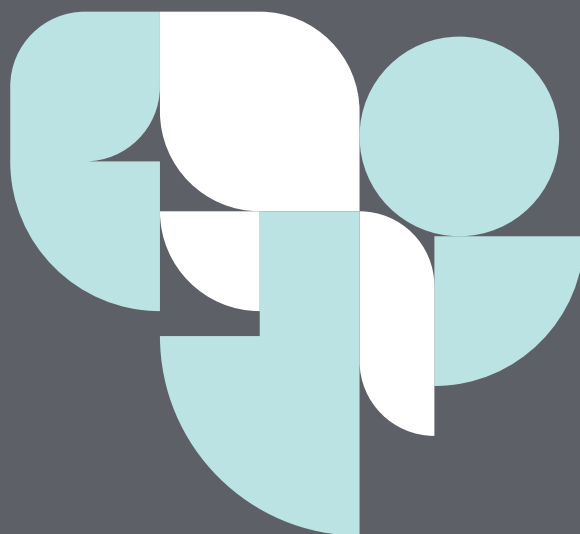


Rathbones

Look forward

Rathbone High Quality Bond Fund

Annual report for the period ended 30 April 2019



Rathbone High Quality Bond Fund

Authorised Corporate Director (ACD)

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

The Company

Rathbone High Quality Bond Fund
Head Office:
8 Finsbury Circus
London EC2M 7AZ

Dealing office

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

Independent Auditor

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow G1 3BX

Directors of the ACD

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

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

Depository

NatWest Trustee and Depository Services Limited
280 Bishopsgate
London EC2M 4RB
Authorised and regulated by the
Financial Conduct Authority

ACD's report for the year ended 30 April 2019

Between its launch on 19 November 2018 and the end of the annual reporting period of 30 April 2019, our fund made 1.54%. That compares with the 0.55% return of our benchmark, Base Rate +0.5%. Our fund aims to offer a portfolio of highly liquid, quality bonds that should outperform the interest rates you might get at a bank while protecting the value of your investment. Our benchmark is a proxy for that bank account rate: we assume banks offer the Bank of England's interest rate (Base Rate) plus a spread (0.5%).

The return on the Markit iBoxx Sterling Overall A-Rated 1-5 Years Index was 1.68%. We underperformed this basket of sterling-denominated bonds because we had a duration (interest rate sensitivity) lower than the benchmark. That meant the fall in government bond yields didn't boost our portfolio's value by as much as the index.

Recently, the US Federal Reserve's (Fed) sudden halt on interest rate hikes, the ever-compounding Brexit kerfuffle and poor German economic data sent global bond yields swooning. The yield on 10-year gilts fell sharply, from earlier highs above 1.50% down to 1.00% in late March; the US Treasury yield dropped by a similar magnitude to below 2.40%. As for the German 10-year, that fell into negative territory, touching -0.08%. Global government bond yields staged a short-lived upward surge in April, but have slumped even more aggressively following the period's end. Over the past few months the macro-implied probability of recession has picked up, underpinning our increasingly cautious positioning.

We have bought many senior bank bonds, including the **Svenska Handelsbanken 1.625% 2023** and **Close Brothers 2.75% 2023**. We like this area because they tend to offer a better spread compared with non-financial corporates, despite having better credit fundamentals. The senior part of the capital structure is especially enticing to us.

Similarly, we see value in the insurance sector as well. Again, they sport very strong fundamentals along with yields that seem to ignore the balance sheets. Two of our largest purchases in this area were **Zurich Finance (UK) 6.625% Perpetual-2022** and **Munich Re 6.625% Floating Rate Subordinated Note 2042**. Both of these bonds have call dates in 2022, which we believe will be exercised because they aren't a particularly cheap – or efficient – source of capital. Refinancing seems the companies' best course, in our opinion, and this underpins our investment case. Another life insurance debt we added to our portfolio is the **PGH Capital 5.75% Senior 2021**. This short-dated senior bond is another bit of value, in our view.

We sold a few bonds during the period to rebalance our portfolio, adjust our shorter-term strategy and take advantage of changes in the relative value of different bonds.

We reduced our duration, or the portfolio's sensitivity to changes in interest rates, by selling the **Nationwide Building Society 5.625% 2026**. This bond was toward the longer-lived of our holdings, which, in the main, mature in less than five years.

