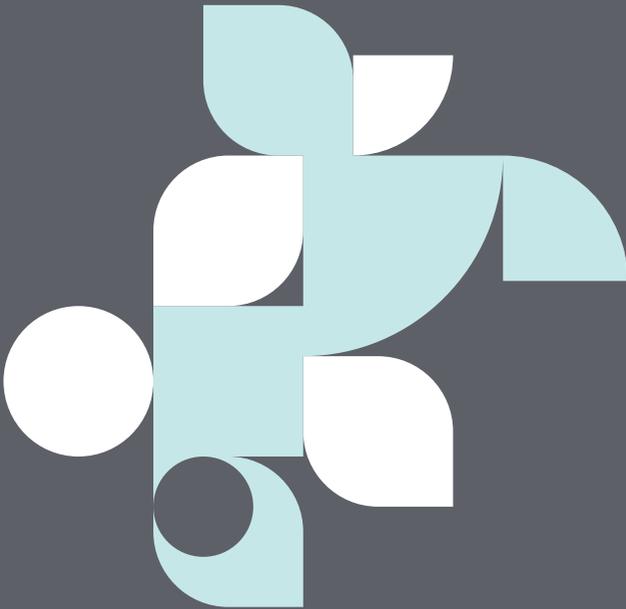


Rathbones
Look forward

Rathbone UK Opportunities Fund
Annual report for the year ended 30 September 2019



Rathbone UK Opportunities Fund

Authorised Fund Manager (the Manager)

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

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

Dealing office

DST Financial Services Europe 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
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Essex SS15 5FS
Telephone 0330 123 3810
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**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 – (retired 9 May 2019)
P Stockton – Chairman
MM Webb – Chief Executive Officer
JR Chillingworth – Chief Investment Officer
JM Ardouin – Finance Director
CRC Hexton
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 Depositary Services Limited
250 Bishopsgate
London EC2M 4AA
**Authorised and regulated by the
Financial Conduct Authority**

Manager's report for the year ended 30 September 2019

The Rathbone UK Opportunities Fund lost 10.9% in the year ended 30 September, compared with its benchmark, the FTSE All-Share Index, which gained 2.7%. Meanwhile, the IA UK All Companies sector delivered 0%.

Well, another year of waiting in vain for politicians to resolve the Brexit conundrum and watching UK Plc slowly deflate like a sad balloon. It should actually be a badge of pride that our economy has managed to plod on as long as it has without falling into recession. To us, it's frustrating, however. There is so much potential in UK companies, particularly in the small-cap and AIM markets, but they are having to battle against a lack of investment and a virtual boycott of the UK by foreign investors.

Over the past 12 months, UK inflation fell from 2.4% to 1.7%. The latest quarterly GDP growth (Q2) was -0.2% – the first negative print since 2012. Sterling finished the period flat against the euro, but down 5.7% against the dollar. It plumbed a new low against the dollar, dropping to the 34-year record of \$1.203 in early August. It's been tough out there for UK-focused investors. Sentiment is terrible and whenever sterling lurches lower it drags small and mid-cap stocks down with it, regardless of the underlying fundamentals of these companies.

This can't last forever, though. And when the country finally gets past Brexit we believe there are plenty of UK companies that should get the investor attention they deserve.

We bought Draper Esprit because it offers access to a diversified pool of otherwise inaccessible, early stage, venture capital/private equity assets. Recent stakes include prepaid debit card and currency exchange firms Revolut and TransferWise, nutritious snack supplier Graze and artificial intelligence chip developer Graphcore for example. The key for Draper will be having enough eyes and ears to spot the best, most exciting early-stage companies out there. It focuses on investing in early funding rounds for swiftly growing private technology and consumer companies.

At the end of 2018, we were presented with a rare opportunity to acquire a position in fire alarms and general hazard detection business Halma. This high-quality operator sells to a blend of end markets, of which some show cyclical properties (such as construction, energy, process industries). For global macro-economic reasons, investors threw out the shares with the trash, sending the price-earnings (PE) multiple sharply lower. Halma is definitely not trash, however, which is why we took the opportunity to buy more. The market certainly realised its mistake: in 2019 the PE jumped from 25x to above 30x in an extraordinary re-rating.

