

Rathbones
Look forward

Rathbone Ethical Bond Fund

Interim report for the half year ended 31 March 2020



Rathbone Ethical Bond 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

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

Registrar

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

Independent Auditor

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow G1 3BX

Directors of the Manager

RP Stockton – Chairman
MM Webb – Chief Executive Officer
JR Chillingworth – Chief Investment Officer
JM Ardouin – Finance Director
MS Warren – Non-Executive Director
J Lowe – Non-Executive Director
PL Howell – (retired 9 May 2019)
CRC Hexton – (resigned 29 October 2019)
CR Stick – (resigned 29 October 2019)
JG Thomson – (resigned 29 October 2019)
BN Jones – (resigned 29 October 2019)

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 half year ended 31 March 2020

In the six months ended 31 March 2020, our fund fell 4.23%, compared with the IA Sterling Corporate Bond sector's 4.46% average fall. At 30 September 2019, 10-year gilts yielded 0.49%; they closed on 31 March at 0.36%.

Global markets have had a terrible time as the severity of the impact of COVID-19 on health as well as economies has become all too apparent. The first quarter of 2020 was one of the worst quarters in living memory and ended the 11-year bull market. Major equity markets around the world were down between 20% and 30% as investors try to work out the severity of the impact of Coronavirus on the short-term profitability of businesses. Markets are unlikely to base out until the number of cases in Europe and the US show signs of peaking. Until then, fear and uncertainty will drive sentiment. We are bracing ourselves for some rather ugly economic data over the next few months.

The other big story was credit downgrades; rating agency action is increasing. Many investment grade issuers are dropping into high yield as revenues have dried up and balance sheets come under pressure. Helpfully, central banks have stepped in to buy both investment grade credit and these 'fallen angels' which have recently found themselves reassessed as high yield.

In the fourth quarter, we kept our duration (interest-rate sensitivity) low in the lead-up to the election as we believed there was scope for a reversal in gilts. We added some duration in mid-November as the yield spiked to near 0.80% and then sold soon after as yields fell back. We did this by trading the European Investment Bank 5.625% Senior 2032. Following the election result, the 10-year gilt yield hit its highest level since June 2019 (0.86%).

As the crisis unfolded in the first quarter, we decided to raise cash by selling some of our more liquid holdings, including Lloyds Bank Floating Rate Note 2022 and the German-state-backed development bank Kreditanstalt fuer Wiederaufbau 5.75% 2032. Collapsing gilt yields led us to raise cash by selling the European Investment Bank Senior Floating Rate Note 0.874% 2022 and the European Investment

Bank Senior 6% 2028. The liquidity we had raised as defensive measure was not needed, so we started re-investing. We used the funds to buy into a couple of new issues and some senior bank debt, including Nationwide Building Society Floating Rate Senior Secured 2025, Santander UK Floating Rate Note 2021 and Lloyds Bank 1.088% Senior 2023. We also bought cheap insurance bond Legal & General 5.5% Step Sub 2064 at a decent yield.

The huge dividend cuts across the board have given equity income-seeking investors a bit of a challenge. Property funds have closed, gilts don't generate yields, interest rates on cash are at rock bottom and equity dividends have gone to zero – so where can they go? Their next stop is fixed income credit. At the moment, those that tread carefully can buy discounted credit which will potentially give you a capital uplift (assuming you avoid the defaults). We're starting to see inflows into the fund, which is an income play. This hunt for income could be a positive for corporate credit over the next six to 12 months as investors come out of riskier asset classes.

In times like this, it's easy to get caught up in firefighting and panicked decisions. But we cannot chase the market around – that would be disastrous. We will remain disciplined, rational, and calmly follow our strategy.

Bryn Jones
Fund Manager
5 May 2020

Noelle Cazalis
Fund Manager

Net asset value per unit and comparative tables

R-class income units

	31.03.20 pence per unit	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	94.94p	91.00p	94.88p	93.42p
Return before operating charges*	(3.74p)	8.94p	1.16p	6.68p
Operating charges	(0.61p)	(1.19p)	(1.23p)	(1.23p)
Return after operating charges*	(4.35p)	7.75p	(0.07p)	5.45p
Distributions on income units	(1.71p)	(3.81p)	(3.81p)	(3.99p)
Closing net asset value per unit	88.88p	94.94p	91.00p	94.88p
*after direct transactions costs ¹ of:	0.00p	0.00p	0.00p	0.00p

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

Performance

Return after charges	(4.58%)	8.52%	(0.07%)	5.83%
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Other information

Closing net asset value	£7,024,888	£7,495,694	£8,827,773	£9,909,648
Closing number of units	7,903,490	7,894,922	9,701,103	10,443,863
Operating charges	1.28%	1.29%	1.29%	1.30%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices**

Highest unit price	98.11p	96.10p	99.21p	98.75p
Lowest unit price	86.50p	88.82p	91.90p	90.96p

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

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

R-class accumulation units

	31.03.20 pence per unit	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	212.52p	195.81p	196.04p	185.03p
Return before operating charges*	(8.49p)	19.31p	2.34p	13.93p
Operating charges	(1.38p)	(2.60p)	(2.57p)	(2.47p)
Return after operating charges*	(9.87p)	16.71p	(0.23p)	11.46p
Distributions on accumulation units	(3.83p)	(8.32p)	(7.99p)	(8.47p)
Retained distributions on accumulation units	3.83p	8.32p	7.99p	8.02p
Closing net asset value per unit	202.65p	212.52p	195.81p	196.04p
*after direct transactions costs ¹ of:	0.00p	0.00p	0.00p	0.00p

