099
Canadian dollar	**2,616,059**	5,982,435
Danish krone	**2,427,408**	1,526,689
Euro	**13,728,821**	16,579,939
Hong Kong dollar	**258,343**	–
Japanese yen	**15,630,199**	18,353,483
Norwegian krona	**647,259**	732,515
Singapore dollar	**1,861,554**	1,044,392
Swedish krona	**1,141,118**	896,081
Swiss franc	**5,014,070**	5,090,221
US dollar	**32,344,283**	36,655,708
Pound sterling	**135,228,458**	144,949,757
	214,148,290	233,795,319
Other net assets not categorised as financial instruments	**214,804**	102,644
Net assets	**214,363,094**	233,897,963

If GBP to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the fund would have decreased by £7,174,530 (31.03.22: £8,076,869). If GBP to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the fund would have increased by £8,768,870 (31.03.22: £9,871,729). These calculations assume all other variables remain constant.

14 Risk disclosures on financial instruments *(continued)*

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

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

	31.03.23 £	31.03.22 £
Fixed rate assets:		
Norwegian krona	**646,763**	731,956
Singapore dollar	**1,861,084**	1,044,133
Pound sterling	**21,970,744**	13,343,402
	24,478,591	15,119,491
Floating rate assets:		
Euro	**1**	–
Japanese yen	**1,031,308**	–
Swiss franc	**187,930**	677,590
US dollar	**–**	1,105,393
Pound sterling	**17,487,952**	25,517,610
	18,707,191	27,300,593
Assets on which no interest is paid:		
Australian dollar	**3,250,718**	1,984,099
Canadian dollar	**2,616,059**	5,982,435
Danish krone	**2,427,408**	1,526,689
Euro	**13,728,820**	16,579,939
Hong Kong dollar	**258,343**	–
Japanese yen	**14,598,891**	18,353,483
Norwegian krona	**496**	559
Singapore dollar	**470**	259
Swedish krona	**1,141,118**	896,081
Swiss franc	**4,826,140**	4,412,631
US dollar	**32,344,283**	35,550,315
Pound sterling	**97,690,082**	107,786,691
	172,882,828	193,073,181
Liabilities on which no interest is paid:		
Pound sterling	**(1,920,320)**	(1,697,946)
	(1,920,320)	(1,697,946)
Other net assets not categorised as financial instruments	**214,804**	102,644
Net assets	**214,363,094**	233,897,963

14 Risk disclosures on financial instruments *(continued)*

(ii) Interest rate risk *(continued)*
Due to the proportion of interest bearing assets held within the portfolio, no sensitivity analysis has been prepared illustrating the impact changes in yields would have on the value of the fund's portfolio.

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

	31.03.23		31.03.22	
Bond credit ratings	**Value (note 1e) £**	**Percentage of total net assets**	Value (note 1e) £	Percentage of total net
Investment grade	**31,428,487**	**14.66**	13,904,421	5.94
Below investment grade	**10,782,067**	**5.03**	10,318,544	4.41
Total Bonds	**42,210,554**	**19.69**	24,222,965	10.35

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

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

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

If market prices had increased by 10% as at the balance sheet date the net asset value of the fund would have increased by £20,986,160 (31.03.22: £21,647,399). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £20,986,160 (31.03.22: £21,647,399). These calculations assume all other variables remain constant.

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

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

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

15 Portfolio transaction cost

For the year ended 31 March 2023

Analysis of total purchase costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	12,370,799	6,203	0.05	316	–
Bond transactions	44,294,078	–	–	–	–
Fund transactions	6,341,796	1,905	0.03	2	–
Corporate actions	172,702	–	–	–	–
Total purchases before transaction costs	63,179,375	8,108		318	
Total purchases including commission and taxes	63,187,801				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	11,167,009	5,884	0.05	58	–
Bond transactions	1,162,694	–	–	–	–
Fund transactions	14,279,061	2,248	0.02	19	–
Corporate actions	28,833,243	–	–	–	–
Total sales including transaction costs	55,442,007	8,132		77	
Total sales net of commission and taxes	55,433,798				

Commissions and taxes as % of average net assets

Commissions	0.01%
Taxes	0.00%

15 Portfolio transaction cost *(continued)*

For the year ended 31 March 2022

Analysis of total purchase costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	13,710,711	8,011	0.06	7,974	0.06
Bond transactions	7,607,691	–	–	–	–
Fund transactions	2,922,858	1,374	0.05	–	–
Corporate actions	7,595	–	–	–	–
Total purchases before transaction costs	24,248,855	9,385		7,974	
Total purchases including commission and taxes	24,266,214				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	11,576,509	8,401	0.07	639	0.01
Fund transactions	15,339,288	1,144	0.01	6	–
Corporate actions	4,943,857	–	–	–	–
Total sales including transaction costs	31,859,654	9,545		645	
Total sales net of commission and taxes	31,849,464				

Commissions and taxes as % of average net assets	
Commissions	0.01%
Taxes	0.00%

In the case of shares, commissions and taxes are paid by the fund on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 0.26% (31.03.22: 0.23%).