We have added to our UK real estate exposure in a lower-risk way through Safestore, a self-storage business with excellent management. We see structural growth within this sub-sector, as self-storage penetration is still very low in the UK compared to elsewhere in the world and very little new storage space is being built. Safestore actively adjusts its prices depending on vacancies to optimise profitability and has a sensible balance sheet.

We bought IT recruitment company FDM in May. Founder led, with no debt and a highly conservative management team, FDM has a globally transferable model that solves many issues within junior staff recruitment and does so very profitably.

Unite is consistently one of our best performers, so it keeps nudging up against our position limits. Throughout the year, we trimmed the position which has remained at a significant premium to its tangible book value (important for property-based companies). It remains one of our key holdings.

Another strong performer was Intermediate Capital Group (ICG), which is benefiting from increasing demand for alternative assets. ICG has the track record to attract record inflows. The closed-end nature of the funds not only means liquidity isn't a big issue, but fee pressure is limited compared with the rest of the asset management industry. Several brokers have become increasingly bullish on the stock, and having risen 60% to date in 2019, we have been selling some of our shares to lock in profits.

AVEVA, the engineering design software company, has done well following its merger with the software bits of Schneider, a French electric company.

AVEVA is now a global leader in its niche: designing and creating industrial software for 21st century refineries, production lines and workplaces. Its tie-up with Schneider has allowed it to win some very big clients that it would not previously have been able to. AVEVA has now entered the FTSE 100 Index, so we have been taking a few profits here too (the stock was up almost 70% in the first half of 2019).

We sold B&M European Value Retail early in the period. Concerned about the company's ability to operate in a tough UK domestic market, with additional potential for turbulence from a large acquisition in the French market, we felt that its like-for-like (LFL) sales momentum could come under strain. LFLs are a material enough part of retail store investment cases that, were this to happen, the company's valuation multiple would come under serious doubt, leading to hefty falls in the share price.

We used volatility to open a position in animal health business Dechra Pharmaceuticals, a business we have been long-term fans of. Dechra develops and manufactures medicines for dogs and cats, as well as pet food and treatments for pigs, cows and poultry. Structural growth drivers abound for this well-run business, including recession-resilient rises in pet ownership and increased demand for protein, particularly poultry, with lower usage of antibiotics. High margin, cash generating, with more resilience and less drug risk than human pharma, and an excellent track record of accretive M&A: Dechra scores highly for us.

We have finally finished selling our legacy position in Rio Tinto, taking advantage of an unusually high iron ore price to do so. While we made a good return from this high-quality miner, its reliance on the price of a single commodity meant it doesn't fit our investment criteria.

It's been a long few years for UK investors – or those that own British stocks at least. Sterling and FTSE companies are still looking pretty cheap, even after a recent recovery driven by the progress of Boris Johnson's Brexit deal. But investors should be careful about jumping into any 'bargain' they see. A deal is no panacea to the structural demons that hold back the UK economy and its businesses. And we're not completely doomed if a deal isn't hatched (we'll just be driven mad by the merry-go-round Brexit negotiations). The reality is much more nuanced than if the Prime Minister can cajole enough MPs to agree on his deal. The real effects will be in the detail of that deal and in the millions of decisions, small and large, made by Britons in government and business. We will all have to adapt to a new environment over the coming decades.

This is why we focus so heavily on trying to find great up-coming British companies led by quick-thinking and long-sighted managers. We believe you can make a lot of money in times of change, but you have to be smart enough to spot opportunities and brave enough to take the risk. We're not able to predict exactly how the UK will fare in the 2020s – there are just too many variables for anyone to truly know. But we believe we can hunt for companies that offer something different, businesses that should attract customers regardless of how the UK is doing overall.

