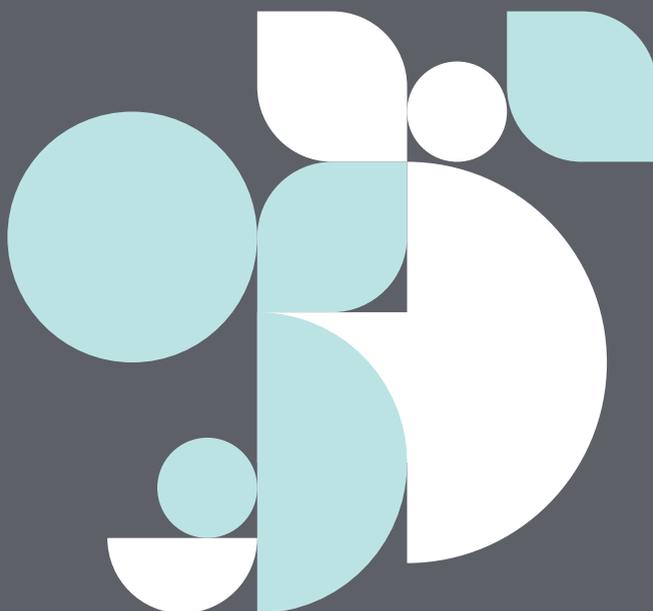


Rathbones

Look forward

Rathbone Heritage Fund

Annual report for the year ended 30 April 2019



Rathbone Heritage 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 Limited
DST House
St Nicholas Lane
Basildon
Essex SS15 5FS
Telephone 0330 123 3810
Facsimile 0330 123 3812

Registrar

DST Financial Services International Limited
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 (retired 30 November 2018)
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

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

Manager's report for the year ended 30 April 2019

In the year to 30 April 2019, the Rathbone Heritage Fund gained 3.3%. The CPI+5% benchmark rose 7.0% and the FTSE World index in sterling was up 11.7% over the period.

This was very much a tale of two halves. The fund fell 5.2% in the first six months, underperforming the CPI+5% benchmark and the FTSE World Index. However, our fortunes changed in the second half. Our fund outperformed, up 9.0%, against a 2.9% increase for CPI+5% and the FTSE World's 6.9% rise.

This was despite the drag from our large cash holdings. As dictated by our market-valuation-linked mechanical cash process, our cash level ended the period at 24.9%. As part of our cash position, we continued to hold short-dated gilts (including the 0% T-Bill 8/10/2018) to manage our counterparty risk.

In the second half of the period, there was a lot of change in markets. The last two months of 2018 were framed by fear. Global growth prospects were disappointing, the US Federal Reserve (Fed) was believed to be planning more interest rates hikes than the economy could endure, and the threat of a deepening trade war between the US and China loomed large. Hence our major laggards over these months were more volatile US names like auto-parts business Aptiv and music streaming service Spotify, which fell as investors became more cautious on their future growth potential. Our best performers were China-exposed holdings Tencent and AIA, which rebounded following a weak six months for the region in mid-2018.

Market views changed again in the first four months of 2019, as expectations on growth settled, fears of an overzealous Fed disappeared. On the whole, results reported in January and February also supported sentiment as companies didn't significantly reduce their earnings guidance for 2019. This led to performance from a broad base of our holdings. US cosmetics and skincare retailer Ulta Beauty, Aptiv, and semiconductor machinery maker ASML Holdings led the pack.

Early in the period, we bought JP Morgan Chase, which increased our exposure to US financials with a large, diversified, well-capitalised bank. Management is risk focused and has been utilising its sheer size to invest heavily in technology and marketing. We believe this should ensure that JP Morgan Chase has the right proposition for the changing needs of its customers.

We also purchased Spotify, a play on increased 4G penetration and streaming, greater smartphone usage and growth in the music industry. Unlike streaming services in other media, Spotify has positive free cash flow – a characteristic we very much like – because it isn't being driven to spend more and more on content creation. The musicians do that. Instead, Spotify can focus on helping users find music and share it with friends. That is the key to its success: refining its machine-learning systems and machine-derived playlists.

We reintroduced Reckitt Benckiser to our fund during the third quarter. We felt its second-quarter results indicated a sustainable improvement was underway, particularly in the hygiene and homecare division, following a period of disappointments. And we were encouraged by innovation at subsidiary Mead Johnson, both in terms of products and marketing. In our view, we bought a high-quality business with encouraging prospects at a reasonable price.