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

Performance

Return after charges	(4.64%)	8.53%	(0.12%)	6.19%
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Other information

Closing net asset value	£17,886,950	£17,756,539	£17,227,929	£18,386,028
Closing number of units	8,826,559	8,355,391	8,798,462	9,378,567
Operating charges	1.28%	1.29%	1.29%	1.30%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices**

Highest unit price	221.62p	213.12p	205.32p	201.48p
Lowest unit price	195.40p	192.86p	195.69p	180.15p

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

I-class income units

	31.03.20 pence per unit	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	100.03p	95.32p	98.78p	96.64p
Return before operating charges*	(3.96p)	9.36p	1.19p	6.93p
Operating charges	(0.33p)	(0.65p)	(0.66p)	(0.66p)
Return after operating charges*	(4.29p)	8.71p	0.53p	6.27p
Distributions on income units	(1.80p)	(4.00p)	(3.99p)	(4.13p)
Closing net asset value per unit	93.94p	100.03p	95.32p	98.78p
*after direct transactions costs ¹ of:	0.00p	0.00p	0.00p	0.00p

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

Performance

Return after charges	(4.29%)	9.14%	0.54%	6.49%
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Other information

Closing net asset value	£518,805,270	£505,980,931	£392,185,352	£325,349,629
Closing number of units	552,251,502	505,837,528	411,423,568	329,369,970
Operating charges	0.66%	0.66%	0.67%	0.68%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices**

Highest unit price	103.63p	101.25p	102.31p	101.63p
Lowest unit price	91.40p	93.21p	96.27p	94.20p

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

I-class accumulation units

	31.03.20 pence per unit	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	221.61p	202.99p	201.96p	189.42p
Return before operating charges*	(8.88p)	20.02p	2.40p	14.33p
Operating charges	(0.74p)	(1.40p)	(1.37p)	(1.32p)
Return after operating charges*	(9.62p)	18.62p	1.03p	13.01p
Distributions on accumulation units	(4.00p)	(8.65p)	(8.27p)	(8.70p)
Retained distributions on accumulation units	4.00p	8.65p	8.27p	8.23p
Closing net asset value per unit	211.99p	221.61p	202.99p	201.96p

*after direct transactions costs¹ of: 0.00p 0.00p 0.00p 0.00p

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

Performance

Return after charges (4.34%) 9.17% 0.51% 6.87%

Other information

Closing net asset value	£838,900,818	£758,654,184	£578,028,086	£396,094,620
Closing number of units	395,731,596	342,330,890	284,763,141	196,127,720
Operating charges	0.66%	0.66%	0.67%	0.68%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices**

Highest unit price	231.69p	222.24p	209.64p	205.29p
Lowest unit price	204.36p	200.16p	202.05p	184.64p

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

S-class income units

	31.03.20 pence per unit	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	102.45p	97.57p	100.00p	n/a
Return before operating charges*	(4.06p)	9.51p	(0.14p)	n/a
Operating charges	(0.27p)	(0.53p)	(0.25p)	n/a
Return after operating charges*	(4.33p)	8.98p	(0.39p)	n/a
Distributions on income units	(1.84p)	(4.10p)	(2.04p)	n/a
Closing net asset value per unit	96.28p	102.45p	97.57p	n/a
*after direct transactions costs ¹ of:	0.00p	0.00p	0.00p	n/a

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

Performance

Return after charges	(4.23%)	9.20%	(0.39%)	n/a
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Other information

Closing net asset value	£84,148,113	£78,591,016	£61,423,979	n/a
Closing number of units	87,396,026	76,713,992	62,955,219	n/a
Operating charges	0.52%	0.53%	0.53%	n/a
Direct transaction costs	0.00%	0.00%	0.00%	n/a

Prices***

Highest unit price	106.20p	103.71p	101.54p	n/a
Lowest unit price	93.68p	95.44p	98.52p	n/a

** The S-class launched on 5 April 2018.

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

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

S-class accumulation units

	31.03.20 pence per unit	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	108.95p	99.61p	100.00p	n/a
Return before operating charges*	(4.37p)	9.89p	(0.13p)	n/a
Operating charges	(0.29p)	(0.55p)	(0.26p)	n/a
Return after operating charges*	(4.66p)	9.34p	(0.39p)	n/a
Distributions on accumulation units	(1.97p)	(4.25p)	(2.05p)	n/a
Retained distributions on accumulation units	1.97p	4.25p	2.05p	n/a
Closing net asset value per unit	104.29p	108.95p	99.61p	n/a
*after direct transactions costs ¹ of:	0.00p	0.00p	0.00p	n/a

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

Performance

Return after charges	(4.28%)	9.38%	(0.39%)	n/a
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Other information

Closing net asset value	£3,057,942	£1,402,183	£1,056,034	n/a
Closing number of units	2,932,122	1,286,957	1,060,215	n/a
Operating charges	0.52%	0.53%	0.53%	n/a
Direct transaction costs	0.00%	0.00%	0.00%	n/a

Prices***

Highest unit price	113.97p	109.26p	101.61p	n/a
Lowest unit price	100.53p	98.24p	99.54p	n/a

** The S-class launched on 5 April 2018.

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

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

X-class income units[†]