We think the best strategy is to focus on strong companies that should be able to boost earnings even without UK economic growth roaring back. Because, once the relief and excitement of a deal dissipates, we think the UK won't be all that much different post-deal. In fact, growth may be even harder to come by than it has been. In that environment, we believe investors will seek out those quality companies that can grow of their own accord.

Alexandra Jackson
Fund Manager
24 October 2019

Net asset value per unit and comparative tables

R-Class income units

	30.09.19 pence per unit	30.09.18 pence per unit	30.09.17 pence per unit
Change in net assets per unit			
Opening net asset value per unit	501.56p	484.54p	447.21p
Return before operating charges*	(57.99p)	38.30p	56.71p
Operating charges	(7.21p)	(8.28p)	(7.64p)
Return after operating charges*	(65.20p)	30.02p	49.07p
Distributions on income units	(11.11p)	(13.00p)	(11.74p)
Closing net asset value per unit	425.25p	501.56p	484.54p
*after direct transactions costs ¹ of:	0.76p	0.51p	0.19p

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

Performance

Return after charges	(13.00%)	6.20%	10.97%
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Other information

Closing net asset value	£1,883,944	£5,770,024	£6,023,455
Closing number of units	443,021	1,150,406	1,243,131
Operating charges	1.65%	1.64%	1.64%
Direct transaction costs	0.17%	0.10%	0.04%

Prices**

Highest unit price	515.45p	541.36p	505.10p
Lowest unit price	392.57p	468.15p	421.97p

** 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)*

R-Class accumulation units

	30.09.19 pence per unit	30.09.18 pence per unit	30.09.17 pence per unit
Change in net assets per unit			
Opening net asset value per unit	647.01p	609.51p	548.82p
Return before operating charges*	(71.25p)	48.03p	70.16p
Operating charges	(9.40p)	(10.53p)	(9.47p)
Return after operating charges*	(80.65p)	37.50p	60.69p
Distributions on accumulation units	(14.06p)	(16.25p)	(14.47p)
Retained distributions on accumulation units	14.06p	16.25p	14.47p
Closing net asset value per unit	566.36p	647.01p	609.51p
*after direct transactions costs ¹ of:	0.99p	0.65p	0.23p

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

Performance

Return after charges	(12.47%)	6.15%	11.06%
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Other information

Closing net asset value	£5,588,000	£17,490,424	£15,623,390
Closing number of units	986,644	2,703,262	2,563,253
Operating charges	1.65%	1.64%	1.64%
Direct transaction costs	0.17%	0.10%	0.04%

Prices**

Highest unit price	669.01p	690.48p	628.89p
Lowest unit price	510.37p	598.16p	521.58p

** 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 income units

	30.09.19 pence per unit	30.09.18 pence per unit	30.09.17 pence per unit
Change in net assets per unit			
Opening net asset value per unit	523.82p	501.11p	459.09p
Return before operating charges*	(55.78p)	38.99p	58.32p
Operating charges	(2.80p)	(3.23p)	(4.31p)
Return after operating charges*	(58.58p)	35.76p	54.01p
Distributions on income units	(10.99p)	(13.05p)	(11.99p)
Closing net asset value per unit	454.25p	523.82p	501.11p
*after direct transactions costs ¹ of:	0.80p	0.54p	0.19p

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

Performance

Return after charges	(11.18%)	7.14%	11.76%
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Other information

Closing net asset value	£14,251,123	£16,705,005	£18,782,946
Closing number of units	3,137,317	3,189,055	3,748,233
Operating charges	0.61%	0.59%	0.89%
Direct transaction costs	0.17%	0.10%	0.04%

Prices**

Highest unit price	531.25p	555.70p	514.88p
Lowest unit price	416.06p	492.33p	438.36p

** 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

	30.09.19 pence per unit	30.09.18 pence per unit	30.09.17 pence per unit
Change in net assets per unit			
Opening net asset value per unit	675.84p	630.40p	563.67p
Return before operating charges*	(72.73p)	49.52p	72.04p
Operating charges	(3.62p)	(4.08p)	(5.31p)
Return after operating charges*	(76.35p)	45.44p	66.73p
Distributions on accumulation units	(14.24p)	(16.49p)	(14.78p)
Retained distributions on accumulation units	14.24p	16.49p	14.78p
Closing net asset value per unit	599.49p	675.84p	630.40p