We also added Adobe, a global leader in software for creative industries and digital marketing tools. The business has changed a lot in the past few years, moving from a one-off software purchase model to a recurring subscription approach. The switch has gone well and the new model is well established. Company earnings should continue to benefit as more existing users switch to a subscription, but the majority of growth will come from attracting new users in a growing market as the mega trend of digital transformation continues.

We sold Danske Bank following a weak year. The Danish lender was dogged by a money laundering scandal in Estonia and suffered along with other European banks as interest rate expectations on the Continent waned. Danske was previously considered a well-run and very risk-averse business with an excellent capital ratio and dividend. The Estonia issue tarnished this reputation and we felt that the scandal's continuing uncertainty would overshadow the business's fundamentals.

Manager's report for the year ended 30 April 2019 *(continued)*

In May 2018, Wabtec announced a merger with GE Transport. The deal was taken well by markets and the shares shot up. Although there are definite positives to come from this merger, it changed the business in some quite fundamental ways. It adds to the cyclicity of the business, as well as increasing the importance of the US freight market to it. The tie-up brought Wabtec into the production of locomotives, something it hasn't done before. Overall these factors, plus the increased risks associated with any large acquisition, led us to more than halve our position.

Dormakaba is a business we thought would continue to gain share in the global access market, which we view as fundamentally attractive. The company continues to integrate several businesses, however, and the level of potential synergies has been disappointing. With low visibility and rising concern that its managers were not on top of all the issues, we decided to exit the position. This has reaffirmed for us our aversion to stocks undergoing major corporate change, be it large scale M&A or wholesale change in the business model. Although this can afford an opportunity, it also increases the risks beyond those of normal business activities.

In the second half, we sold Belgian cinema operator Kinopolis. Its acquisition of Canadian cinema group Landmark cinemas has changed the business. The strategy of buying small cinema chains in regions Kinopolis knows well and improving returns by running them the Kinopolis way is somewhat different to buying a large chain operating in leased sites in a well-developed, distant market with a dominant competitor. The expectations reflected in the price were greater than what we felt Kinopolis could achieve so we sold our holding.

We also took profit from Ulta Beauty. As highlighted above, Ulta Beauty has performed very well in the past year. In fact, it was the leading contributor to our performance this year. This came from successful execution of its strategy, and, while we think prospects for the business remain good, the share price rise and the resultant increase in the stock's size relative to our portfolio led us to reduce our position. Ulta remains one of our top-10 holdings.

Looking ahead, despite the improvement in sentiment around the globe, we remain cautious about the future. Although concerns around issues such as the US-China trade war subsided in the first few months of the year, they flared up again in May. Brexit continues to hover on the horizon and there could be many unforeseen impacts before we see a resolution. As well as monitoring what is currently in our fund and searching for new ideas, we are also spending time looking at businesses that could offer us opportunities in the future, so we are ready to take advantage when they appear.

Elizabeth Davis

15 May 2019

Net asset value per unit and comparative tables

I-Class income units

	30.04.19 pence per unit	30.04.18 pence per unit	30.04.17 pence per unit
Change in net assets per unit			
Opening net asset value per unit	144.53p	142.13p	123.17p
Return before operating charges*	6.42p	5.59p	21.95p
Operating charges	(1.29p)	(1.31p)	(1.23p)
Return after operating charges*	5.13p	4.28p	20.72p
Distributions on income units	(2.11p)	(1.88p)	(1.76p)
Closing net asset value per unit	147.55p	144.53p	142.13p
*after direct transactions costs ¹ of:	0.09p	0.13p	0.09p

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

Performance

Return after charges	3.55%	3.01%	16.82%
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Other information

Closing net asset value	£1,603,503	£1,085,033	£591,914
Closing number of units	1,086,764	750,719	416,467
Operating charges	0.90%	0.90%	0.90%
Direct transaction costs	0.06%	0.09%	0.06%

Prices**

Highest unit price	153.07p	151.70p	143.91p
Lowest unit price	131.06p	139.54p	120.78p

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

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

I-Class accumulation units

	30.04.19 pence per unit	30.04.18 pence per unit	30.04.17 pence per unit
Change in net assets per unit			
Opening net asset value per unit	157.99p	153.42p	129.97p
Return before operating charges*	7.09p	5.99p	24.76p
Operating charges	(1.42p)	(1.42p)	(1.31p)
Return after operating charges*	5.67p	4.57p	23.45p
Distributions on accumulation units	(2.32p)	(2.03p)	(1.88p)
Retained distributions on accumulation units	2.32p	2.03p	1.88p
Closing net asset value per unit	163.66p	157.99p	153.42p
*after direct transactions costs ¹ of:	0.10p	0.14p	0.09p

