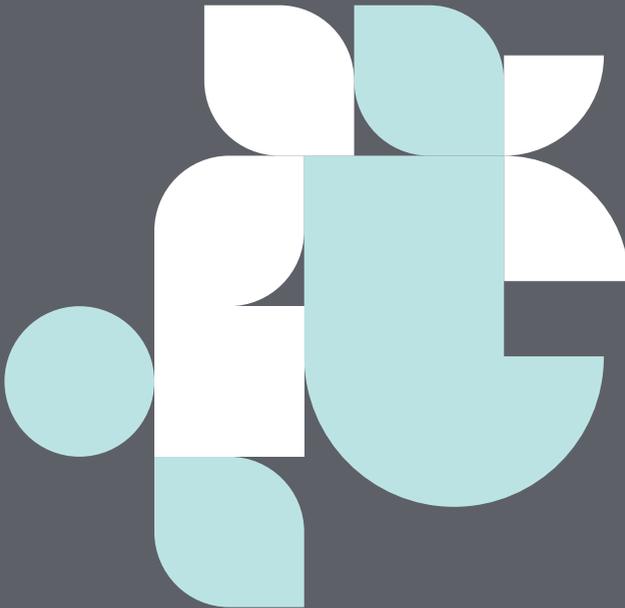


Rathbones

Look forward

# Rathbone UK Opportunities Fund

Interim report for the half year ended 31 March 2018



# Rathbone UK Opportunities Fund

## **Authorised Fund Manager (the Manager)**

Rathbone Unit Trust Management Limited  
8 Finsbury Circus  
London EC2M 7AZ  
Telephone 020 7399 0399  
Facsimile 020 7399 0057

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

## **Dealing Office**

DST Financial Services Europe Ltd  
DST House  
St Nicholas Lane  
Basildon  
Essex SS15 5FS  
Telephone 0330 123 3810  
Facsimile 0330 123 3812

## **Registrar**

DST Financial Services International Ltd  
DST House  
St Nicholas Lane  
Basildon  
Essex SS15 5FS  
Telephone 0330 123 3810  
Facsimile 0330 123 3812  
**Authorised and regulated by the  
Financial Conduct Authority**

## **Independent Auditor**

Deloitte LLP  
Statutory Auditor  
110 Queen Street  
Glasgow G1 3BX

## **Directors of the Manager**

**PL Howell** – Chairman  
**MM Webb** – Chief Executive Officer  
**JR Chillingworth** – Chief Investment Officer  
**JM Ardouin** – Finance Director  
**CRC Hexton**  
**RP Lanyon**  
**CR Stick**  
**JG Thomson**  
**BN Jones**

## **Administrator**

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

## **Trustee**

The National Westminster Bank Plc  
Trustee and Depositary Services  
280 Bishopsgate  
London EC2M 4RB  
**Authorised and regulated by the  
Financial Conduct Authority**

## Manager's report for the half year ended 31 March 2018

The Rathbone UK Opportunities Fund returned 0.1% in the six months to 31 March, compared with its benchmark, the FTSE All-Share index, which fell 2.3%. Meanwhile, the IA UK All Companies sector returned -2.1%.

We bought ASOS during the period because we believe it will continue to benefit from the shift toward online clothes shopping. New distribution hubs in Europe and the US should propel revenues forward while 'try before you buy' in the UK looks set to provide upgrades this year, despite a forlorn outlook for a large swathe of UK retail.

Because of this grim outlook for the UK High Street, we completely sold our holding in suit retailer Moss Bros. We had been reducing our holding for some time. Management had down a sterling job reinvigorating the brand through a nationwide store revamp and increased focus on online sales. However, falling real wages for consumers (and higher living wages for its staff) are squeezing its earnings too much for our liking.

We participated in a private placing for litigation finance company Burford Capital. This is a fascinating emerging sector where third parties finance large legal cases on behalf of corporations. Many firms avoid pressing legitimate legal claims because they suck up large amounts of capital that could be better used elsewhere. This new avenue reduces the impact of legal wrangles on company earnings and boosts the amount of legal work for firms like Burford as well. These companies can then reinvest the proceeds in their own core business. There is currently a huge supply and demand gap for capital in this space, and Burford is the market leader. The confidential nature of litigation financing protects pricing for incumbents and therefore margins, but does present some difficulty in forecasting numbers. With that in mind, we have built a lower than usual 1.5% holding.