	31.03.20 pence per unit	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	n/a	103.81p	106.89p	103.93p
Return before operating charges*	n/a	3.96p	1.28p	7.47p
Operating charges	n/a	(0.02p)	(0.04p)	(0.05p)
Return after operating charges*	n/a	3.94p	1.24p	7.42p
Distributions on income units	n/a	(1.13p)	(4.32p)	(4.46p)
Redemption price	n/a	(106.62p)	–	–
Closing net asset value per unit	n/a	–	103.81p	106.89p
*after direct transactions costs ¹ of:	n/a	0.00p	0.00p	0.00p

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

Performance

Return after charges	n/a	3.80%	1.16%	7.14%
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Other information

Closing net asset value	n/a	–	£147,813,549	£138,093,469
Closing number of units	n/a	–	142,381,993	129,191,019
Operating charges	n/a	–	0.04%	0.05%
Direct transaction costs	n/a	0.00%	0.00%	0.00%

Prices**

Highest unit price	n/a	106.68p	110.78p	109.84p
Lowest unit price	n/a	101.68p	104.82p	101.41p

[†] The X-class closed on 22 March 2019.

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

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

X-class accumulation units[†]

	31.03.20 pence per unit	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	n/a	114.18p	112.89p	105.22p
Return before operating charges*	n/a	4.35p	1.34p	7.98p
Operating charges	n/a	(0.02p)	(0.05p)	(0.05p)
Return after operating charges*	n/a	4.33p	1.29p	7.93p
Distributions on accumulation units	n/a	(1.24p)	(4.63p)	(4.85p)
Retained distributions on accumulation units	n/a	1.24p	4.63p	4.59p
Redemption price	n/a	(118.51p)	–	–
Closing net asset value per unit	n/a	–	114.18p	112.89p
*after direct transactions costs ¹ of:	n/a	0.00p	0.00p	0.00p

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

Performance

Return after charges	n/a	3.79%	1.14%	7.54%
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Other information

Closing net asset value	n/a	–	£20,119,330	£13,362,211
Closing number of units	n/a	–	17,620,356	11,836,046
Operating charges	n/a	–	0.04%	0.05%
Direct transaction costs	n/a	0.00%	0.00%	0.00%

Prices**

Highest unit price	n/a	118.59p	117.49p	114.81p
Lowest unit price	n/a	112.72p	112.95p	102.67p

[†] The X-class closed on 22 March 2019.

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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, quarter ending 31 March 2020

	2016	2017	2018	2019	2020
R-class units	-1.32%	9.24%	4.61%	2.65%	0.37%
I-class units	-0.69%	9.92%	5.26%	3.26%	1.00%
IA Sterling Corporate Bond sector	-1.03%	8.88%	1.70%	2.96%	0.78%

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 31 March 2020

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets	
Bonds (30.09.19: 96.30%)			
Mortgage Bonds (30.09.19: 1.54%)			
£3,051,000	Eurohome UK Mortgages 2044	691,511	0.05
£444,000	Eurohome UK Mortgages 2044	81,406	0.01
£616,000	Eurohome UK Mortgages 2044	496,958	0.03
£9,123,625	Finance for Residential Social Housing 8.369% 2058	11,066,277	0.75
\$888,000	Hero Funding Trust 3.19% 2048	454,249	0.03
\$500,000	Hero Funding Trust 3.28% 2048	252,700	0.02
£445,000	Mansard Mortgages FRN 2049	197,167	0.01
£1,250,000	Newgate Funding FRN 2050	651,304	0.04
£6,710,000	RMAC Securities FRN 2044	3,214,214	0.22
£1,070,000	RMAC Securities FRN 2044	479,840	0.03
£1,557,000	Silverstone Master Issuer FRN 2070	1,266,375	0.09
		18,852,001	1.28
Supranational Bonds (30.09.19: 4.76%)			
\$1,733,000	African Development Bank 0.75% 2023	1,397,662	0.09
£2,074,000	EIB 0% 2028	1,916,061	0.13
£12,460,000	EIB FRN 2022	12,461,695	0.85
\$900,000	Inter-American Development Bank 0.875% 2025	730,472	0.05
£7,059,000	KFW 0.875% 2026	7,081,334	0.48
		23,587,224	1.60
Corporate Bonds (30.09.19: 90.00%)			
£7,289,000	3i 5.75% 2032	8,613,319	0.59
£4,368,400	A2D Funding 4.5% 2026	4,930,438	0.34
£5,103,200	A2D Funding 4.75% 2022	5,370,250	0.37
£3,050,000	A2D Housing Group 3.5% 2028	3,246,628	0.22
£3,676,268	Aggregate Micro Power Infrastructure 8% 2036	3,676,268	0.25
£2,759,000	AMP Group Finance 6.875% 2022	2,969,043	0.20
£9,300,000	Assicurazioni Generali 6.269% perp	9,085,480	0.62
£2,971,000	Aster Treasury 4.5% 2043	4,049,023	0.28
£11,122,000	Aviva 4.375% VRN 2049	10,456,565	0.71
£2,559,000	Aviva 5.125% VRN 2050	2,464,398	0.17
£28,374,000	Aviva 5.9021% VRN perp	27,806,520	1.89
£16,280,000	Aviva 6.125% 2036	18,265,123	1.24
£8,100,000	Aviva 6.125% VRN perp	7,895,273	0.54
£17,537,000	Aviva 6.875% VRN 2058	19,886,100	1.35
£23,027,000	AXA SA 5.453% VRN perp	23,207,301	1.58