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

Performance

Return after charges	3.59%	2.98%	18.04%
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Other information

Closing net asset value	£16,759,421	£15,732,119	£7,339,064
Closing number of units	10,240,491	9,957,497	4,783,707
Operating charges	0.90%	0.90%	0.90%
Direct transaction costs	0.06%	0.09%	0.06%

Prices**

Highest unit price	167.27p	164.64p	154.09p
Lowest unit price	144.26p	151.47p	128.70p

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

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

S-Class income units

	30.04.19 pence per unit	30.04.18 pence per unit	30.04.17 pence per unit
Change in net assets per unit			
Opening net asset value per unit	147.19p	144.15p	122.92p
Return before operating charges*	6.53p	5.76p	23.76p
Operating charges	(0.81p)	(0.82p)	(0.75p)
Return after operating charges*	5.72p	4.94p	23.01p
Distributions on income units	(2.16p)	(1.90p)	(1.78p)
Closing net asset value per unit	150.75p	147.19p	144.15p
*after direct transactions costs ¹ of:	0.09p	0.14p	0.09p

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

Performance

Return after charges	3.89%	3.43%	18.72%
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Other information

Closing net asset value	£5,100,830	£5,222,279	£5,340,164
Closing number of units	3,383,664	3,548,064	3,704,564
Operating charges	0.55%	0.55%	0.55%
Direct transaction costs	0.06%	0.09%	0.06%

Prices**

Highest unit price	156.01p	154.28p	146.00p
Lowest unit price	133.75p	142.04p	122.18p

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

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

S-Class accumulation units

	30.04.19 pence per unit	30.04.18 pence per unit	30.04.17 pence per unit
Change in net assets per unit			
Opening net asset value per unit	160.79p	155.49p	130.94p
Return before operating charges*	7.25p	6.18p	25.35p
Operating charges	(0.89p)	(0.88p)	(0.80p)
Return after operating charges*	6.36p	5.30p	24.55p
Distributions on accumulation units	(2.36p)	(2.06p)	(1.90p)
Retained distributions on accumulation units	2.36p	2.06p	1.90p
Closing net asset value per unit	167.15p	160.79p	155.49p
*after direct transactions costs ¹ of:	0.10p	0.15p	0.09p

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

Performance

Return after charges	3.96%	3.41%	18.75%
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Other information

Closing net asset value	£8,924,688	£11,709,909	£9,845,038
Closing number of units	5,339,252	7,282,858	6,331,791
Operating charges	0.55%	0.55%	0.55%
Direct transaction costs	0.06%	0.09%	0.06%

Prices**

Highest unit price	170.44p	167.39p	156.28p
Lowest unit price	147.17p	154.12p	130.15p

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

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

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.

Discrete annual performance, year ending 30 April 2019

	2015	2016	2017	2018	2019
I-Class units	14.55%	2.10%	16.92%	0.23%	3.26%
S-Class units	14.96%	2.46%	17.32%	0.58%	3.62%
UK Consumer Price Index +5%	4.99%	5.34%	7.42%	7.88%	6.90%
FTSE World index	18.79%	0.00%	32.90%	2.55%	11.09%

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

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

Portfolio and net other assets as at 30 April 2019

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
Debt Securities (30.04.18: 11.10%)		
Government Bonds (30.04.18: 11.10%)		
1,000,000 UK Treasury 0% 13/05/2019*	999,720	3.09
1,000,000 UK Treasury 0% 10/06/2019*	999,150	3.08
1,250,000 UK Treasury 0% 15/07/2019*	1,248,075	3.85
Total Debt Securities	3,246,945	10.02
United Kingdom (30.04.18: 16.94%)		
Support Services (30.04.18: 2.33%)		
30,000 Bunzl	692,700	2.14
Household Goods (30.04.18: 0.00%)		
13,000 Reckitt Benckiser	805,610	2.49
Travel and Leisure (30.04.18: 4.96%)		
17,650 Carnival	712,178	2.20
580,000 Patisserie Holdings	—	—
	712,178	2.20
Software and Computer Services (30.04.18: 1.26%)		
26,547 Micro Focus International	513,897	1.59
Real Estate (30.04.18: 4.73%)		
83,250 Big Yellow	865,800	2.67
700,000 PRS REIT	695,800	2.15
	1,561,600	4.82
Food Producers (30.04.18: 2.42%)		
18,400 Unilever	856,888	2.64
Pharmaceuticals and Biotechnology (30.04.18: 0.00%)		
30,000 GlaxoSmithKline	471,840	1.46
Total United Kingdom	5,614,713	17.34
United States (30.04.18: 17.88%)		
Aerospace and Defence (30.04.18: 2.16%)		
3,150 Lockheed Martin	805,278	2.49