All of us working in financial services will be sorely aware of the sheer volume of paperwork it creates. It's annoying for anyone stuck doing it, but even more staggering is the combined cost of this. Billions of pounds could be saved through automation in financial services. Alfa Financial Software, a FTSE 250 index fintech company we own, says its systems can process 10 times the work done by old-school alternatives at less than 10% of the cost. Alfa operates in a niche, creating and running information systems for companies that offer loans secured on assets such as machinery, equipment and vehicles. Think large banks and carmakers that need to keep tabs on payments and liens over millions of individual assets. Walking round Alfa's office is like you've stepped through a wormhole to an alternate reality for the financial industry. There's no paper at all, all the computer software is top of the line, well integrated and solutions are built bespoke. Some people lament that the UK isn't building new technology anymore – but that's not true. Alfa's code was written by one of the founders in his mum's spare room 20 years ago; in 2017 the company's IPO valued the business at almost £1 billion.

We started a holding in DiscoverIE (previously named Acal), a specialist electronics designer and supplier to industrial manufacturers across numerous sectors. We believe it has an attractive opportunity to consolidate the fragmented custom electronics market by buying up competitors. Target markets include high growth areas such as medical, industrial connectivity and renewable energy. We like DiscoverIE's strict acquisition criteria and impressive integration process. This roll-up strategy is shifting the business away from distribution of electronic components towards in-house design and manufacturing of bespoke, mission-critical but low-value components. This should give it greater control over its destiny through raising the barriers to entry for rivals and therefore boosting its pricing power and margins. We believe the market hasn't yet understood this shift and so the shares could re-rate from here, and provide earnings upgrades well.

## Manager's report for the half year ended 31 March 2018 *(continued)*

Accesso Technology Group is a leading provider of queuing and ticketing software, selling its solutions to seven of the top 10 global theme park operators. It also supplies museums, ski resorts and live entertainment venues. Mobile apps and hardware are used to improve queuing times in parks, improving customer experience. Less time spent queuing means customers have more time to spend too. Because Accesso isn't particularly liquid we have built a less than 1.5% holding for the time being.

Global advertising and media giant WPP struggled in 2017. It cut its numbers three times, as two of its biggest customer segments (consumer goods and car companies) have been particularly weak. While this is arguably a cyclical issue, there is mounting evidence that companies are moving away from traditional media (WPP's heartland) towards promotions and coupons. This suggests structural issues are only just beginning. We could no longer say that WPP was cheap enough to offset these risks, so we sold our position ahead of its disappointing fourth-quarter results announcement.

We sold our shares in Merlin Entertainments (the owner of LEGOLAND, Alton Towers, the London Eye) before a painful profit warning in October. Cyclical softness was somewhat to blame, but updates had started to show signs that changeable weather and terrorism were having a longer-term impact. A constant drip of downgrades makes it very hard for any stock to perform, and the valuation wasn't supportive either.

We like the themes at work behind Servelec Group. It provides software to the NHS for managing patient records, as well as automation programs for the energy sector, but its managers appeared unable to outrun cyclical headwinds that appeared with increasing frequency. Frustratingly after we sold out of the holding, the company received a bid.

Our investment in Shire was made after a failed bid for the company. We could see multiple catalysts for a re-rating, including sector-leading earnings growth and ambitious management. Ultimately, its purchase of Baxalta derailed the investment case, in our opinion, and added more uncertainty than a deal of that size should have done. Leverage remained high, earnings growth was whittled away and company managers appeared unconcerned. Subsequent to selling out of the stock, Shire has been touted as a potential bid target by Japanese firm Takeda.

During the volatility in early 2018, we put some of our cash to work selectively, but we also sold companies that we felt can't keep up. The most recent Bank of America Merrill Lynch global fund manager survey offers support for contrarian bulls of UK equities: it revealed a consensus net underweight position has reached a new extreme at -42%. For us, this presents some wonderful opportunities. We are able to buy global businesses on a UK-style multiple. Continuing to ignore the UK market as Brexit uncertainty reduces may be the year's biggest risk.