We sold some of our **European Investment Bank 2.25% Senior 2020** and **Senior Floating Rate 2023** bonds (EIBs) to swap them for higher-yielding corporate bonds. EIBs are 'supranational' AAA-rated bonds that are seen as a safe haven. We swapped our **Banque Federative Credit Mutuel Senior Floating Rate 2020** bonds for higher yielding debt as well.

We reduced our exposure to the automotive sector because of a clutch of problems. Trade tensions are hurting just-in-time production as well as export sales. A global slowdown in GDP growth is lessening demand as we hit 'peak car' and new emission regulations are starting to bite as well. Meanwhile, automation and electrification are quickly chasing the future into the present. We think auto-manufacturers will have to invest more in research and development and new production lines, which – along with everything else we've mentioned – will put pressure on their ability to pay their debts. The largest of our sales in this area was the **BMW International Investments 1.75% Senior 2022**.

Looking ahead, it seems likely that credit spreads will remain volatile and heavily dependent on investor sentiment. The market mood, in turn, will be driven by the Fed's policy, global economic data and (in the UK) a Brexit resolution. Gilt yields have dropped like a stone in 2019. At the time of writing the 10-year was hovering around 0.80%, the lowest level since the bottom fell out of markets in mid-2016. We have been underweight duration, but that is the mandate of our fund. It means we will lag large gilt rallies, but it also means we shouldn't make large losses if yields go the other way.

As we roll into the second half of 2019, we are fairly cautious on valuations as credit has had a pretty good run. We prefer floating-rate securities, particularly the new SONIA-linked bonds (Sterling Overnight Interbank Average Rate – the successor to the recently maligned LIBOR benchmark rates). These SONIA-linked securities have been a good place to hide: they are AAA-rated bonds with virtually no interest rate sensitivity and yet ... they yield more than the 10-year gilt! About 20% of our portfolio holdings are in bonds like these: covered by assets, increasing their safety, and with floating rate coupons.

Noelle Cazalis
Fund Manager
18 June 2019

Bryn Jones
Fund Manager

Net asset value per share and comparative tables

S-Class income shares

	30.04.19*** pence per share
Change in net assets per share	
Opening net asset value per share	100.00p
Return before operating charges*	1.57p
Operating charges	(0.18p)
Return after operating charges*	1.39p
Distributions on income shares	(0.82p)
Closing net asset value per share	100.57p
*after direct transactions costs ¹ of:	0.00p

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

Performance

Return after charges	1.39%
----------------------	-------

Other information

Closing net asset value	£85,608,086
Closing number of shares	85,122,486
Operating charges	0.38%
Direct transaction costs	0.00%

Prices**

Highest share price	101.39p
Lowest share price	99.76p

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

*** As the fund was launched on 16 November 2018, there are no comparatives.

Net asset value per share and comparative tables

S-Class accumulation shares

	30.04.19*** pence per share
Change in net assets per share	
Opening net asset value per share	100.00p
Return before operating charges*	1.57p
Operating charges	(0.17p)
Return after operating charges*	1.40p
Distributions on accumulation shares	(0.82p)
Retained distributions on accumulation shares	0.82p
Closing net asset value per share	101.40p
*after direct transactions costs ¹ of:	0.00p

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

Performance

Return after charges	1.40%
----------------------	-------

Other information

Closing net asset value	£7,253,958
Closing number of shares	7,154,136
Operating charges	0.36%
Direct transaction costs	0.00%

Prices**

Highest share price	101.58p
Lowest share price	99.81p

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

*** As the fund was launched on 16 November 2018, there are no comparatives.

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

No discrete annual performance is available as the Fund launched 16 November 2018.