*after direct transactions costs¹ of: 1.04p 0.68p 0.24p

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

Performance

Return after charges (11.30%) 7.21% 11.84%

Other information

Closing net asset value	£21,651,748	£19,300,647	£20,314,840
Closing number of units	3,611,697	2,855,807	3,222,507
Operating charges	0.61%	0.59%	0.89%
Direct transaction costs	0.17%	0.10%	0.04%

Prices**

Highest unit price	684.09p	703.95p	636.74p
Lowest unit price	536.47p	624.38p	538.03p

** 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)*

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, quarter ending 30 September 2019

	2015	2016	2017	2018	2019
R-Class Units	6.70%	9.87%	11.74%	6.30%	-11.65%
I-Class Units	7.51%	10.70%	12.52%	7.27%	-10.89%
IA UK All Companies sector	1.93%	11.74%	13.65%	5.54%	-0.02%

Source performance data Financial Express, mid to mid, net income reinvested.

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

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

Portfolio and net other assets as at 30 September 2019

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
Oil and Gas Producers (30.09.18: 4.67%)		
75,000 Royal Dutch Shell 'B'	1,796,625	4.14
Chemicals (30.09.18: 1.70%)		
20,000 Croda International	971,200	2.24
Mining (30.09.18: 4.44%)		
33,000 BHP	571,692	1.32
Construction and Materials (30.09.18: 2.09%)		
1,500,000 Breedon	975,000	2.25
70,000 Marshalls	463,400	1.07
80,000 MJ Gleeson	646,400	1.49
	2,084,800	4.81
Aerospace and Defence (30.09.18: 1.11%)		
300,000 Chemring	588,600	1.36
Electronic and Electrical Equipment (30.09.18: 1.15%)		
200,000 discoverIE	840,000	1.94
70,000 Halma	1,379,000	3.18
	2,219,000	5.12
Industrial Engineering (30.09.18: 3.14%)		
230,000 Ceres Power	489,900	1.13
850,000 Melrose Industries	1,712,750	3.95
	2,202,650	5.08
Industrial Transportation (30.09.18: 0.72%)		
35,000 Fisher (James) & Sons	719,250	1.66
Healthcare Equipment and Services (30.09.18: 4.88%)		
300,000 Advanced Medical Solutions*	735,000	1.69
Pharmaceuticals and Biotechnology (30.09.18: 0.89%)		
70,000 Abcam	800,100	1.84
1,000,000 Alliance Pharma*	715,000	1.65
35,000 Dechra Pharmaceuticals	968,800	2.23
	2,483,900	5.72

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

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
Food and Drug Retailers (30.09.18: 2.30%)		
15,000 Diageo	499,950	1.15
450,000 Tesco	1,084,500	2.50
	1,584,450	3.65
General Retailers (30.09.18: 5.14%)		
50,000 JD Sports Fashion	375,000	0.86
70,000 Keystone Law Group	350,000	0.81
	725,000	1.67
Travel and Leisure (30.09.18: 11.80%)		
160,000 GVC	1,189,120	2.74
900,000 Patisserie Holdings	–	–
200,000 SSP	1,240,000	2.86
380,000 The GYM Group	959,500	2.21
	3,388,620	7.81
Life Insurance (30.09.18: 4.08%)		
230,000 Phoenix Group Holdings	1,589,990	3.67
Non-Life Insurance (30.09.18: 2.22%)		
230,000 Beazley	1,430,600	3.30
Real Estate (30.09.18: 9.44%)		
1,000,000 PRS REIT	870,000	2.01
150,000 Safestore	1,002,000	2.31
100,000 Segro REIT	810,600	1.87
160,000 Unite	1,745,600	4.02
1,200,000 Warehouse REIT	1,236,000	2.85
	5,664,200	13.06
General Financial (30.09.18: 7.97%)		
255,000 Argentex	351,900	0.81
200,000 Draper Esprit	846,000	1.95
100,000 Intermediate Capital	1,454,000	3.35
9,892 Thomas Murray Network*	9,892	0.02
942 Thomas Murray Network Bonus shares*	–	–
	2,661,792	6.13