**Alexandra Jackson**  
Fund Manager  
*17 April 2018*

## Net asset value per unit and comparative tables

### R-Class income units

	<b>31.03.18</b> <b>pence per unit</b>	30.09.17 pence per unit	30.09.16 pence per unit	30.09.15 pence per unit
<b>Change in net assets per unit</b>				
Opening net asset value per unit	484.54p	447.21p	412.10p	394.22p
Return before operating charges*	1.99p	56.71p	51.86p	34.79p
Operating charges	(4.06p)	(7.64p)	(6.87p)	(6.86p)
Return after operating charges*	(2.07p)	49.07p	44.99p	27.93p
Distributions on income units	(4.12p)	(11.74p)	(9.88p)	(10.05p)
Closing net asset value per unit	478.35p	484.54p	447.21p	412.10p
*after direct transactions costs <sup>1</sup> of:	0.16p	0.19p	0.34p	0.87p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	(0.43%)	10.97%	10.92%	7.08%
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### Other information

Closing net asset value	£5,777,968	£6,023,455	£6,007,294	£9,437,926
Closing number of units	1,207,904	1,243,131	1,343,295	2,290,215
Operating charges	1.63%	1.64%	1.63%	1.64%
Direct transaction costs	0.03%	0.04%	0.08%	0.21%

### Prices

Highest unit price	539.58p	505.10p	465.29p	470.83p
Lowest unit price	474.18p	421.97p	379.30p	367.46p

## Net asset value per unit and comparative tables *(continued)*

### R-Class accumulation units

	<b>31.03.18</b> <b>pence per unit</b>	30.09.17 pence per unit	30.09.16 pence per unit	30.09.15 pence per unit
<b>Change in net assets per unit</b>				
Opening net asset value per unit	609.51p	548.82p	495.69p	463.17p
Return before operating charges*	2.41p	70.16p	61.44p	40.64p
Operating charges	(5.13p)	(9.47p)	(8.31p)	(8.12p)
Return after operating charges*	(2.72p)	60.69p	53.13p	32.52p
Distributions on accumulation units	(5.22p)	(14.47p)	(11.98p)	(11.91p)
Retained distributions on accumulation units	5.22p	14.47p	11.98p	11.91p
Closing net asset value per unit	606.79p	609.51p	548.82p	495.69p
*after direct transactions costs <sup>1</sup> of:	0.21p	0.23p	0.42p	1.02p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	(0.45%)	11.06%	10.72%	7.02%
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### Other information

Closing net asset value	£14,987,386	£15,623,390	£16,473,556	£26,890,075
Closing number of units	2,469,957	2,563,253	3,001,626	5,424,734
Operating charges	1.63%	1.64%	1.63%	1.64%
Direct transaction costs	0.03%	0.04%	0.08%	0.21%

### Prices

Highest unit price	682.54p	628.89p	565.49p	558.49p
Lowest unit price	600.63p	521.58p	458.39p	433.45p

## Net asset value per unit and comparative tables *(continued)*

### I-Class income units

	<b>31.03.18</b> <b>pence per unit</b>	30.09.17 pence per unit	30.09.16 pence per unit	30.09.15 pence per unit
<b>Change in net assets per unit</b>				
Opening net asset value per unit	501.11p	459.09p	421.26p	400.35p
Return before operating charges*	1.77p	58.32p	51.86p	35.05p
Operating charges	(1.60p)	(4.31p)	(3.81p)	(3.82p)
Return after operating charges*	0.17p	54.01p	48.05p	31.23p
Distributions on income units	(4.33p)	(11.99p)	(10.22p)	(10.32p)
Closing net asset value per unit	496.95p	501.11p	459.09p	421.26p
*after direct transactions costs <sup>1</sup> of:	0.17p	0.19p	0.36p	0.89p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	0.03%	11.76%	11.41%	7.80%
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### Other information

Closing net asset value	£16,846,639	£18,782,946	£20,549,722	£17,117,395
Closing number of units	3,389,998	3,748,233	4,476,235	4,063,370
Operating charges	0.58%	0.89%	0.88%	0.89%
Direct transaction costs	0.03%	0.04%	0.08%	0.21%

### Prices

Highest unit price	551.82p	514.88p	471.03p	471.89p
Lowest unit price	498.57p	438.36p	391.95p	375.90p