Portfolio and net other assets as at 30 April 2019#

Holding (Bonds unless otherwise stated)		Value (note 1f) £	Percentage of total net assets
Corporate Bonds			
£120,000	A2D Funding 4.5% 2026	132,940	0.14
£838,700	A2D Funding 4.75% 2022	899,707	0.97
£1,100,000	Abbey National Treasury Services 1.875% 2020	1,104,180	1.19
£325,000	AMP Group Finance 6.875% 2022	352,248	0.38
£574,000	Anglian Water 5.837% 2022	653,964	0.70
£800,000	Australia and New Zealand Banking FRN 2022	801,901	0.86
£1,000,000	Aviva 6.875% VRN perp	1,024,900	1.10
£480,000	AWG Parent 6.875% 2023 Step	585,053	0.63
£750,000	Bank of America 2.3% 2025	756,085	0.81
£500,000	Bank of America 5.5% 2019	512,600	0.55
£900,000	Bank of America 6.125% 2021	994,666	1.07
£750,000	Bank of Montreal 1.375% 2021	750,924	0.81
£800,000	Banque Federative du Credit 0.875% 2020	795,913	0.86
£700,000	Barclays Bank FRN 2023	696,010	0.75
£500,000	Barclays Bank 2.375% VRN 2023	498,240	0.54
£761,000	Beazley 5.375% 2019	763,204	0.82
£218,000	BMW 2% 2019	219,025	0.24
£570,000	BNP Paribas 1.125% 2022	562,708	0.61
£500,000	BNP Paribas 5.75% 2022	549,911	0.59
£800,000	BP Capital Markets 1.177% 2023	795,795	0.86
£1,000,000	BPCE SA 2.125% 2022	1,014,644	1.09
£407,200	Bruntwood 6% 2020	419,397	0.45
£850,000	BUPA Finance 3.375% 2021	881,767	0.95
£687,000	BUPA Finance 6.125% VRN perp	721,834	0.78
£962,000	Citigroup 2.75% 2024	984,475	1.06
£1,305,000	Close Brothers Group 2.75% 2023	1,320,186	1.42
£550,000	Close Brothers Group 4.25% VRN 2027	575,850	0.62
£500,000	Commonwealth Bank of Australia FRN 2019	500,170	0.54
£900,000	Coventry 6% 2019	919,890	0.99
£800,000	Coventry Building Society FRN 2020	801,085	0.86
£800,000	Coventry Building Society FRN 2023	803,040	0.87
£950,000	Coventry Building Society 1.875% 2023	950,710	1.02
£900,000	Coventry Building Society 5.875% 2022	1,023,307	1.10
£600,000	Daimler AG 1% 2019	599,160	0.65
£650,000	Deutsche Bahn Finance 1.375% 2025	641,270	0.69
£800,000	Diageo Finance 1.75% 2026	797,087	0.86
£800,000	DNB Bank 1.625% 2023	799,075	0.86
£800,000	DNB Bank 4.25% 2020	817,760	0.88

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

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
£500,000 Electricite De France 6.875% 2022	595,542	0.64
£900,000 ESB Finance 6.5% 2020	937,530	1.01
£900,000 Fidelity International 6.75% 2020	961,194	1.04
£750,000 Friends Life 12% VRN 2021	903,691	0.97
£550,000 Goldman Sachs 4.25% 2026	602,884	0.65
£552,000 Guardian Royal Exchange 6.625% 2023	657,199	0.71
£900,000 Heathrow Funding 5.225% VRN 2023	1,019,315	1.10
£774,000 Heathrow Funding 9.2% VRN 2023	885,169	0.95
£850,000 HSBC 6.5% 2024	1,021,933	1.10
£1,060,000 HSBC Holdings 2.175% VRN 2023	1,064,593	1.15
£650,000 HSBC Holdings 2.256% VRN 2026	640,045	0.69
£750,000 IBM 2.75% 2020	768,700	0.83
£600,000 ING Groep 3% 2026	609,980	0.66
£200,000 Investec Bank 4.5% 2022	213,047	0.23
£1,020,000 Land Securities Capital Markets 1.974% 2026	1,026,884	1.11
£1,300,000 Leeds Building Society FRN 2023	1,305,200	1.41
£700,000 Lloyds Bank FRN 2021	700,490	0.75
£1,321,000 Lloyds Bank FRN 2022	1,326,945	1.43
£1,000,000 Lloyds Bank 2.25% 2024	998,951	1.08
£900,000 Lloyds Bank 5.75% 2025	941,341	1.01
£800,000 London And Quadrant Housing Trust 2.625% 2026	815,151	0.88
£905,000 London Stock Exchange 4.75% 2021	971,518	1.05
£650,000 LVMH Moet Hennessy Louis Vuitton 1% 2022	645,135	0.69
£850,000 Macquarie Bank 3.5% 2020	878,966	0.95
£270,000 Metlife 5.375% 2024	319,332	0.34
£850,000 Metropolitan Funding 1.125% 2021	842,720	0.91
£400,000 Motability Operations 5.375% 2022	449,939	0.48
£757,000 Motability Operations 6.625% 2019	781,300	0.84
£1,000,000 Munich Re 6.625% VRN 2042	1,133,754	1.22
£750,000 National Australia Bank 0.875% 2020	746,428	0.80
£800,000 National Australia Bank FRN 2021	799,582	0.86
£600,000 National Australia Bank 1.375% 2022	597,208	0.64
£700,000 National Grid Gas 6.375% 2020	729,400	0.79
£900,000 National Westminster Bank FRN 2023	903,600	0.97
£800,000 Nationwide Building Society FRN 2024	808,000	0.87
£800,000 Nationwide Building Society 2.25% 2022	818,160	0.88
£500,000 Nestle Holdings 1.75% 2020	505,409	0.54
£1,100,000 New York Life Global Funding 1.625% 2023	1,102,288	1.19
£236,000 Notting Hill Genesis 2.875% 2029	237,745	0.26