Portfolio and net other assets as at 30 April 2019 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
Automobiles and Parts (30.04.18: 2.38%)		
15,500 Aptiv	1,018,947	3.15
Food Producers (30.04.18: 0.00%)		
20,600 Mondelez International	803,047	2.48
General Retailers (30.04.18: 2.59%)		
3,250 Ulta Beauty	870,007	2.69
Banks (30.04.18: 0.00%)		
9,500 JP Morgan Chase	845,319	2.61
Financial Services (30.04.18: 5.20%)		
14,000 Discover Financial Services	874,913	2.70
4,600 MasterCard	896,888	2.77
	1,771,801	5.47
Software and Computer Services (30.04.18: 2.40%)		
3,800 Adobe	843,220	2.60
13,350 Cognizant Technology Solutions	747,145	2.31
4,000 Microsoft	400,660	1.24
	1,991,025	6.15
Healthcare Equipment and Services (30.04.18: 0.00%)		
7,800 Henry Schein	383,224	1.18
Total United States	8,488,648	26.22
Belgium (30.04.18: 4.42%)		
Beverages (30.04.18: 2.36%)		
10,000 Anheuser-Busch InBev	681,197	2.10
China (30.04.18: 5.75%)		
Software and Computer Services (30.04.18: 5.75%)		
23,000 Tencent	872,087	2.69
310,000 TravelSky	607,715	1.88
Total China	1,479,802	4.57

Portfolio and net other assets as at 30 April 2019 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
Denmark (30.04.18: 4.60%)		
Food Producers (30.04.18: 2.44%)		
10,250 Chr Hanseen	799,987	2.47
Finland (30.04.18: 2.97%)		
Non-Life Insurance (30.04.18: 2.97%)		
27,000 Sampo	947,005	2.92
Germany (30.04.18: 2.47%)		
Travel and Leisure (30.04.18: 2.47%)		
22,000 CTS Eventim	860,901	2.66
Hong Kong (30.04.18: 3.50%)		
Life Insurance (30.04.18: 3.50%)		
140,500 AIA	1,098,294	3.39
Ireland (30.04.18: 2.43%)		
Support Services (30.04.18: 2.43%)		
11,500 DCC	787,520	2.43
Italy (30.04.18: 2.46%)		
Support Services (30.04.18: 2.46%)		
47,000 Cerved Information Solutions	351,112	1.08
Luxembourg (30.04.18: 0.00%)		
Software and Computer Services (30.04.18: 0.00%)		
6,730 Spotify Technology	700,851	2.16
Netherlands (30.04.18: 5.35%)		
Media (30.04.18: 2.46%)		
45,000 RELX	791,492	2.44

Portfolio and net other assets as at 30 April 2019 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
Technology Hardware and Equipment (30.04.18: 2.89%)		
6,800 ASML Holdings	1,083,912	3.35
Total Netherland	1,875,404	5.79
Switzerland (30.04.18: 4.32%)		
Pharmaceuticals and Biotechnology (30.04.18: 2.40%)		
10,800 Novartis	676,494	2.09
Total value of investments (30.04.18: 84.19%)	27,608,873	85.24
Net other assets (30.04.18: 15.81%)	4,779,569	14.76
Total value of the fund as at 30 April 2019	32,388,442	100.00

*Debt securities

Sectors eliminated since the beginning of the year:

United Kingdom

Automobiles and Parts 1.24%

United States

Industrial Engineering 3.15%

Belgium

Travel and Leisure 2.06%

Denmark

Banks 2.16%

Switzerland

Electronic and Electrical Equipment 1.92%

Summary of portfolio investments

	Value £	Percentage of total net assets
Debt Securities	3,246,945	10.02
Equity Securities	24,361,928	75.22
Total value of investments	27,608,873	85.24

Statement of total return for the year ended 30 April 2019

	Note	30.04.19 £	30.04.19 £	30.04.18 £	30.04.18 £
Income					
Net capital gains	2		584,278		495,032
Revenue	3	568,848		431,750	
Expenses	4	(254,123)		(194,684)	
Interest payable and similar charges		(111)		(97)	
Net revenue before taxation		314,614		236,969	
Taxation	5	(26,187)		(29,170)	
Net revenue after taxation			288,427		207,799
Total return before distributions			872,705		702,831
Distributions	6		(491,180)		(360,521)
Change in net assets attributable to unitholders from investment activities			381,525		342,310

Statement of change in net assets attributable to unitholders for the year ended 30 April 2019