## Net asset value per unit and comparative tables *(continued)*

### I-Class accumulation units

	<b>31.03.18</b> pence per unit	30.09.17 pence per unit	30.09.16 pence per unit	30.09.15 pence per unit
<b>Change in net assets per unit</b>				
Opening net asset value per unit	630.40p	563.67p	505.77p	469.18p
Return before operating charges*	2.25p	72.04p	62.49p	41.07p
Operating charges	(2.01p)	(5.31p)	(4.59p)	(4.48p)
Return after operating charges*	0.24p	66.73p	57.90p	36.59p
Distributions on accumulation units	(5.45p)	(14.78p)	(12.32p)	(12.15p)
Retained distributions on accumulation units	5.45p	14.78p	12.32p	12.15p
Closing net asset value per unit	630.64p	630.40p	563.67p	505.77p

\*after direct transactions costs<sup>1</sup> of: 0.21p 0.24p 0.43p 1.05p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	0.04%	11.84%	11.45%	7.80%
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### Other information

Closing net asset value	£17,752,702	£20,314,840	£20,891,619	£16,293,002
Closing number of units	2,815,033	3,222,507	3,706,362	3,221,408
Operating charges	0.58%	0.89%	0.88%	0.89%
Direct transaction costs	0.03%	0.04%	0.08%	0.21%

### Prices

Highest unit price	693.07p	636.74p	568.60p	556.00p
Lowest unit price	626.83p	538.03p	470.33p	440.28p

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



Lower potential risk/reward  
(Not risk-free)

Higher potential risk/reward

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

## Net asset value per share and comparative tables *(continued)*

### Discrete annual performance, quarter ending 31 March 2018\*

	2014	2015	2016	2017	2018
R-Class units	21.94%	1.80%	1.67%	13.23%	5.29%
I-Class units	22.93%	2.58%	2.45%	14.08%	6.17%
IA UK All Companies sector	14.24%	5.77%	-2.41%	17.95%	2.65%

\* Source performance data Financial Express, bid to bid, net income re-invested.

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

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

## Portfolio and net other assets as at 31 March 2018

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
<b>Oil and Gas Producers</b> (30.09.17: 5.48%)		
150,000 Cairn Energy	308,400	0.56
120,258 Royal Dutch Shell 'B'	2,738,275	4.95
151,020 Tullow Oil	295,470	0.53
	<b>3,342,145</b>	<b>6.04</b>
<b>Chemicals</b> (30.09.17: 1.67%)		
375,000 Elementis	<b>1,107,000</b>	<b>2.00</b>
<b>Mining</b> (30.09.17: 3.94%)		
94,000 BHP Billiton	1,319,196	2.38
33,300 Rio Tinto	1,202,463	2.17
	<b>2,521,659</b>	<b>4.55</b>
<b>Construction and Materials</b> (30.09.17: 3.72%)		
1,700,000 Breedon	1,343,000	2.43
21,233 Cleantech Building Materials	55,473	0.10
185,347 Renew*	698,758	1.26
	<b>2,097,231</b>	<b>3.79</b>
<b>Aerospace and Defence</b> (30.09.17: 1.42%)		
211,000 Senior	<b>634,266</b>	<b>1.15</b>
<b>Electronic and Electrical Equipment</b> (30.09.17: 0.99%)		
182,500 Discoverie	751,900	1.36
25,000 Spectris	673,000	1.21
	<b>1,424,900</b>	<b>2.57</b>
<b>Industrial Engineering</b> (30.09.17: 5.19%)		
188,452 Fenner	1,147,673	2.07
43,500 IMI	469,800	0.85
930,982 Melrose Industries	2,150,568	3.89
	<b>3,768,041</b>	<b>6.81</b>
<b>Industrial Transportation</b> (30.09.17: 1.53%)		
271,000 Eddie Stobart Logistics	<b>333,330</b>	<b>0.60</b>
<b>Leisure Goods</b> (30.09.17: 3.01%)		
163,000 Smart Metering Systems	<b>1,194,790</b>	<b>2.16</b>