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

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
£328,000 Paragon 6% 2020	337,198	0.36
£1,200,000 PGH Capital 5.75% 2021	1,290,360	1.39
£262,000 Places for People Homes 1% Index-Linked 2022	321,296	0.35
£900,000 Places for People Treasury 2.875% 2026	886,758	0.95
£612,600 Primary Health Properties 5.375% 2019	612,594	0.66
£700,000 Rabobank Nederland 2.25% 2022	716,629	0.77
£700,000 Royal Bank of Canada FRN 2021	700,364	0.75
£409,000 Royal Bank of Canada FRN 2022	406,652	0.44
£700,000 Santander UK FRN 2021	700,105	0.75
£800,000 Santander UK FRN 2022	795,640	0.86
£422,000 Santander UK FRN 2024	425,038	0.46
£750,000 Scottish Widows 5.5% 2023	827,914	0.89
£340,000 Segro 5.625% 2020	362,886	0.39
£50,000 Segro 6.75% 2021	56,035	0.06
£510,000 Segro 7% 2022	581,757	0.63
£1,000,000 Skipton Building Society FRN 2024	1,001,800	1.08
£700,000 Svenska Handelsbanken 1.625% 2022	702,355	0.76
£1,500,000 Svenska Handelsbanken 1.625% 2023	1,492,425	1.61
£251,000 Tesco Personal Finance 1% Index-Linked 2019	295,635	0.32
£470,000 Tesco Personal Finance 5% 2020	490,578	0.53
£700,000 Toronto Dominion Bank FRN 2023	695,649	0.75
£747,000 Total Capital International 1.75% 2025	755,795	0.81
£400,000 Toyota Motor Credit 1% 2022	396,383	0.43
£800,000 TSB Bank United Kingdom FRN 2024	806,960	0.87
£800,000 UBS AG 1.25% 2020	798,691	0.86
£700,000 Unilever 1.375% 2024	696,613	0.75
£200,000 Unite Group 6.125% 2020	208,042	0.22
£500,000 United Utilities Water Finance 2% 2025	499,895	0.54
£600,000 Vinci 2.25% 2027	606,837	0.65
£310,000 Welcome Trust 4.75% 2021	332,509	0.36
£314,000 Wells Fargo 2.5% 2029	311,990	0.34
£750,000 Wells Fargo 2% 2025	737,583	0.79
£800,000 Yorkshire Building Society FRN 2023	802,830	0.86
£704,000 Yorkshire Building Society 3% VRN 2025	706,932	0.76
£900,000 Yorkshire Water 6% 2019	912,510	0.98
£1,050,000 Zurich Finance 6.625% VRN perp	1,166,406	1.26
	82,726,593	89.09

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

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
Government Bonds		
£1,000,000 Dexia Credit Local 1.375% 2022	1,001,800	1.08
800,000 UK Treasury 0% 2019	799,440	0.86
800,000 UK Treasury 0% 2019	799,896	0.86
1,000,000 UK Treasury 0% 2019	998,580	1.08
1,000,000 UK Treasury 0% 2019	998,130	1.07
	4,597,846	4.95
Mortgage Bonds		
£800,000 BNG Bank 1.25% 2021	800,536	0.86
£1,000,000 Korea Development Bank 1.75% 2022	999,584	1.08
£500,000 Province of Quebec Canada 1.5% 2023	501,981	0.54
£623,000 Silverstone Master Issuer FRN 2070	624,145	0.67
	2,926,246	3.15
Total value of investments	90,250,685	97.19
Net other assets	2,611,359	2.81
Total value of the fund as at 30 April 2019	92,862,044	100.00

#As the fund launched on 16 November 2018, there are no comparatives.