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

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
Support Services (30.09.18: 7.79%)		
60,000 Bunzl	1,274,400	2.94
40,000 Diploma	664,000	1.53
90,000 Grafton	682,650	1.57
30,000 Keywords Studios	343,500	0.79
	2,964,550	6.83
Software and Computer Services (30.09.18: 15.72%)		
50,866 Accesso Technology	442,534	1.02
109,375 Aptitude Software	642,469	1.48
22,000 Aveva	814,000	1.88
40,000 Blue Prism	379,800	0.88
100,000 FDM	739,000	1.70
17,500 First Derivatives*	386,750	0.89
65,000 Gamma Communications	711,750	1.64
240,000 GB*	1,300,800	3.00
120,000 Kainos	541,200	1.25
320,000 Team17 Group*	1,040,000	2.40
	6,998,303	16.14
Total value of investments (30.09.18: 93.67%)	41,380,222	95.40
Net other assets (30.09.18: 6.33%)	1,994,593	4.60
Total value of the fund as at 30 September 2019	43,374,815	100.00

Sectors eliminated since the beginning of the year:

General Industrials 2.42%

* Unquoted security

+ Quoted on the Alternative Investment Market

Statement of total return for the year ended 30 September 2019

	Note	30.09.19 £	30.09.19 £	30.09.18 £	30.09.18 £
Income					
Net capital (losses)/gains	2		(7,679,181)		2,910,698
Revenue	3	1,248,785		1,576,488	
Expenses	4	(492,289)		(594,115)	
Net revenue before taxation		756,496		982,373	
Taxation	5	(1,620)		(7,740)	
Net revenue after taxation			754,876		974,633
Total return before distributions			(6,924,305)		3,885,331
Distributions	6		(1,164,885)		(1,487,711)
Change in net assets attributable to unitholders from investment activities			(8,089,190)		2,397,620

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

	30.09.19 £	30.09.19 £	30.09.18 £	30.09.18 £
Opening net assets attributable to unitholders		59,266,100		60,744,631
Amounts receivable on issue of units	2,069,804		5,842,522	
Amounts payable on cancellation of units	(10,565,344)		(10,622,139)	
		(8,495,540)		(4,779,617)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		(8,089,190)		2,397,620
Retained distributions on accumulation units		686,207		895,802
Unclaimed distributions		7,238		7,664
Closing net assets attributable to unitholders		43,374,815		59,266,100

Balance sheet as at 30 September 2019

	Note	30.09.19 £	30.09.19 £	30.09.18 £	30.09.18 £
Assets					
Fixed assets:					
Investments			41,380,222		55,515,728
Current assets:					
Debtors	7	170,263		1,236,773	
Cash and bank balances		3,070,444		3,334,942	
Total current assets			3,240,707		4,571,715
Total assets			44,620,929		60,087,443
Liabilities					
Creditors:					
Other creditors	8	(988,562)		(441,101)	
Distribution payable on income units		(257,552)		(380,242)	
Total liabilities			(1,246,114)		(821,343)
Net assets attributable to unitholders			43,374,815		59,266,100

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 26, 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.

c) Treatment of scrip and special dividends

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

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

d) Treatment of expenses

All expenses (other than management fees, 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.

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.