	30.04.19 £	30.04.19 £	30.04.18 £	30.04.18 £
Opening net assets attributable to unitholders		33,749,340		23,116,180
Amounts receivable on issue of units	7,319,901		11,424,241	
Amounts payable on cancellation of units	(9,458,100)		(1,448,582)	
		(2,138,199)		9,975,659
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		381,525		342,310
Retained distributions on accumulation units		395,776		315,191
Closing net assets attributable to unitholders		32,388,442		33,749,340

Balance sheet as at 30 April 2019

	Note	30.04.19 £	30.04.19 £	30.04.18 £	30.04.18 £
Assets					
Fixed assets:					
Investments			27,608,873		28,413,016
Current assets:					
Debtors	7	195,012		562,546	
Cash and bank balances		4,721,930		5,342,301	
Total current assets			4,916,942		5,904,847
Total assets			32,525,815		34,317,863
Liabilities					
Creditors:					
Bank overdrafts			(7)	—	
Other creditors	8	(84,941)		(524,826)	
Distribution payable on income units		(52,425)		(43,697)	
Total liabilities			(137,373)		(568,523)
Net assets attributable to unitholders			32,388,442		33,749,340

Notes to the financial statements

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.

As stated in the Statement of the Manager's responsibilities in relation to the report and accounts of the Company on page 28, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the fund.

b) Recognition of revenue

All dividends 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.

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

Manager's charge is deducted from capital and all expenses (other than direct costs of purchase and sale of investments) are charged against revenue.

e) Distribution policy

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

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

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 6.

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.

f) 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.

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.

1 Accounting policies *(continued)*

g) 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.

h) Taxation/Deferred tax

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

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

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

i) 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.

Notes to the financial statements *(continued)*

2 Net capital gains

	30.04.19	30.04.18
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	602,834	506,245
Currency losses	(18,556)	(11,213)
Net capital gains	584,278	495,032

3 Revenue

	30.04.19	30.04.18
	£	£
Dividends – UK Ordinary	160,842	69,227
– Overseas	327,013	329,891
– Property income distributions	37,596	20,967
Interest on debt securities	22,774	5,733
Bank interest	20,623	5,932
Total revenue	568,848	431,750

4 Expenses

	30.04.19	30.04.19	30.04.18	30.04.18
	£	£	£	£
Payable to the Manager, associates of the Manager and agents of either of them:				
Manager's periodic charge		203,017		152,989
Other expenses:				
Administration fees	51,106		41,695	
		51,106		41,695
Total expenses		254,123		194,684

Audit fees of £7,750 (30.04.18: £7,300) excluding VAT have been borne by the Authorised Fund Manager in the current period.

5 Taxation

	30.04.19	30.04.18
	£	£
a) Analysis of charge in the year		
Overseas tax	26,187	29,170
Total tax charge (note 5b)	26,187	29,170

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%) (30.04.18: 20%). The differences are explained below.

	30.04.19	30.04.18
	£	£
Net revenue before taxation	314,614	236,969
Corporation tax at 20%	62,923	47,394
Effects of:		
Revenue not subject to taxation	(97,571)	(79,824)
Excess management expenses not utilised	34,648	32,430
Corporate tax charge	—	—
Higher tax rates on overseas withholding tax	26,187	29,170
Total tax charge for the year (note 5a)	26,187	29,170

c) Deferred tax

At the year end the fund had surplus management expenses of £683,583 (30.04.18: £510,341). It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, a deferred tax asset of £136,717 (30.04.18: £102,069) has not been recognised in the financial statements.

6 Distributions

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

	30.04.19	30.04.18
	£	£
Interim	241,287	161,942
Final	251,356	233,074
	492,643	395,016
Add: Amounts deducted on cancellation of units	29,069	5,015
Deduct: Amounts received on issue of units	(30,532)	(39,510)
Net distribution for the year	491,180	360,521

Reconciliation of net distribution for the year to net revenue after tax:

Net distribution for the year	491,180	360,521
Expenses charged to capital:		
Manager's periodic charge	(203,017)	(152,989)
Equalisation on conversions	(55)	(34)
Balance brought forward	(1,073)	(772)
Balance carried forward	1,392	1,073
Net revenue after taxation	288,427	207,799

7 Debtors

	30.04.19	30.04.18
	£	£
Amounts receivable for issue of units	23,098	448,528
Sales awaiting settlement	107,475	—
Accrued revenue	31,916	91,930
Taxation recoverable	32,523	22,088
Total debtors	195,012	562,546