Portfolio and net other assets as at 31 March 2020 *(continued)*

Holding (Bonds unless otherwise stated)		Value £	Percentage of total net assets
£22,387,000	AXA SA 5.625% VRN 2054	23,269,480	1.58
£10,255,000	AXA SA 6.6862% VRN perp	11,033,534	0.75
\$2,353,000	BAC Capital Trust 4% VRN perp	1,541,846	0.10
£8,400,000	Banco Santander 1.75% 2027	7,611,180	0.52
£22,125,000	Bank of Scotland 7.281% VRN perp	25,522,515	1.74
£600,000	Barclays Bank 3% 2026	559,120	0.04
£10,607,000	Barclays Bank 3.25% 2027	10,015,213	0.68
£10,100,000	Barclays Bank 3.25% 2033	8,830,396	0.60
£44,000	Barclays Bank 7.125% VRN perp	44,990	0.00
£12,946,000	Barclays Bank 10% 2021	13,727,206	0.93
£4,341,000	Bazalgette Finance 2.375% 2027	4,502,488	0.31
\$3,309,000	Beazley 5.875% 2026	2,815,432	0.19
\$3,909,000	Beazley Insurance DAC 5.5% 2029	3,273,920	0.22
£8,000,000	BPCE SA 1.375% 2026	7,265,104	0.49
£17,800,000	BPCE SA 5.25% 2029	19,594,550	1.33
£2,876,000	British Telecom 3.5% Index-Linked 2025	5,936,237	0.40
£5,230,000	British Telecom 3.625% 2047	5,081,394	0.35
£2,398,000	Bromford Housing Group 3.125% 2048	2,708,359	0.18
£4,297,000	BUPA Finance 5% 2026	4,547,249	0.31
£12,478,000	BUPA Finance 6.125% VRN perp	12,084,319	0.82
£300,000	Burnham And Weston Energy CIC 5% Index-Linked 2036	293,400	0.02
£3,448,000	Canal & River Trust 2.85% Series A Senior 2043	3,644,536	0.25
£9,807,000	Channel Link 3.043% VRN 2050	10,009,869	0.68
£4,358,000	Channel Link FRN 2050	3,575,201	0.24
£5,189,000	Citigroup 1.18744% VRN 2067	4,793,339	0.33
£4,484,000	Citigroup 2.75% 2024	4,460,246	0.30
£6,325,000	Clarion Funding 1.875% 2035	5,971,217	0.41
£6,698,000	Close Brothers Group 2.75% 2023	6,654,614	0.45
£13,450,000	Close Brothers Group 4.25% VRN 2027	13,629,853	0.93
£175,000	Coigach Community CIC 5% Index-Linked 2030	173,950	0.01
£6,300,000	Co-operatieve Rabobank 1.25% 2025	5,891,031	0.40
£4,614,000	Co-operative Rabobank 5.25% 2027	5,011,912	0.34
£14,907,000	Co-operatieve Rabobank 6.91% VRN perp	22,200,429	1.51
£4,785,000	Coventry Building Society 1.875% 2023	4,623,740	0.32
£1,423,000	Coventry Building Society FRN 2023	1,397,856	0.10
£2,072,000	CPI Property Group SA 2.75% 2028	1,869,988	0.13
£2,221,000	CPUK Finance 3.588% 2042	2,156,247	0.15
£5,120,000	CPUK Finance 3.69% 2047	4,981,630	0.34
€3,500,000	Credit Agricole 4.5% VRN perp	3,159,748	0.22
£9,700,000	CYBG 4% VRN 2027	8,989,436	0.61

Portfolio and net other assets as at 31 March 2020 *(continued)*

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
\$870,000 DNB Bank ASA FRN perp	456,067	0.03
£175,000 Ellenbrook Developments 3.3894% Index-Linked 2032	178,115	0.01
£1,777,000 Eversholt Funding 3.529% 2042	1,771,785	0.12
£1,999,000 Experian Finance 2.125% 2024	2,004,347	0.14
£6,817,000 Fidelity International 7.125% 2024	7,830,732	0.53
£1,917,847 Finance for Residential Social Housing 8.569% 2058	1,893,448	0.13
£600,000 Finance for Residential Social Housing 8.569% 2058	690,052	0.05
£195,000 Fixed Rate Unsecured Bonds 4.5% 2026	195,000	0.01
£130,000 Glasgow Together 4% 2020	90,974	0.01
£3,487,000 Goldman Sachs 3.125% 2029	3,315,127	0.23
£3,109,000 Goldman Sachs 4.25% 2026	3,198,004	0.22
£3,589,000 Grainger 3.375% 2028	3,664,880	0.25
£1,282,000 Great Rolling 6.875% 2035	1,116,778	0.08
£4,130,000 Greater Gabbard 4.137% 2032	3,873,657	0.26
£250,000 Greenwich Leisure 3% 2021	242,825	0.02
£888,000 Guinness Partner 4% 2044	1,148,974	0.08
£9,340,000 Hastings Group Finance 3% 2025	9,072,956	0.62
£14,312,000 HBOS Sterling Finance (Jersey) 7.881% VRN perp	21,953,892	1.49
£1,002,500 Heylo Housing Secured Bond 1.625% Index-Linked 2028	853,128	0.06
£2,590,000 Hiscox 2% 2022	2,537,056	0.17
£16,878,000 Hiscox 6.125% VRN 2045	16,957,031	1.15
£1,857,000 HSBC Bank 5.375% 2033	2,032,212	0.14
£16,829,000 HSBC Bank 5.844% VRN perp	22,172,208	1.51
\$4,400,000 HSBC Bank FRN perp	2,341,868	0.16
£10,621,000 HSBC Holdings 3% VRN 2028	10,428,752	0.71
£6,763,000 HSBC Holdings 3% 2030	6,529,336	0.44
\$1,777,000 Indian Railway Finance 3.835% 2027	1,352,509	0.09
£605,000 Intermediate Capital 5% 2023	622,648	0.04
£10,952,000 Investec Bank 4.25% VRN 2028	10,301,372	0.70
£13,820,000 Investec Bank 4.5% 2022	14,077,002	0.96
£3,277,000 Just Group 9% 2026	3,361,324	0.23
£4,568,000 Korea Development Bank 1.75% 2022	4,517,204	0.31
£6,500,000 LBBW 1.5% 2025	6,058,550	0.41
£12,426,000 Leeds Building Society 3.75% VRN 2029	11,641,422	0.79
£10,000,000 Leeds Building Society FRN 2025	9,695,640	0.66
£17,457,000 Legal & General 3.75% VRN 2049	15,797,026	1.08
£3,493,000 Legal & General 5.125% VRN 2048	3,550,741	0.24
£12,939,000 Legal & General 5.375% VRN 2045	13,388,995	0.91
£23,884,000 Legal & General 5.5% VRN 2064	23,048,652	1.57