Summary of portfolio investments

	Value (note 1f) £	Percentage of total net assets
Corporate Bonds	82,726,593	89.09
Government Bonds	4,597,846	4.95
Mortgage Bonds	2,926,246	3.15
Total value of investments	90,250,685	97.19

Statement of total return for the period from 16 November 2018 to 30 April 2019

	Note	30.04.19* £	30.04.19* £
Income			
Net capital gains	2		425,276
Revenue	3	509,669	
Expenses	4	(107,005)	
Interest payable and similar charges		(3,189)	
Net revenue before taxation		399,475	
Taxation	5	—	
Net revenue after taxation			399,475
Total return before distributions			824,751
Distributions	6		(503,581)
Change in net assets attributable to shareholders from investment activities			321,170

Statement of change in net assets attributable to shareholders for the period from 16 November 2018 to 30 April 2019

	30.04.19* £	30.04.19* £
Opening net assets attributable to shareholders		—
Amounts receivable on issue of shares	94,882,013	
Amounts payable on cancellation of shares	(2,395,258)	
		92,486,755
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)		321,170
Retained distributions on accumulation shares		54,119
Closing net assets attributable to shareholders		92,862,044

*As the fund was launched on 16 November 2018, there are no comparatives.

Balance sheet as at 30 April 2019

	Note	30.04.19* £	30.04.19* £
Assets			
Fixed assets:			
Investments			90,250,685
Current assets:			
Debtors	7	2,708,359	
Cash and bank balances		5,856,226	
Total current assets			8,564,585
Total assets			98,815,270
Liabilities			
Creditors:			
Distribution payable on income shares		(544,784)	
Other creditors	8	(5,408,442)	
Total liabilities			(5,953,226)
Net assets attributable to shareholders			92,862,044

*As the fund was launched on 16 November 2018, there are no comparatives.

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 ACD's responsibilities in relation to the report and the financial statements of the Company on page 25, the ACD continues to adopt the going concern basis in the preparation of the financial statements of the fund.

b) Recognition of revenue

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 expenses

All expenses are charged against capital.

d) 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 shareholders.

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

For the purpose of calculating the distribution available to shareholders, 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 shareholders, interim distributions will be made at the ACD's discretion, up to a maximum of the distributable income available for the year. All remaining revenue is distributed in accordance with the regulations.

e) Basis of valuation of investments

The quoted investments of the fund have been valued at the closing bid-market prices excluding any accrued interest in the case of debt securities ruling on the principal markets on which the stocks are quoted on the last business day of the accounting year. If no market price is available we use two different vendors (at least one being independent) to obtain a price and verify it against. If the Stock Exchange quotation of an investment has been suspended, and in the opinion of the ACD it is unlikely to be reinstated, this has been indicated in the portfolio of investments. Suspended investments are valued based on the latest financial statements of the respective company and agreed with the Depositary.

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

f) Exchange rates

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

g) 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.

1 Accounting policies *(continued)*

iii) The charge for deferred tax is based on the profit for the period 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.

Notes to the financial statements *(continued)*

2 Net capital gains

	30.04.19**
	£
The net capital gains during the period comprise:	
Non-derivative securities	425,380
Transaction charges	(104)
Net capital gains	425,276

3 Revenue

	30.04.19**
	£
Interest on debt securities	507,547
Bank interest	2,122
Total revenue	509,669

4 Expenses

	30.04.19**	30.04.19**
	£	£
Payable to the ACD, associates of the ACD and agents of either of them: ACD's charge		54,035
Payable to the Depositary, associates of the Depositary and agents of either of them: Depositary's fees	5,503	
Safe custody and other bank charges	330	
		5,833
Other expenses:		
Administration fees	32,763	
Audit fee*	9,300	
Printing and publication costs	134	
Listing fees	251	
Registration fees	4,689	
		47,137
Total expenses		107,005

* Audit fees paid in the period were £9,000 excluding VAT.

** As the fund launched on 16 November 2018, there are no comparatives.

5 Taxation

	30.04.19**
	£
a) Analysis of charge in the period	
Corporation tax	—
Total tax charge (note 5b)	—
b) Factors affecting current tax charge for the period	
The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open-Ended Investment Company (20%). The differences are explained below.	
	30.04.19**
	£
Net revenue before taxation	399,475
Corporation tax at 20%	79,895
Effects of:	
Tax deductible interest distributions	(79,895)
Total tax charge for the period (note 5a)	—
c) Deferred tax	
At the period end the fund had no surplus management expenses and no deferred tax asset has been recognised.	