16 Fair value of investments

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

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

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

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

For the year ended 31 March 2023

Category	1	2	3	Total
Investment assets	**£**	**£**	**£**	**£**
Equities	122,158,808	–	–	122,158,808
Bonds	24,444,156	10,963,095	6,803,303	42,210,554
Pooled investment vehicles	4,343,674	41,148,559	–	45,492,233
	150,946,638	52,111,654	6,803,303	209,861,595

For the year ended 31 March 2022

Category	1	2	3	Total
Investment assets	**£**	**£**	**£**	**£**
Equities	129,737,730	–	–	129,737,730
Bonds	–	16,850,352	7,372,613	24,222,965
Pooled investment vehicles	9,785,043	52,728,256	–	62,513,299
	139,522,773	69,578,608	7,372,613	216,473,994

Distribution tables for the year ended 31 March 2023

Distribution tables (pence per unit)

First Interim
Group 1 – Units purchased prior to 1 April 2022
Group 2 – Units purchased on or after 1 April 2022 and on or before 30 June 2022

Income units	Income	Equalisation	Paid 31.08.22	Paid 31.08.21
Dividend Distribution				
Group 1	0.80	–	0.80	0.68
Group 2	0.43	0.37	0.80	0.68
Non-dividend Distribution				
Group 1	0.48	–	0.48	0.35
Group 2	0.25	0.23	0.48	0.35

Accumulation units*	Income	Equalisation	Accumulated 31.08.22	Accumulated 31.08.21
Dividend Distribution				
Group 1	0.15	–	0.15	N/A
Group 2	0.15	0.00	0.15	N/A
Non-dividend Distribution				
Group 1	0.16	–	0.16	N/A
Group 2	0.16	0.00	0.16	N/A

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

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

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

Income units	Income	Equalisation	Paid 30.11.22	Paid 30.11.21
Dividend Distribution				
Group 1	0.86	–	0.86	0.65
Group 2	0.66	0.20	0.86	0.65
Non-dividend Distribution				
Group 1	0.38	–	0.38	0.43
Group 2	0.29	0.09	0.38	0.43

Accumulation units*	Income	Equalisation	Accumulated 30.11.22	Accumulated 30.11.21
Dividend Distribution				
Group 1	0.64	–	0.64	N/A
Group 2	0.60	0.04	0.64	N/A
Non-dividend Distribution				
Group 1	0.25	–	0.25	N/A
Group 2	0.23	0.02	0.25	N/A

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

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

Third Interim
Group 1 – Units purchased prior to 1 October 2022
Group 2 – Units purchased on or after 1 October 2022 and on or before 31 December 2022

Income units	Income	Equalisation	Paid 28.02.23	Paid 28.02.22
Dividend Distribution				
Group 1	0.32	–	0.32	0.52
Group 2	0.11	0.21	0.32	0.52
Non-dividend Distribution				
Group 1	0.61	–	0.61	0.26
Group 2	0.23	0.38	0.61	0.26

Accumulation units*	Income	Equalisation	Accumulated 28.02.23	Accumulated 28.02.22
Dividend Distribution				
Group 1	0.28	–	0.28	N/A
Group 2	0.25	0.03	0.28	N/A
Non-dividend Distribution				
Group 1	0.42	–	0.42	N/A
Group 2	0.37	0.05	0.42	N/A

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

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

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

Income units	Income	Equalisation	Payable 31.05.23	Paid 31.05.22
Dividend Distribution				
Group 1	0.84	–	0.84	0.53
Group 2	0.52	0.32	0.84	0.53
Non-dividend Distribution				
Group 1	0.29	–	0.29	0.41
Group 2	0.18	0.11	0.29	0.41

Accumulation units*	Income	Equalisation	Allocated 31.05.23	Accumulated 31.05.22
Dividend Distribution				
Group 1	0.62	–	0.62	N/A
Group 2	0.62	0.00	0.62	N/A
Non-dividend Distribution				
Group 1	0.22	–	0.22	N/A
Group 2	0.22	0.00	0.22	N/A

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

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
31 May 2023

Statement of the Manager's responsibilities in relation to the report and accounts of the Rathbone Active Income and Growth Fund

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

1. select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. comply with the disclosure requirements of the SORP relating to financial statements of UK authorised funds issued by The Investment Association;
4. follow UK generally accepted accounting principles, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: 'Financial Statements of UK Authorised Funds' issued by The Investment Association in May 2014 (updated in 2017);
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in operation; and
6. keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme and which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

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

In so far as the Manager is aware:

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

Additionally, the Manager monitors developments in Ukraine, making adjustments to investments where deemed appropriate and they also monitor sanctions and their implications on individual holdings. Also, the investment processes and risk and compliance procedures continue to operate as normal.

In accordance with COLL 4.5.8 R, the Annual Report and the audited financial statements were approved by the board of directors of the Manager of the Scheme and authorised for issue on 31 May 2023.

Statement of the Trustee's responsibilities and report of the Trustee to the Unitholders of Rathbone Active Income and Growth Fund (the Scheme) for the year ended 31 March 2023

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

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

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

The Trustee must ensure that:

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

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

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

1. has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's income in accordance with the Regulations and the Scheme documents; and
2. has observed the investment and borrowing powers and restrictions applicable to the Scheme.

Natwest Trustee and Depositary Services Limited
Trustee and Depositary Services of Rathbone Active Income and Growth Fund
31 May 2023

Independent Auditor's Report to the unitholders of Rathbone Active Income and Growth Fund

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Rathbone Active Income and Growth Fund (the 'fund'):

- give a true and fair view of the financial position of the fund as at 31 March 2023 and of the net revenue and the net capital losses on the property of the fund for the year ended 31 March 2023; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Trust Deed.

We have audited the financial statements which comprise:

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

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of trustee and manager

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 31 March 2023 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

Use of our report

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

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
30 May 2023

AIFMD remuneration

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

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

	Fixed remuneration £'000	Variable remuneration £'000	Total remuneration £'000	Headcount
Senior Management	1,934	4,428	6,362	9
Risk takers	2,103	2,386	4,489	16
Control functions	287	31	318	3
Other	140	121	261	1
Total remuneration code staff	4,464	6,966	11,430	29
Non-remuneration code staff	1,031	240	1,271	23
Total for the Manager	**5,495**	**7,206**	**12,701**	**52**

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

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.

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.

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
020 7399 0399
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