Portfolio and net other assets as at 31 March 2020 *(continued)*

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets	
£1,777,000	Libra Longhurst Group Treasury 3.25% 2043	1,902,634	0.13
£165,000	Linton Hydro Limited 5.25% Index-Linked 2033	165,000	0.01
£16,086,000	Liverpool Victoria Friendly Society 6.5% VRN 2043	16,881,219	1.15
£1,600,000	LiveWest Treasury 2.25% 2043	1,529,512	0.10
£4,100,000	Lloyds Banking Group 1.875% VRN 2026	3,848,397	0.26
£7,083,000	Lloyds Banking Group 2.25% 2024	6,833,986	0.46
£1,744,000	Lloyds Banking Group 5.75% 2025	1,756,337	0.12
£7,104,000	Lloyds Banking Group 7.625% 2025	8,285,456	0.56
£20,969,000	Lloyds Banking Group 13% Var perp	36,021,597	2.45
£19,000,000	Lloyds Banking Group FRN 2023	18,665,448	1.27
\$1,400,000	Lloyds Banking Group FRN perp	846,808	0.06
\$1,400,000	Lloyds Banking Group FRN perp	846,808	0.06
£1,879,000	Logicor Financing 2.75% 2030	1,706,771	0.12
£6,102,000	London and Quadrant Housing Trust 2.25% 2029	6,063,519	0.41
£4,054,000	London and Quadrant Housing Trust 2.625% 2028	4,173,069	0.28
£400,000	London and Quadrant Housing Trust 3.75% 2049	462,244	0.03
£2,955,000	London Merchant Securities 6.5% 2026	3,762,852	0.26
£1,750,000	M&G 3.875% VRN 2049	1,550,885	0.11
£9,012,000	M&G 5% VRN 2055	8,352,010	0.57
£17,061,000	M&G 5.625% VRN 2051	16,632,472	1.13
£7,341,000	M&G 6.25% VRN 2068	7,081,795	0.48
\$590,000	MDIF Media Finance 4% 2023	252,273	0.02
£888,000	Metropolitan Funding 4.125% 2048	1,098,974	0.07
£2,221,000	Morgan Stanley 2.625% 2027	2,113,914	0.14
£5,284,000	Motability Operations Group 1.75% 2029	5,083,274	0.35
£4,500,000	Motability Operations Group 2.375% 2039	4,351,669	0.30
£888,000	Myriad Capital 4.75% 2043	1,231,745	0.08
£6,974,000	Nationwide Building Society 3.25% 2028	7,117,935	0.48
£983,416	Nationwide Building Society 3.875% Index-Linked 2021	3,135,120	0.21
\$1,750,000	Nationwide Building Society 4.125% VRN 2032	1,361,030	0.09
£3,360,000	Nationwide Building Society 5.769% perp	3,481,741	0.24
£1,556,000	Nationwide Building Society 6.25% VRN perp	1,714,538	0.12
£50,935	Nationwide Building Society 10.25% VRN perp	6,586,914	0.45
£35,060,000	Nationwide Building Society FRN 2025	34,003,292	2.31
£871,800	NatWest Markets 3.9% VRN 2022	895,251	0.06
£2,393,000	NatWest Markets 6.875% 2025	2,808,426	0.19
£1,212,000	Notting Hill Genesis 2.875% 2029	1,268,134	0.09
£1,158,000	Notting Hill Housing 3.75% 2032	1,297,610	0.09
£500,000	Orange SA 3.25% 2032	525,696	0.04