8 Other creditors

	30.04.19	30.04.18
	£	£
Amounts payable for cancellation of units	65,266	—
Purchases awaiting settlement	—	505,881
Accrued expenses	3,946	3,956
Accrued manager's periodic charge	15,729	14,989
Total other creditors	84,941	524,826

9 Reconciliation of units

	I-Class income	I-Class accumulation	S-Class income	S-Class accumulation
Opening units issued at 01.05.18	750,719	9,957,497	3,548,064	7,282,858
Unit movements 01.05.18 to 30.04.19				
Units issued	2,301,675	2,161,592	272,051	—
Units cancelled	(2,613,329)	(1,297,892)	(1,949,025)	(559,235)
Units converted	647,699	(580,706)	1,512,574	(1,384,371)
Closing units issued at 30.04.19	1,086,764	10,240,491	3,383,664	5,339,252

10 Related party transactions

Management fees paid to Rathbone Unit Trust Management Limited (the Manager) are disclosed in note 4 and amounts outstanding at the year end in note 8.

Details of units created and cancelled by the Manager are shown in the Statement of Change in Net Assets Attributable to Unitholders and note 6. Trustee and other fees paid to National Westminster Bank Plc, Trustee and Depositary Services are also detailed in note 4 except for transaction charges which are disclosed in note 2. Any amounts prepaid and due at the year end are disclosed in notes 7 and 8.

There were no commissions paid to stockbroking of the Manager in respect of dealings in the investments of Rathbone Heritage Fund during the year (30.04.18: nil).

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

11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (30.04.18: nil).

12 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 does not make use of derivatives.

12 Risk disclosures on financial instruments *(continued)*

The main risks arising from the financial instruments are:

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

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

	30.04.19	30.04.18
	£	£
Currency:		
Danish krone	799,987	1,553,041
Euro	4,726,667	6,052,090
Hong Kong dollar	2,578,159	3,119,610
Swiss franc	676,487	1,476,302
US dollar	9,195,444	6,454,385
Pound sterling	14,379,175	15,071,824
	32,355,919	33,727,252
Other net assets not categorised as financial instruments	32,523	22,088
Net assets	32,388,442	33,749,340

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 £1,634,249 (30.04.18: £1,695,948). 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 £1,997,416 (30.04.18: £2,072,825). These calculations assume all other variables remain constant.

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

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

	30.04.19	30.04.18
	£	£
Fixed rate assets:		
Pound sterling	3,246,945	3,747,912
Floating rate assets:		
Euro	—	391,533
Hong Kong dollar	63	94,906
Swiss franc	—	17,194
US dollar	—	26
Pound sterling	4,721,867	4,838,642
	4,721,930	5,342,301

Notes to the financial statements *(continued)*

12 Risk disclosures on financial instruments *(continued)*

(ii) Interest rate risk *(continued)*

	30.04.19 £	30.04.18 £
Floating rate liabilities:		
Swiss franc	(7)	—
Assets on which no interest is paid:		
Danish krone	799,987	1,553,041
Euro	4,726,667	6,052,090
Hong Kong dollar	2,578,096	3,119,610
Swiss franc	676,494	1,459,108
US dollar	9,195,444	6,454,359
Pound sterling	6,547,729	6,567,354
	24,524,417	25,205,562
Liabilities on which no interest is paid:		
Euro	—	(391,533)
Hong Kong dollar	—	(94,906)
Pound sterling	(137,366)	(82,084)
	(137,366)	(568,523)
Other net assets not categorised as financial instruments	32,523	22,088
Net assets	32,388,442	33,749,340

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, that earn or pay interest at rates linked to the UK base rate or its international equivalents.

	30.04.19		30.04.18	
	Value (note 1f) £	Percentage of total net assets	Value (note 1f) £	Percentage of total net assets
Bond credit ratings*				
Investment grade	3,246,945	10.02	3,747,912	11.10
Total Bonds	3,246,945	10.02	3,747,912	11.10

* Source: Standard & Poor's

Currency	Fixed rate financial assets			
	Weighted average redemption yield rate		Weighted average period for which rate is fixed	
	30.04.19	30.04.18	30.04.19	30.04.18
Pound sterling	0.76%	0.48%	0.12 years	0.11 years

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.

12 Risk disclosures on financial instruments *(continued)*

(iii) Market price risk *(continued)*

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 £2,760,887 (30.04.18: £2,841,302). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £2,760,887 (30.04.18: £2,841,302). These calculations assume all other variables remain constant.

(iv) **Counterparty risk**, being the risk that the counterparty will not deliver the investments for a purchase, or the cash for a sale after the fund has fulfilled its responsibilities.

(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**. In accordance with the IA SORP issued in May 2014 we are required to disclose any leverage of the Fund. There is no significant leverage in Rathbone Heritage Fund which would increase its exposure.