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 (losses)/gains

	30.09.19 £	30.09.18 £
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(7,770,569)	2,298,090
Capital special dividends	92,745	609,000
Currency (losses)/gains	(382)	4,902
Transaction charges	(975)	(1,294)
Net capital (losses)/gains	(7,679,181)	2,910,698

3 Revenue

	30.09.19 £	30.09.18 £
Dividends – UK Ordinary	998,304	1,213,763
– Overseas	81,045	188,328
– Property income distributions	154,056	165,432
Bank interest	15,380	8,965
Total revenue	1,248,785	1,576,488

4 Expenses

	30.09.19 £	30.09.19 £	30.09.18 £	30.09.18 £
Payable to the Manager, associates of the Manager and agents of either of them:				
Manager's periodic charge		417,074		513,629
Payable to the Trustee, associates of the Trustee and agents of either of them:				
Trustee's fees	10,158		14,274	
Safe custody and other bank charges	4,067		4,303	
		14,225		18,577
Other expenses:				
Administration fees	6,666		6,575	
Audit fee*	9,600		9,000	
FCA fee	(1,604)		356	
Printing and publication costs	5,524		2,444	
Registration fees	40,804		43,534	
		60,990		61,909
Total expenses		492,289		594,115

*Audit fees paid in the year were £7,750 (30.09.18: £7,500) excluding VAT.

5 Taxation

	30.09.19 £	30.09.18 £
a) Analysis of charge in the year		
Overseas tax	1,620	4,140
Irrecoverable income tax	—	3,600
Total tax charge for the year (note 5b)	1,620	7,740

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%) (30.09.18: 20%). The differences are explained below.

	30.09.19 £	30.09.18 £
Net revenue before taxation	756,496	982,373
Corporation tax at 20%	151,299	196,475
Effects of:		
Revenue not subject to taxation	(215,870)	(280,418)
Current year expenses not utilised	64,571	83,943
Corporate tax charge	—	—
Irrecoverable overseas tax	1,620	4,140
Irrecoverable income tax	—	3,600
Total tax charge for the year (note 5a)	1,620	7,740

c) Deferred tax

At the year end the fund had surplus management expenses of £14,364,113 (30.09.18: £14,041,260). 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 £2,872,823 (30.09.18: £2,808,252) 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:

	30.09.19	30.09.18
	£	£
Interim	415,447	478,904
Final	685,263	993,693
	1,100,710	1,472,597
Add: Amounts deducted on cancellation of units	72,165	62,309
Deduct: Amounts received on issue of units	(7,990)	(47,195)
Net distribution for the year	1,164,885	1,487,711

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

Net distribution for the year	1,164,885	1,487,711
Expenses charged to capital:		
Manager's periodic charge	(417,074)	(513,629)
Equalisation on conversions	6,873	523
Balance brought forward	(335)	(307)
Balance carried forward	527	335
Net revenue after taxation	754,876	974,633

7 Debtors

	30.09.19	30.09.18
	£	£
Amounts receivable for issue of units	15,387	54
Sales awaiting settlement	91,250	1,042,957
Accrued revenue	62,390	192,346
Prepaid expenses	—	180
Taxation recoverable	1,236	1,236
Total debtors	170,263	1,236,773

8 Other creditors

	30.09.19	30.09.18
	£	£
Amounts payable for cancellation of units	72,447	111,820
Purchases awaiting settlement	862,186	253,451
Accrued expenses	26,364	32,843
Accrued manager's periodic charge	27,565	42,987
Total other creditors	988,562	441,101

9 Reconciliation of units

	R-Class income	R-Class accumulation	I-Class income	I-Class accumulation
Opening units issued at 01.10.18	1,150,406	2,703,262	3,189,055	2,855,807
Unit movements 01.10.18 to 30.09.19				
Units issued	11,369	15,249	306,844	92,281
Units cancelled	(174,605)	(307,614)	(903,609)	(655,688)
Units converted	(544,149)	(1,424,253)	545,027	1,319,297
Closing units issued at 30.09.19	443,021	986,644	3,137,317	3,611,697

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.

There were no commissions paid to stockbroking of the Manager in respect of dealings in the investments of Rathbone UK Opportunities Fund during the year (30.09.18: nil).

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

At the year end there were no significant unitholders (30.09.18: nil).

11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (30.09.18: 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.