Portfolio and net other assets as at 31 March 2020 *(continued)*

Holding (Bonds unless otherwise stated)		Value £	Percentage of total net assets
£3,897,000	Orbit Capital 3.375% 2048	4,314,429	0.29
£1,421,000	Orbit Capital 3.5% 2045	1,602,039	0.11
£2,377,000	Orsted AS 2.125% 2027	2,375,637	0.16
£440,000	Our Power Social Purpose 6.5% 2021	—	—
£946,800	Paragon 6% 2020	967,544	0.07
£5,348,000	Paragon 6% 2024	5,828,057	0.40
£2,155,600	Paragon 6.125% 2022	2,252,534	0.15
£550,000	Peabody Capital 5.25% 2043	789,620	0.05
£3,453,000	Peabody Capital No 2 3.25% 2048	3,814,509	0.26
£10,265,000	PGH Capital 4.125% 2022	10,329,655	0.70
£10,324,000	PGH Capital 6.625% 2025	10,430,699	0.71
\$1,599,000	Phoenix 5.375% 2027	1,205,376	0.08
£1,295,400	Places for People Homes 1% Index-Linked 2022	1,476,756	0.10
£8,718,000	Places for People Homes 3.625% 2028	9,383,624	0.64
£1,874,300	Places for People Finance 4.25% 2023	1,620,572	0.11
£5,740,000	Places for People Treasury 2.875% 2026	5,860,162	0.40
£3,403,000	Porterbrook Rail Finance 7.125% 2026	4,189,399	0.29
£9,459,000	Principality Building Society 2.375% 2023	9,349,191	0.64
£1,848,000	Principality Building Society 7% VRN perp	1,845,598	0.13
£2,265,000	PRS Finance 1.75% 2026	2,288,939	0.16
£15,008,000	PRS Finance 2% 2029	16,073,591	1.09
£920,000	Quadrant Housing 7.93% 2033	1,190,196	0.08
£17,150,000	Rabobank Nederland 4.625% 2029	17,943,831	1.22
£553,200	Retail Charity Bonds 3.9% 2029	486,816	0.03
£1,331,200	Retail Charity Bonds 4% 2029	1,131,520	0.08
£2,414,800	Retail Charity Bonds 4.25% 2026	2,003,366	0.14
£1,089,800	Retail Charity Bonds 4.25% 2028	1,009,384	0.07
£218,000	Retail Charity Bonds 4.375% 2021	199,463	0.01
£871,800	Retail Charity Bonds 4.4% 2027	796,973	0.05
£1,598,800	Retail Charity Bonds 4.5% 2026	1,382,962	0.09
£1,297,600	Retail Charity Bonds 5% 2026	1,278,006	0.09
£900,000	Retail Charity Bonds 5% 2030	868,500	0.06
£500,000	RHP Finance 3.25% 2048	546,759	0.04
£300,000	Riverside Finance 3.875% 2044	367,566	0.03
£20,000,000	RL Finance Bonds 4.875% VRN 2049	16,360,526	1.11
£21,852,000	RL Finance Bonds 6.125% 2028	23,562,175	1.60
£19,747,000	RL Finance Bonds 6.125% VRN 2043	21,332,662	1.45
£17,007,000	Rothsay Life 3.375% 2026	15,791,942	1.08
£6,723,000	Rothsay Life 5.5% VRN 2029	6,756,139	0.46

Portfolio and net other assets as at 31 March 2020 *(continued)*

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets	
£3,892,000	Rothsay Life 6.875% VRN perp	3,129,713	0.21
£19,262,000	Rothsay Life 8% 2025	20,529,247	1.40
£14,027,000	Rothschild 9% perp	17,105,927	1.16
£8,100,000	Royal Bank of Canada FRN 2025	7,804,836	0.53
\$2,615,000	Royal Bank of Scotland 7.648% VRN perp	2,694,191	0.18
\$1,720,000	Royal Bank of Scotland FRN perp	1,061,172	0.07
£22,510,000	RSA Insurance 5.125% VRN 2045	23,611,318	1.61
£2,224,000	Sainsburys Bank 6% VRN 2027	2,099,456	0.14
£11,718,000	Santander UK 2.92% VRN 2026	11,579,323	0.79
£4,753,000	Santander UK 3.625% 2026	4,889,185	0.33
£916,000	Santander UK 5.875% 2031	1,117,683	0.08
£863,000	Santander UK 6.5% 2030	1,054,508	0.07
£17,000,000	Santander UK FRN 2021	16,951,992	1.15
£3,097,000	Scottish Hydro Electric Transmission 2.25% 2035	2,934,160	0.20
£9,023,000	Scottish Widows 5.5% 2023	9,548,319	0.65
£13,864,000	Scottish Widows 7% 2043	15,407,988	1.05
£1,777,000	Segro 2.375% 2029	1,759,188	0.12
£1,643,000	Society Lloyds 4.75% 2024	1,670,578	0.11
£91,500	South Bristol Sports Centre 7% 2023	71,891	–
£148,800	St Johns School Bond 3.25% 2022	149,053	0.01
\$2,931,000	Standard Life Aberdeen 4.25% 2028	2,239,705	0.15
£9,476,000	Standard Life Aberdeen 5.5% VRN 2042	10,013,213	0.68
£1,636,000	Swan Housing Capital 3.625% 2048	1,752,827	0.12
£2,354,000	TC Dudgeon Ofto 3.158% 2038	2,505,104	0.17
£5,169,000	Telereal Securitisation FRN 2033	4,963,678	0.34
£100,000	Thera Trust 5.5% 2020	100,670	0.01
£500,000	Thera Trust 5.5% 2024	506,950	0.04
£134,247	THFC 5.65% Index-Linked 2020	10,885	–
£750,000	Thrive Renewables 5% 2024	750,000	0.05
£5,500,000	Toronto Dominion Bank FRN 2022	5,447,915	0.37
£7,000,000	Toronto Dominion Bank FRN 2023	6,919,318	0.47
£6,700,000	UK Municipal Bonds Agency Finance FRN 2025	6,694,372	0.46
\$200,000	Vena Energy Capital 3.133% 2025	157,701	0.01
£500,000	Vodafone 3% 2056	440,865	0.03
£1,525,000	Wells Fargo 2.5% 2029	1,457,323	0.10
£2,043,000	Welltower 4.5% 2034	2,260,161	0.15
£700,000	Welltower 4.8% 2028	782,520	0.05
£7,863,000	WoDS Transmission 3.446% 2034	7,553,337	0.51
£2,222,000	Wrekin Housing Group 2.5% 2048	2,232,394	0.15