13 Portfolio transaction cost

For the year ended 30 April 2019

Analysis of total purchases costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	8,098,271	3,943	0.05	10,884	0.13
Bond transactions	15,225,887	—	—	—	—
Total purchases before transaction costs	23,324,158	3,943		10,884	
Total purchases including commission and taxes	23,338,985				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	8,917,349	5,206	0.06	945	0.01
Bond transactions	15,750,000	—	—	—	—
Corporate actions	107,538	—	—	—	—
Total sales including transaction costs	24,774,887	5,206		945	
Total sales net of commission and taxes	24,768,736				

Commissions and taxes as % of average net assets

Commissions	0.03%
Taxes	0.03%

13 Portfolio transaction cost *(continued)*

For the year ended 30 April 2018

Analysis of total purchases costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	12,357,081	7,021	0.06	14,838	0.12
Bond transactions	9,992,900	—	—	—	—
Total purchases before transaction costs	22,349,981	7,021		14,838	
Total purchases including commission and taxes	22,371,840				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	5,706,502	3,425	0.06	55	—
Bond transactions	8,000,000	—	—	—	—
Corporate actions	37,419	—	—	—	—
Total sales including transaction costs	13,743,921	3,425		55	
Total sales net of commission and taxes	13,740,441				

Commissions and taxes as % of average net assets

Commissions	0.04%
Taxes	0.05%

In the case of share, 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 0.09% (30.04.18: 0.09%).

14 Fair value of investments

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

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 30 April 2019

Category	1	2	3	Total
	£	£	£	£
Investment assets				
Equities	24,361,928	—	—	24,361,928
Bonds	3,246,945	—	—	3,246,945
	27,608,873	—	—	27,608,873

For the year ended 30 April 2018

Category	1	2	3	Total
	£	£	£	£
Investment assets				
Equities	24,665,104	—	—	24,665,104
Bonds	3,747,912	—	—	3,747,912
	28,413,016	—	—	28,413,016

15 Unit price movement since the balance sheet date

Subsequent to the year end, the net asset value per unit of the fund has increased using the unit prices at the year end date compared to 18 June 2019. This movement takes into account routine transactions but also reflects the market movements of recent months. There are no post balance sheet events which require adjustments.

Unit Type	30.04.19 mid price	18.06.19 mid price
I-Class income	148.63p	150.04p
I-Class accumulation	163.59p	166.42p
S-Class income	151.86p	153.37p
S-Class accumulation	167.08p	170.06p

Distribution tables for the year ended 30 April 2019

Distribution tables (pence per unit)

Interim

Group 1 – Units purchased prior to 1 May 2018

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

I-Class income units	Net Income	Equalisation	Paid 31.12.18	Paid 29.12.17
Group 1	0.96	–	0.96	0.88
Group 2	0.19	0.77	0.96	0.88

I-Class accumulation units	Net Income	Equalisation	Accumulated 31.12.18	Accumulated 29.12.17
Group 1	1.05	–	1.05	0.94
Group 2	0.35	0.70	1.05	0.94

S-Class income units	Net Income	Equalisation	Paid 31.12.18	Paid 29.12.17
Group 1	0.98	–	0.98	0.88
Group 2	0.98	–	0.98	0.88

S-Class accumulation units	Net Income	Equalisation	Accumulated 31.12.18	Accumulated 29.12.17
Group 1	1.07	–	1.07	0.95
Group 2	0.35	0.72	1.07	0.95

Final

Group 1 – Units purchased prior to 1 November 2018

Group 2 – Units purchased on or after 1 November 2018 and on or before 30 April 2019

I-Class income units	Net Income	Equalisation	Payable 30.06.19	Paid 29.06.18
Group 1	1.15	–	1.15	1.00
Group 2	0.80	0.35	1.15	1.00

I-Class accumulation units	Net Income	Equalisation	Allocated 30.06.19	Accumulated 29.06.18
Group 1	1.27	–	1.27	1.09
Group 2	0.76	0.51	1.27	1.09

Distribution tables for the year ended 30 April 2019 *(continued)*

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

5-Class income units	Net Income	Equalisation	Payable 30.06.19	Paid 29.06.18
Group 1	1.18	—	1.18	1.02
Group 2	1.18	—	1.18	1.02

5-Class accumulation units	Net Income	Equalisation	Allocated 30.06.19	Accumulated 29.06.18
Group 1	1.29	—	1.29	1.11
Group 2	1.29	—	1.29	1.11