** As the fund launched on 16 November 2018, there are no comparatives.

6 Distributions

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

	30.04.19**
	£
Interim	93,811
Final	590,570
	684,381
Add: Amounts deducted on cancellation of shares	130
Deduct: Amounts received on issue of shares	(180,930)
Net distribution for the period	503,581

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

Net distribution for the period	503,581
Expenses allocated to capital:	
ACD's periodic charge	(54,035)
Depository's fees	(5,503)
Safe custody and other bank charges	(330)
Administration fees	(32,763)
Audit fee	(9,300)
Printing and publication costs	(134)
Listing fees	(251)
Registration fees	(4,689)
Balance carried forward	2,899
Net revenue after taxation	399,475

7 Debtors

	30.04.19**
	£
Amounts receivable for issue of shares	1,620,296
Accrued revenue	1,088,063
Total debtors	2,708,359

** As the fund launched on 16 November 2018, there are no comparatives.

8 Other creditors

	30.04.19**
	£
Amounts payable for cancellation of shares	4,265
Purchases awaiting settlement	5,374,779
Accrued expenses	15,598
Accrued manager's periodic charge	13,800
Total other creditors	5,408,442

** As the fund launched on 16 November 2018, there are no comparatives.

9 Reconciliation of shares

	S-Class income	S-Class accumulation
Opening shares issued at 16.11.18	—	—
Share movements 16.11.18 to 30.04.19		
Shares issued	87,439,252	7,232,511
Shares cancelled	(2,362,121)	(33,100)
Shares converted	45,355	(45,275)
Closing shares at 30.04.19	85,122,486	7,154,136

10 Related parties

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

Details of shares created and cancelled by the ACD are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6.

There were no commissions paid to stockbroking of the ACD in respect of dealings in the investments of Rathbone High Quality Bond Fund during the period.

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

At the period end, there were no significant shareholders.

11 Shareholder funds

The fund has one share class: S Class. The annual ACD charge on the fund is 0.20%.

The net asset value, the net asset value per share and the number of shares in issue are given in the net asset value per share and comparative tables on pages 3 and 4.

12 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date.

13 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.

The fund is exposed to credit risk as a result of its investment in bonds. 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.

The main risks arising from the financial instruments are:

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

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

	30.04.19** £
Fixed rate assets:	
Pound sterling	63,206,458
Floating rate assets:	
Pound sterling	32,900,453
Assets on which no interest is paid:	
Pound sterling	2,708,359
Liabilities on which no interest is paid:	
Pound sterling	(5,953,226)
Net assets	92,862,044

If interest rates had increased by 10% as at the balance sheet date, the net asset value of the fund would have increased by £3,343,804. If interest rates had decreased by 10% as at the balance sheet date, the net asset value of the fund would have decreased by £3,343,804. These calculations assume all other variables remain constant.

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

	30.04.19**	
	Value (note 1f) £	Percentage of total net assets
Bond credit ratings*		
Investment grade	64,741,031	69.71
Below investment grade	25,509,654	27.48
Total Bonds	90,250,685	97.19

* Source: Standard & Poor's

** As the fund launched on 16 November 2018, there are no comparatives.

Notes to the financial statements *(continued)*

13 Risk disclosures on financial instruments *(continued)*

(i) Interest rate risk *(continued)*

Currency	Fixed rate financial assets	
	Weighted average redemption yield rate	Weighted average period for which rate is fixed
Pound sterling	30.04.19** 1.91%	30.04.19** 3.2 years

There are no material amounts of non-interest bearing financial assets and liabilities.

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

The investment portfolio is exposed to market price fluctuations which are monitored by the ACD 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 Instrument of Incorporation 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 £9,025,068. If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £9,025,068. These calculations assume all other variables remain constant.

(iii) **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.

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

(v) **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 High Quality Bond Fund which would increase its exposure.

(vi) **Liquidity risk**, being the risk that the value of the investment portfolio is adversely affected by the illiquid nature of certain debt securities. The investment portfolio may consist of a substantial number of fixed debt securities assets in below investment grade fixed interest securities. Such securities are generally not regularly traded on secondary markets. 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 liquidity risk.