## Portfolio and net other assets as at 31 March 2018 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
<b>Healthcare Equipment and Services</b> (30.09.17: 4.80%)		
520,000 Advanced Medical Solutions*	1,638,000	2.96
91,100 Consort Medical	1,018,498	1.84
9,495 Hallmarq Veterinary Imaging*	104,445	0.19
	<b>2,760,943</b>	<b>4.99</b>
<b>Food and Drug Retailers</b> (30.09.17: 2.23%)		
568,260 Tesco	<b>1,169,479</b>	<b>2.11</b>
<b>General Retailers</b> (30.09.17: 5.10%)		
22,000 ASOS	1,529,880	2.76
400,000 B&M European Value Retail	1,565,200	2.83
217,043 Footasylum	362,462	0.66
	<b>3,457,542</b>	<b>6.25</b>
<b>Travel and Leisure</b> (30.09.17: 9.94%)		
225,000 GVC	2,067,750	3.73
380,500 Patisserie Holdings*	1,432,583	2.59
466,000 SSP	2,849,590	5.15
	<b>6,349,923</b>	<b>11.47</b>
<b>Life Insurance</b> (30.09.17: 4.87%)		
340,000 Aviva	1,686,060	3.04
160,000 Phoenix	1,221,600	2.21
	<b>2,907,660</b>	<b>5.25</b>
<b>Real Estate</b> (30.09.17: 13.44%)		
638,648 Hansteen Holdings	814,915	1.47
1,235,579 PRS REIT	1,235,579	2.23
190,000 Savills	1,863,900	3.37
308,233 Unite	2,438,123	4.40
1,000,000 Warehouse REIT	990,000	1.79
	<b>7,342,517</b>	<b>13.26</b>

## Portfolio and net other assets as at 31 March 2018 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
<b>General Financial</b> (30.09.17: 4.55%)		
60,000 Burford Capital	802,800	1.45
195,555 Intermediate Capital	1,919,372	3.47
9,892 Thomas Murray Network*	9,892	0.02
942 Thomas Murray Network Bonus shares*	—	—
679,290 Xafinity	1,175,172	2.12
	<b>3,907,236</b>	<b>7.06</b>
<b>General Industrials</b> (30.09.17: 0.00%)		
45,000 Coats	<b>34,425</b>	<b>0.06</b>
<b>Support Services</b> (30.09.17: 0.00%)		
180,000 Equiniti	536,400	0.97
40,000 Keywords Studios	595,200	1.07
	<b>1,131,600</b>	<b>2.04</b>
<b>Software and Computer Services</b> (30.09.17: 9.89%)		
25,866 Accesso Technology	584,572	1.06
235,897 Alfa Financial Software	809,127	1.46
60,000 Aveva	1,146,000	2.07
392,150 GB*	1,576,443	2.85
93,247 Micro Focus International	920,161	1.66
	<b>5,036,303</b>	<b>9.10</b>
<b>Equity Investment Instruments</b> (30.09.17: 2.01%)		
100,967 Riverstone Energy	<b>1,203,527</b>	<b>2.17</b>
<b>Total value of investments</b> (30.09.17: 92.45%)	51,724,517	93.43
<b>Net other assets</b> (30.09.17: 7.55%)	3,640,178	6.57
<b>Total value of the fund as at 31 March 2018</b>	<b>55,364,695</b>	<b>100.00</b>

Sectors eliminated since the beginning of the period:

Media	3.93%
Pharmaceuticals and Biotechnology	1.96%
Electricity	1.34%
Technology Hardware and Equipment	0.79%
Household Goods	0.65%
Fixed Line Telecommunications	0.00%

\* Unquoted security

+ Quoted on the Alternative Investment Market

## Statement of total return for the half year ended 31 March 2018

	31.03.18 £	31.03.18 £	31.03.17 £	31.03.17 £
Income				
Net capital (losses)/gains		(162,465)		2,887,629
Revenue	531,006		591,237	
Expenses	(293,774)		(361,310)	
Net revenue before taxation	237,232		229,927	
Taxation	(1,260)		—	
Net revenue after taxation		235,972		229,927
<b>Total return before distributions</b>		<b>73,507</b>		<b>3,117,556</b>
Distributions		(491,740)		(545,478)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(418,233)</b>		<b>2,572,078</b>