Portfolio and net other assets as at 31 March 2020 *(continued)*

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
£2,536,000 Yorkshire Building Society 3% VRN 2025	2,498,647	0.17
£18,821,000 Yorkshire Building Society 3.375% VRN 2028	17,249,633	1.17
£3,453,000 Yorkshire Building Society FRN 2023	3,391,709	0.23
£3,258,000 Yorkshire Water Finance 1.75% 2026	3,173,220	0.22
	1,342,311,739	91.33
Total Bonds	1,384,750,964	94.21
Equities (30.09.19: 0.15%)		
2,025,875 Greencoat Renewables**	2,088,527	0.14
Alternatives (30.09.19: 1.01%)		
\$17,435,000 RBC Capital Markets 2021*	13,852,980	0.94
Forward Foreign Exchange Contracts (30.09.19: 0.03%)		
Buy £5,709,914, Sell €6,726,190	(246,167)	(0.01)
Buy €2,023,735, Sell £1,904,616	(112,587)	(0.01)
Buy \$10,481,285, Sell £9,041,420	(593,717)	(0.04)
Buy £39,548,785, Sell \$51,600,831	(2,042,526)	(0.14)
	(2,994,997)	(0.20)
Total value of investments (30.09.19: 97.49%)	1,397,697,474	95.09
Net other assets (30.09.19: 2.51%)	72,126,507	4.91
Total value of the fund as at 31 March 2020	1,469,823,981	100.00

* Structured product

** Equity security

Summary of portfolio investments

	Value £	Percentage of total net assets
Investment grade	1,314,568,355	89.44
Below investment grade	70,182,609	4.77
Debt securities	1,384,750,964	94.21
Equity Securities	2,088,527	0.14
Structured Products	13,852,980	0.94
Derivatives	(2,994,997)	(0.20)
Total value of investments	1,397,697,474	95.09

Statement of total return for the half year ended 31 March 2020

	31.03.20 £	31.03.20 £	31.03.19 £	31.03.19 £
Income				
Net capital (losses)/gains		(95,263,101)		20,714,518
Revenue	26,614,723		26,950,113	
Expenses	(4,893,545)		(3,601,265)	
Interest payable and similar charges	(1,284)		(11,418)	
Net revenue before taxation	21,719,894		23,337,430	
Taxation	(5,851)		(9,885)	
Net revenue after taxation		21,714,043		23,327,545
Total return before distributions		(73,549,058)		44,042,063
Distributions		(26,365,779)		(26,681,800)
Change in net assets attributable to unitholders from investment activities		(99,914,837)		17,360,263

Statement of change in net assets attributable to unitholders for the half year ended 31 March 2020

	31.03.20 £	31.03.20 £	31.03.19 £	31.03.19 £
Opening net assets attributable to unitholders		1,369,880,547		1,226,682,032
Amounts receivable on issue of units	251,961,875		93,773,734	
Amounts payable on cancellation of units	(67,851,297)		(222,622,444)	
In-specie transfer	–		(20,740,504)	
		184,110,578		(149,589,214)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		(99,914,837)		17,360,263
Retained distributions on accumulation units		15,747,693		13,499,864
Unclaimed distributions		–		403
Closing net assets attributable to unitholders		1,469,823,981		1,107,953,348

Balance sheet as at 31 March 2020

	31.03.20 £	31.03.20 £	30.09.19 £	30.09.19 £
Assets				
Fixed assets:				
Investments		1,400,692,471	1,335,489,824	
Current assets:				
Debtors	49,305,978		31,744,462	
Cash and bank balances	43,260,157		28,738,019	
Total current assets		92,566,135	60,482,481	
Total assets		1,493,258,606	1,395,972,305	
Liabilities				
Investment liabilities		(2,994,997)		–
Creditors:				
Other creditors	(14,782,877)		(20,522,495)	
Distribution payable on income units	(5,656,751)		(5,569,263)	
Total liabilities		(23,434,625)	(26,091,758)	
Net assets attributable to unitholders		1,469,823,981	1,369,880,547	

Notes to the interim financial statements

Accounting policies

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

All accounting policies applied are consistent with those of the annual report for the year ended 30 September 2019 and are detailed in full in those financial statements.

Portfolio transaction costs

Total purchases and sales transactions for the half year ended 31 March 2020 were £388,142,998 and £224,546,855 respectively.