** As the fund launched on 16 November 2018, there are no comparatives.

14 Portfolio transaction cost

For the period ended 30 April 2019**

Analysis of total purchases costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Bond transactions	95,733,271	—	—	—	—
Total purchases before transactions costs	95,733,271	—	—	—	—
Total purchases including commission and taxes	95,733,271	—	—	—	—

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Bond transactions	4,600,583	—	—	—	—
Corporate actions	1,065,000	—	—	—	—
Total sales including transactions costs	5,665,583	—	—	—	—
Total sales net of commission and taxes	5,665,583	—	—	—	—

The fund had paid £nil as commission on purchases and sale of derivative transactions for the period ended 30 April 2019.

Commissions and taxes as % of average net assets

Commissions	0.00%
Taxes	0.00%

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 0.30%.

** As the fund launched on 16 November 2018, there are no comparatives.

15 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 period ended 30 April 2019**

Category	1	2	3	Total
	£	£	£	£
Investment assets				
Bonds	3,596,046	86,654,639	–	90,250,685
	3,596,046	86,654,639	–	90,250,685

** As the fund launched on 16 November 2018, there are no comparatives.

16 Share price movement since the balance sheet date

Subsequent to the period end, the net asset value per share of the fund has increased using the share prices at the period 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.

Share Type	30.04.19 mid price	18.06.19 mid price
S-Class income	101.35p	101.44p
S-Class accumulation	101.54p	102.22p

Distribution tables for the period ended 30 April 2019

Distribution tables (pence per share)

Interim

Group 1 – Shares purchased prior to 16 November 2018

Group 2 – Shares purchased on or after 16 November 2018 and on or before 31 December 2018

S-Class income* shares	Net Income	Equalisation	Paid 28.02.19
Group 1	0.18	–	0.18
Group 2	0.17	0.01	0.18

S-Class accumulation* shares	Net Income	Equalisation	Accumulated 28.02.19
Group 1	0.18	–	0.18
Group 2	0.16	0.02	0.18

Final

Group 1 – Shares purchased prior to 1 January 2019

Group 2 – Shares purchased on or after 1 January 2019 and on or before 30 April 2019

S-Class income* shares	Net Income	Equalisation	Payable 30.06.19
Group 1	0.64	–	0.64
Group 2	0.20	0.44	0.64

S-Class accumulation* shares	Net Income	Equalisation	Allocated 30.06.19
Group 1	0.64	–	0.64
Group 2	0.26	0.38	0.64

* The fund was launched on 16 November 2018.

Notes for corporate shareholders

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

Franked investment income	0.00%
Unfranked investment income	100.00%
Depository net liability to corporation tax	nil pence per share

Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. 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 shares 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
ACD of Rathbone High Quality Bond Fund
26 June 2019

Statement of the ACD's responsibilities in relation to the report and accounts of the Rathbone High Quality Bond Fund

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

1. select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. comply with the disclosure requirements of the SORP relating to financial statements of UK authorised funds issued by The Investment Association;
4. follow United Kingdom Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 to 'The Financial Reporting Standard applicable in the UK and Republic of Ireland';
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation; and
6. keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, Prospectus and the Collective Investment Schemes Sourcebook. The ACD has general responsibility for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

1. there is no relevant audit information of which the Company's auditor is unaware;
2. the ACD 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 ACD 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 Company 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 ACD of the Scheme and authorised for issue on 26 June 2019.

Statement of the Depositary's responsibilities and report of the Depositary to the shareholders of Rathbone High Quality Bond Fund (the Company) for the period from 16 November 2018 to 30 April 2019

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together the Regulations), the Company's Instrument of Incorporation and Prospectus (together the Scheme documents) as detailed below.

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

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

The Depositary must ensure that:

1. the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
2. the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
3. the value of shares in the Company is calculated in accordance with the Regulations;
4. any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
5. the Company'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 Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

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

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

NatWest Trustee and Depositary Services Limited
Depositary of Rathbone High Quality Bond Fund
26 June 2019

Independent Auditor's Report to the shareholders of Rathbone High Quality Bond 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 High Quality Bond 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 period from 16 November 2018 to 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 Instrument of Incorporation.

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 shareholders;
- the balance sheet;
- individual notes 1 to 16; 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 Instrument of Incorporation.