## Statement of change in net assets attributable to unitholders for the half year ended 31 March 2018

	31.03.18 £	31.03.18 £	31.03.17 £	31.03.17 £
<b>Opening net assets attributable to unitholders</b>		<b>60,744,631</b>		<b>63,922,191</b>
Amounts receivable on issue of units	1,286,790		432,605	
Amounts payable on cancellation of units	(6,536,446)		(5,623,620)	
		<b>(5,249,656)</b>		<b>(5,191,015)</b>
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		<b>(418,233)</b>		<b>2,572,078</b>
Retained distribution on accumulation units		<b>282,351</b>		<b>306,316</b>
Unclaimed distributions		<b>5,602</b>		<b>4,208</b>
<b>Closing net assets attributable to unitholders</b>		<b>55,364,695</b>		<b>61,613,778</b>

## Balance sheet as at 31 March 2018

	31.03.18 £	31.03.18 £	30.09.17 £	30.09.17 £
<b>Assets</b>				
Investments		<b>51,724,517</b>		56,156,741
<b>Current assets:</b>				
Debtors	<b>502,542</b>		332,251	
Cash and bank balances	<b>3,530,605</b>		4,747,861	
Total current assets		<b>4,033,147</b>		5,080,112
<b>Total assets</b>		<b>55,757,664</b>		61,236,853
<b>Liabilities</b>				
<b>Creditors:</b>				
Other creditors	<b>(196,416)</b>		(99,897)	
Distribution payable on income units	<b>(196,553)</b>		(392,325)	
<b>Total liabilities</b>		<b>(392,969)</b>		(492,222)
<b>Net assets attributable to unitholders</b>		<b>55,364,695</b>		60,744,631

## Notes to the interim financial statements

### Accounting policies

The interim financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 and the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by The Investment Association in May 2014.

All accounting policies applied are consistent with those of the Annual Report for the year ended 30 September 2017 and are detailed in full in those financial statements.

### Portfolio transaction costs

Total purchases and sales transactions for the half year ended 31 March 2018 were £6,789,901 and £10,451,121 respectively.

## Distribution table for the half year ended 31 March 2018

### Distribution table (pence per unit)

#### Interim

Group 1 – Units purchased prior to 1 October 2017

Group 2 – Units purchased on or after 1 October 2017 and on or before 31 March 2018

<b>R-Class income units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Payable 31.05.18</b>	<b>Paid 31.05.17</b>
Group 1	4.12	—	4.12	3.94
Group 2	2.75	1.37	4.12	3.94
<b>R-Class accumulation units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Allocated 31.05.18</b>	<b>Accumulated 31.05.17</b>
Group 1	5.22	—	5.22	4.88
Group 2	3.25	1.97	5.22	4.88
<b>I-Class income units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Payable 31.05.18</b>	<b>Paid 31.05.17</b>
Group 1	4.33	—	4.33	4.11
Group 2	2.42	1.91	4.33	4.11
<b>I-Class accumulation units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Allocated 31.05.18</b>	<b>Accumulated 31.05.17</b>
Group 1	5.45	—	5.45	5.05
Group 2	3.00	2.45	5.45	5.05

#### Notes for corporate unitholders

Corporate unitholders should read the important information on the reverse of the tax voucher in respect of this distribution. The relevant information required by a corporate unitholder is as follows:

Franked investment income	100.00%
Unfranked investment income	0.00%
Depositary net liability to corporation tax	nil pence per unit

#### 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**  
for Rathbone Unit Trust Management Limited  
Manager of Rathbone UK Opportunities Fund  
*17 May 2018*

## General information

### Authorised status

The Rathbone UK Opportunities Fund is an authorised unit trust scheme, established by a Trust Deed dated 25 August 1993 and launched on 13 July 2009 following the merger of Rathbone Special Situations Fund with the Rathbone Smaller Companies Fund.

It is a 'UCITS Scheme' authorised under Section 243 of the Financial Services and Markets Act 2000, and the currency of the fund is pounds sterling.

### Investment objective, policy and strategy

The objective of the fund is to achieve capital growth by buying shares in companies whose recovery potential is not appreciated by the market and to sell them when this potential is recognised. The nature of unrecognised recovery potential may be based on macro economic, industry, sector specific or stock specific issues. Stock selection will involve the identification of a catalyst capable of triggering and sustaining a recovery in each specific stock selection. The fund has the flexibility to invest in companies of all sizes and to hold up to 20% in European shares; it will be benchmarked against the FTSE All-Share index. The benchmark is used for comparative purposes only.