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 JR Chillingworth
for Rathbone Unit Trust Management Limited
Manager of Rathbone Heritage Fund
26 June 2019

Statement of the Manager's responsibilities in relation to the report and accounts of the Rathbone Heritage Fund

The Financial Conduct Authority's Collective Investment Schemes Sourcebook requires the Manager to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the fund and of the net revenue and of the net capital gains 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 IMA SORP 2014 relating to financial statements of UK authorised funds issued by The Investment Association;
4. follow UK generally accepted accounting principles, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: 'Financial Statements of UK Authorised Funds' issued by The Investment Association in May 2014;
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in operation; and
6. keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme and which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The Manager is responsible for the management of the scheme in accordance with its Trust Deed, Prospectus and the Financial Conduct Authority's Collective Investment Schemes Sourcebook. 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;
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.

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 26 June 2019.

Statement of the Trustee's responsibilities and report of the Trustee to the Unitholders of Rathbone Heritage Fund (the Scheme) for the year ended 30 April 2019

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

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

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

The Trustee must ensure that:

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

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

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

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

NatWest Trustee and Depositary Services Limited
Trustee of Rathbone Heritage Fund
26 June 2019

Independent Auditor's Report to the unitholders of Rathbone Heritage Fund

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the financial position of Rathbone Heritage Fund (the 'Company') as at 30 April 2019 and of the net revenue and the net capital gains on the property of the Company for the year ended 30 April 2019 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 of the Company which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the related notes 1 to 15; and
- the distribution tables.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the manager's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the unitholders of Rathbone Heritage Fund *(continued)*

Other information

The manager is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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 company 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 company'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 have 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the company have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 30 April 2019 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

Independent Auditor's Report to the unitholders of Rathbone Heritage Fund *(continued)*

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
26 June 2019

General information

UCITS Remuneration

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

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

	Fixed remuneration £'000	Variable remuneration £'000	Total remuneration £'000	Headcount
Senior Management	1,084	4,510	5,594	5
Risk takers	1,214	2,764	3,978	13
Control functions	256	54	310	3
Other	106	134	240	1
Total remuneration code staff	2,660	7,462	10,122	22
Non-remuneration code staff	751	486	1,237	17
Total for the Manager	3,411	7,948	11,359	39

The variable remuneration disclosed in the table above is for the financial year ended 31 December 2018, which is the most recent period for which data are available. Variable remuneration is determined annually based on, inter alia, the results of the Manager and the investment performance of the UCITS that it manages for discrete annual periods ending on 31 December each year. Consequently, it is not possible to apportion the variable award between calendar years as the award for 2019 can not be known until after 31 December 2019 has passed.

Authorised status

Rathbone Heritage Fund is an authorised unit trust scheme constituted by a Trust Deed, authorised by the FCA on 29 June 2012 and launched on 25 March 2013.

Investment objective, policy and strategy

The objective of the fund is to provide long-term total returns with a strong focus on capital preservation by mitigating downside risk through a robust investment process (capital preservation is not however guaranteed). The Manager intends to achieve the objective primarily through the purchase of ordinary shares. There are no restrictions on the economic sectors or geographic areas in which the fund may invest. It is likely that the fund will provide a variable income yield. To meet this objective, the fund may also invest, at the Manager's discretion, in other transferable securities, approved money market instruments, warrants, cash and near cash, deposits and units in collective investment schemes. Use may be made of stocklending, borrowing, hedging and other investment techniques.

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: rathbonefunds.com

Buying and selling of units

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

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

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

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

The minimum initial investment for I-Class units is £1,000,000. The minimum initial investment for S-Class units is £30,000,000. 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.

There is no preliminary charge for I-Class units or S-Class units.

The Manager currently receives an annual remuneration for managing the I-Class property of the fund at the rate of 0.75% and 0.40% for S-Class.

Statements

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

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 the IA website under the heading Rathbone Unit Trust Management Limited. The associated cancellation price is available on request from the Manager or the Administrator.

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 funds 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 Limited, DST 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.

Other funds

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

Rathbone Active Income and Growth Fund
Rathbone Core Investment Fund for Charities
Rathbone Dragon Trust
Rathbone Ethical Bond Fund
Rathbone Global Opportunities Fund
Rathbone Income Fund
Rathbone Spenser Fund
Rathbone Strategic Bond Fund
Rathbone UK Opportunities Fund

and the Authorised Corporate Director of:

Rathbone Global Alpha Fund
Rathbone Global Sustainability Fund
Rathbone High Quality Bond 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:
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 Rathbone 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

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Authorised and regulated by the
Financial Conduct Authority

A member of The
Investment Association

A member of the Rathbone Group.
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