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 authorised corporate director's (ACD's) use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the ACD 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 shareholders of Rathbone High Quality Bond Fund *(continued)*

Other information

The ACD 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 depositary and ACD

As explained more fully in the depositary's responsibilities statement and the ACD's responsibilities statement, the depositary is responsible for safeguarding the property of the company and the ACD 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 ACD 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 ACD 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 ACD either intends to liquidate the company 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
- where the information required by COLL4.5.9R is not all included within the ACD's report: the information disclosed in the annual report for the period from 16 November 2018 to 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 shareholders of Rathbone High Quality Bond Fund *(continued)*

Use of our report

This report is made solely to the Company's shareholders, 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 Company's shareholders 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 Company and the Company's shareholders 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

The Rathbone High Quality Bond Fund (the Company) is a stand-alone open-ended investment company with variable capital ICVC, incorporated in England and Wales under registered number IC002299 and authorised by the FCA with effect from 7 November 2018.

Investment objective, policy and strategy

Investment objective

The fund aims to maintain its capital value while seeking to pay income over any three-year period. This is an actively managed portfolio so it will differ from its benchmark, which we offer for performance comparison only. We chose the IBoxx £ Overall A 1-5 Year benchmark because it reflects the average credit quality of the fund, as well as the short to medium term maturity of its holdings.

Shareholders should be willing and able to commit to an investment of at least three years and preferably longer. There is no guarantee that this investment objective will be achieved over three years, or any other time period. Your capital is at risk.

Investment policy

To meet the objective, the fund manager will aim to invest at least 80% of the portfolio in highly rated corporate bonds (rated A- and above), with the remaining 20% invested at the fund managers discretion in government bonds, non-rated bonds or BBB rated investment grade bonds. If a bond is downgraded to high yield the fund manager will have six months to sell it.

The fund may also invest at the fund manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits. Use may be made of borrowing, and hedging as permitted by the fund prospectus. The fund may invest globally but at least 80% of the portfolio will be invested in sterling denominated assets or hedged back to sterling. Derivatives and forward transactions may be used by the Company for the purposes of Efficient Portfolio Management (including hedging).

Fund benchmark

IBoxx £ Overall A 1-5 Year.

Valuation of the sub-funds

The fund is valued on each business day at 12 noon for the purpose of determining prices at which shares in the fund may be bought or sold. Valuations may be made at other times on business days with the Depositary'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 shares

The ACD is available to receive requests for the buying and selling of shares on business days between 9.00am and 5.00pm and transactions will be effected at prices determined by the next valuation. Application forms for shares (obtainable from the ACD or the Administrator) should be completed and sent to the Administrator. 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 shares are required to enter their registration details on the form supplied with their contract note. Once shares are paid for these details will be entered on the share register.

Shares can be sold by telephone, fax or letter followed by despatch to the Administrator of the authorisation to sell duly completed by all shareholders.

General information *(continued)*

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

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

The minimum initial and additional investment for S-Class shares is at Fund Manager discretion. Any number of shares may be subscribed, sold or transferred so long as transaction complies with applicable minimums.

The ACD currently receives an annual remuneration for managing the S-Class from the property of the fund at the rate of 0.2%.

Statements

A distribution statement showing the rate per share and your shareholding will be sent half yearly on the 30 June and 31 December.

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

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

Prices

The prices for the shares are available on request from the ACD.

Other information

The Instrument of Incorporation, the Key Investor Information Document and Supplementary Information Document, the Prospectus and the most recent half yearly report of each fund may be inspected at the registered offices of the ACD. 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 ACD.

The Register of Shareholders 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.

Shareholders who have any queries or complaints about the operation of the Company 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

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

Investments in an investment Company with variable capital should be regarded as a longer term investment. Investors should be aware that the price of shares 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 fluctuations in exchange rates which can be favourable or unfavourable. Where the ACD's charge is fully or partly taken out of the fund's capital, distributable income will be increased at the expense of capital which will either be eroded or future growth restricted.

Other funds

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

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

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

Data protection

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

From time to time Rathbone Unit Trust Management Limited may wish to communicate with you with information on other products and services offered by the 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

Rathbone Unit Trust Management Limited

8 Finsbury Circus, London EC2M 7AZ

Tel 020 7399 0000

Fax 020 7399 0057

Information line

020 7399 0399

rutm@rathbones.com

rathbonefunds.com

Authorised and regulated by the
Financial Conduct Authority

A member of The
Investment Association

A member of the Rathbone Group.
Registered No. 02376568