Notes to the financial statements *(continued)*

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:

	30.09.19	30.09.18
	£	£
Currency:		
US dollar	29	—
Pound sterling	43,373,550	59,264,685
	43,373,579	59,264,685
Other net assets not categorised as financial instruments	1,236	1,415
Net assets	43,374,815	59,266,100

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 £3 (30.09.18: £nil). 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 £3 (30.09.18: £nil). 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:

	30.09.19	30.09.18
	£	£
Floating rate assets:		
US dollar	29	—
Pound sterling	3,070,415	3,334,942
	3,070,444	3,334,942
Assets on which no interest is paid:		
Pound sterling	41,549,249	56,751,086
Liabilities on which no interest is paid:		
Pound sterling	(1,246,114)	(821,343)
Other net assets not categorised as financial instruments	1,236	1,415
Net assets	43,374,815	59,266,100

12 Risk disclosures on financial instruments *(continued)*

(ii) Interest rate risk *(continued)*

Due to the proportion of interest bearing assets held within the portfolio, no sensitivity analysis has been prepared illustrating the impact changes in yields would have on the value of the fund's portfolio.

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

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

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

If market prices had increased by 10% as at the balance sheet date the net asset value of the fund would have increased by £4,138,022 (30.09.18: £5,551,573). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £4,138,022 (30.09.18: £5,551,573). 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 UK Opportunities which would increase its exposure.

13 Portfolio transaction cost

For the year ended 30 September 2019

Analysis of total purchases costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	16,256,602	9,174	0.06	61,313	0.38
Corporate actions	348,500	–	–	–	–
Total purchases before transaction costs	16,605,102	9,174		61,313	
Total purchases including commission and taxes	16,675,589				

13 Portfolio transaction cost *(continued)*

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	22,614,362	14,830	0.07	89	—
Fund transactions	178,175	—	—	—	—
Corporate actions	259,224	—	—	—	—
Total sales including transactions costs	23,051,761	14,830		89	
Total sales net of commission and taxes	23,036,842				

Commissions and taxes as % of average net assets

Commissions	0.05%
Taxes	0.12%

For the year ended 30 September 2018

Analysis of total purchases costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	18,240,967	10,242	0.06	39,280	0.22
Corporate actions	459,268	—	—	—	—
Total purchases before transaction costs	18,700,235	10,242		39,280	
Total purchases including commission and taxes	18,749,757				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	17,983,661	11,674	0.06	70	—
Corporate actions	3,717,589	—	—	—	—
Total sales including transactions costs	21,701,250	11,674		70	
Total sales net of commission and taxes	21,689,506				

Commissions and taxes as % of average net assets

Commissions	0.04%
Taxes	0.06%

Notes to the financial statements *(continued)*

13 Portfolio transaction cost *(continued)*

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 0.50% (30.09.18: 0.44%).

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 September 2019

Category	1	2	3	Total
Investment assets	£	£	£	£
Equities	41,370,330	—	9,892	41,380,222
	41,370,330	—	9,892	41,380,222

For the year ended 30 September 2018

Category	1	2	3	Total
Investment assets	£	£	£	£
Equities	55,401,391	—	114,337	55,515,728
	55,401,391	—	114,337	55,515,728

The level 3 Thomas Murray assets are priced by Rathbones and updated with the last known price. These assets are reviewed on a quarterly basis.

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 19 November 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	30.09.19 mid price	19.11.19 mid price
R-Class income	433.91p	446.19p
R-Class accumulation	568.07p	594.22p
I-Class income	462.81p	477.29p
I-Class accumulation	601.30p	629.88p

Distribution tables for the year ended 30 September 2019

Distribution tables (pence per unit)

Interim

Group 1 – Units purchased prior to 1 October 2018

Group 2 – Units purchased on or after 1 October 2018 and on or before 31 March 2019

R-Class income units	Net Income	Equalisation	Paid 31.05.19	Paid 31.05.18
Group 1	3.75	–	3.75	4.12
Group 2	2.52	1.23	3.75	4.12