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

### 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. Our statement on complying with the code can be found on our website: [rutm.com](http://rutm.com)

### UCITS V Remuneration

The European Securities and Markets Authority (ESMA) published guidelines on sound remuneration policies under the UCITS V Directive in March 2016. As a result the AFM will be subject to the UCITS V remuneration guidelines from 1 January 2017.

In order for the Company to meet its obligations under the UCITS V Directive it will need to ensure that all information provided in the annual report is presented in a manner that provides materially relevant, reliable, comparable and clear information.

The AFM is currently reviewing its remuneration policy as a result of the UCITS V remuneration rules and therefore does not believe that disclosing information for the current financial year would be relevant, comparable and clear. Based on the ESMA guidance published, the Company has omitted any information regarding remuneration at this stage since the first full performance year of the AFM concludes on 31 December 2017.

The AFM commits to full disclosure on remuneration for all periods beginning on or after 1 January 2017, when the full UCITS V remuneration rules apply to the Company.

## General information *(continued)*

### **Buying and selling of units**

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

Units can be sold by telephone, fax or letter followed by despatch to the Dealing Office of the authorisation to sell duly completed by all unitholders.

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

Unitholders may sell units on submitting the purchase contract note and a duly executed Deed of Transfer. The issue and redemption of units will not take place if dealing in the units is suspended by operation of law or any statute for the time being in place. Sales, in R-Class units, constituting a 'large deal' of £50,000 or more may receive a lower price than the published selling price.

The minimum initial investment for R-Class units at present is to the value of £1,000 which may be varied by the Manager. The minimum initial investment for I-Class units is £1,000,000. Thereafter holders may invest additional amounts to the value of £500 or more from time to time as they wish. Any number of units may be subscribed, sold or transferred so long as transaction complies with applicable minimums.

The purchase price of R-Class units includes a preliminary charge of 2.5%. There is no preliminary charge for I-Class units.

The Manager currently receives an annual remuneration for managing the R-Class property of the fund at the rate of 1.50%.

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

### **Statements**

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

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

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

### **Prices**

The prices of R-Class units are published in the Financial Times under the heading Rathbone Unit Trust Management Limited. The associated cancellation price is available on request from the Manager. The prices for the I-Class units are available on the website [www.fundlistings.com](http://www.fundlistings.com) under the heading Rathbone Unit Trust Management Limited.

### **Other information**

You can see the Trust Deed, the Key Investor Information Document and Supplementary Information Document, the Prospectus and the most recent half yearly report of each fund by visiting the registered offices of the Manager. Copies of the Prospectus, the Key Investor Information Document and Supplementary Information Document and the most recent half yearly report of each fund may be obtained free of charge on application to the Manager.

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

## General information *(continued)*

Further copies of this report are available upon request, free of charge, from Client Services Department, Rathbone Unit Trust Management Limited, 8 Finsbury Circus, London EC2M 7AZ.

Unitholders who have any queries or complaints about the operation of the fund should address them in the first instance 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](http://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.

### Other funds

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

Rathbone Active Income and Growth Fund  
Rathbone Blue Chip Income and Growth Fund

Rathbone Core Investment Fund for Charities  
Rathbone Dragon Trust  
Rathbone Ethical Bond Fund  
Rathbone Global Opportunities Fund  
Rathbone Heritage Fund  
Rathbone Income Fund  
Rathbone Spenser Fund  
Rathbone Strategic Bond Fund

and the Authorised Corporate Director of:

Rathbone Global Alpha Fund  
Rathbone Enhanced Growth Portfolio  
Rathbone Strategic Growth Portfolio  
Rathbone Strategic Income Portfolio  
Rathbone Total Return Portfolio  
Rathbone Pharaoh Fund  
Rathbone Quercus Growth Fund  
Rathbone Sherwood Fund  
Rathbone Sussex Income Fund  
Rathbone Sussex Growth Fund

### Further details

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

Client Services Department  
Rathbone Unit Trust Management Limited  
8 Finsbury Circus  
London EC2M 7AZ

All literature is available free of charge. Information is also available on our website: [rutm.com](http://rutm.com)

### Data protection

If you do not wish to receive information on other products and services offered by the Rathbone Group, please write to us at the following address:

Data Protection Officer  
Rathbone Unit Trust Management Limited  
8 Finsbury Circus  
London EC2M 7AZ

# Rathbones

Look forward

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