R-Class accumulation units	Net Income	Equalisation	Accumulated 31.05.19	Accumulated 31.05.18
Group 1	4.79	–	4.79	5.22
Group 2	2.81	1.98	4.79	5.22

I-Class income units	Net Income	Equalisation	Paid 31.05.19	Paid 31.05.18
Group 1	3.82	–	3.82	4.33
Group 2	1.65	2.17	3.82	4.33

I-Class accumulation units	Net Income	Equalisation	Accumulated 31.05.19	Accumulated 31.05.18
Group 1	4.93	–	4.93	5.45
Group 2	2.97	1.96	4.93	5.45

Final

Group 1 – Units purchased prior to 1 April 2019

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

R-Class income units	Net Income	Equalisation	Payable 29.11.19	Paid 30.11.18
Group 1	7.36	–	7.36	8.88
Group 2	4.47	2.89	7.36	8.88

R-Class accumulation units	Net Income	Equalisation	Allocated 29.11.19	Accumulated 30.11.18
Group 1	9.27	–	9.27	11.03
Group 2	3.06	6.21	9.27	11.03

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

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

I-Class income units	Net Income	Equalisation	Payable 29.11.19	Paid 30.11.18
Group 1	7.17	—	7.17	8.72
Group 2	3.33	3.84	7.17	8.72

I-Class accumulation units	Net Income	Equalisation	Allocated 29.11.19	Accumulated 30.11.18
Group 1	9.31	—	9.31	11.04
Group 2	4.89	4.42	9.31	11.04

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 UK Opportunities Fund
27 November 2019

Statement of the Manager's responsibilities in relation to the annual report and financial statements of the scheme

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 or losses on the property of the fund for that year. In preparing those financial statements, the Manager is required to:

1. select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. comply with the disclosure requirements of the SORP relating to financial statements of 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 a going concern basis unless it is inappropriate to presume that the fund will continue in operation; and
6. keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme and which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

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

In so far as the Manager is aware:

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

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 27 November 2019.

Statement of the Trustee's responsibilities and report of the Trustee to the unitholders of Rathbone UK Opportunities Fund for the year ended 30 September 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:

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

National Westminster Bank Plc
Trustee and Depositary Services
Trustee of Rathbone UK Opportunities Fund
27 November 2019

Independent Auditor's Report to the unitholders of Rathbone UK Opportunities Fund

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Rathbone UK Opportunities Fund (the fund):

- give a true and fair view of the financial position of the fund as at 30 September 2019 and of the net revenue and the net capital gains on the property of the fund for the year ended 30 September 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 fund 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 fund 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 fund'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 UK Opportunities 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 fund and the manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the manager is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the manager either intends to liquidate the fund or to cease operations, or 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 fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 30 September 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 UK Opportunities 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
27 November 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	1,256	2,660	3,916	5
Risk takers	1,306	1,747	3,053	13
Control functions	264	40	304	3
Other	106	74	180	1
Total remuneration code staff	2,932	4,521	7,453	22
Non-remuneration code staff	873	280	1,153	18
Total for the Manager	3,805	4,801	8,606	40

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

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

Investment objective, policy and strategy

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

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

Valuation of the fund

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

Stewardship code

Rathbone Unit Trust Management Limited fully supports the UK Stewardship Code sponsored by the Financial Reporting Council. Our statement on complying with the code can be found on our website: 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.

General information *(continued)*

The minimum initial investment for R-Class units at present is to the value of £1,000 which may be varied by the Manager. The minimum initial investment for I-Class units is £1,000. 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 or R-Class units.

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

The Manager currently receives an annual remuneration for managing the I-Class property of the fund at the rate of 0.45%.

Statements

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

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

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

Prices

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

Post balance sheet event

Please note, from 1 December 2019 the R-Class minimum initial investment will increase to £100,000,000. All other investment amounts will remain unchanged.

Other information

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

The Register of Unitholders can be inspected during normal business hours at the office of the Registrar, DST Financial Services International 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 Heritage Fund
Rathbone Income Fund
Rathbone Spenser Fund
Rathbone Strategic Bond 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 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

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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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