Distribution tables for the half year ended 31 March 2020

Distribution tables (pence per unit)

First Interim

Group 1 – Units purchased prior to 1 October 2019

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

R-class income units	Net income	Equalisation	Paid 28.02.20	Paid 28.02.19
Group 1	0.88	—	0.88	0.99
Group 2	0.60	0.28	0.88	0.99
R-class accumulation units	Net income	Equalisation	Accumulated 28.02.20	Accumulated 28.02.19
Group 1	1.97	—	1.97	2.13
Group 2	0.67	1.30	1.97	2.13
I-class income units	Net income	Equalisation	Paid 28.02.20	Paid 28.02.19
Group 1	0.93	—	0.93	1.04
Group 2	0.46	0.47	0.93	1.04
I-class accumulation units	Net income	Equalisation	Accumulated 28.02.20	Accumulated 28.02.19
Group 1	2.05	—	2.05	2.20
Group 2	0.85	1.20	2.05	2.20
S-class income units	Net income	Equalisation	Paid 28.02.20	Paid 28.02.19
Group 1	0.94	—	0.94	1.06
Group 2	0.51	0.43	0.94	1.06
S-class accumulation units	Net income	Equalisation	Accumulated 28.02.20	Accumulated 28.02.19
Group 1	1.01	—	1.01	1.09
Group 2	0.43	0.58	1.01	1.09
X-class income*	Net income	Equalisation	Paid 28.02.20	Paid 28.02.19
Group 1	n/a	—	n/a	1.13
Group 2	n/a	n/a	n/a	1.13
X-class accumulation*	Net income	Equalisation	Accumulated 28.02.20	Accumulated 28.02.19
Group 1	n/a	—	n/a	1.24
Group 2	n/a	n/a	n/a	1.24

*The X-class closed on 22 March 2019.

Distribution tables for the half year ended 31 March 2020 *(continued)*

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

Second Interim

Group 1 – Units purchased prior to 1 January 2020

Group 2 – Units purchased on or after 1 January 2020 and on or before 31 March 2020

R-class income units	Net income	Equalisation	Payable 29.05.20	Paid 31.05.19
Group 1	0.83	–	0.83	0.99
Group 2	0.37	0.46	0.83	0.99

R-class accumulation units	Net income	Equalisation	Allocated 29.05.20	Accumulated 31.05.19
Group 1	1.86	–	1.86	2.15
Group 2	1.13	0.73	1.86	2.15

I-class income units	Net income	Equalisation	Payable 29.05.20	Paid 31.05.19
Group 1	0.87	–	0.87	1.04
Group 2	0.40	0.47	0.87	1.04

I-class accumulation units	Net income	Equalisation	Allocated 29.05.20	Accumulated 31.05.19
Group 1	1.95	–	1.95	2.24
Group 2	0.79	1.16	1.95	2.24

S-class income units	Net income	Equalisation	Payable 29.05.20	Paid 31.05.19
Group 1	0.90	–	0.90	1.07
Group 2	0.49	0.41	0.90	1.07

S-class accumulation units	Net income	Equalisation	Allocated 29.05.20	Accumulated 31.05.19
Group 1	0.96	–	0.96	1.10
Group 2	0.33	0.63	0.96	1.10

Distribution tables for the half year ended 31 March 2020 *(continued)*

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	0.00%
Unfranked investment income	100.00%
Depository net liability to corporation tax	nil

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 Ethical Bond Fund
22 May 2020

General information

Authorised status

The Rathbone Ethical Bond Fund is an authorised unit trust scheme, authorised by the Financial Conduct Authority on 29 October 2001 and launched in May 2002.

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 deliver a greater total return than the IA Sterling Corporate Bond sector, after fees, over any rolling five-year period.

There is no guarantee that this investment objective will be achieved over five years, or any other time period.

We use the IA Sterling Corporate Bond sector as a target for our fund's return because we aim to consistently outperform the average return of our competitors.

When picking our investments, there are three assessments we make. First, we look at the economic environment to determine which industries we want to own and the duration of our investments. Then we use the Four Cs Plus approach to evaluate creditworthiness. We assess:

Character: Whether a company's managers have integrity and competence

Capacity: Ensuring a company isn't over-borrowing and has the cash to pay its debts

Collateral: Are there assets backing the loan, which reduces the risk of a loan

Covenants: These loan agreements set out the terms of the bond and restrictions on the company

Conviction: The Plus: We think differently to the market; sometimes contrarian, sometimes sceptical of orthodox thinking, but always opinionated

Meanwhile, Rathbone Greenbank, an ethical research division of our company, assesses potential investments against positive and negative social and environmental criteria. Finally, we compare prices to determine the best value bonds to include in our fund.

To meet the objective, the fund manager will invest at least 80% of our fund in corporate bonds with an investment-grade rating (AAA to BBB-). The remaining 20% of the fund is invested in corporate bonds with a credit rating below BBB- or with no rating at all.

Up to 10% of the fund can be invested directly in contingent convertible bonds.

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 may be used by the fund for investment purposes, efficient portfolio management and hedging. The use of derivatives for investment purposes may increase the volatility of the fund's Net Asset Value and may increase its risk profile.

The manager may use all investment powers as permitted by the prospectus, outside the ranges described above, to ensure the fund is managed in the best interest of investors in times of market irregularities or stress.

The fund may invest at the fund manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits and units in collective investment schemes. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted by the FCA Rules.

The manager will apply ethical criteria and screening in order to avoid investing in companies involved in specific activities or engaged in behaviour that is considered to be of concern to ethical investors. The fund will seek to invest in companies that are aware of their wider responsibilities to society and the environment.

Further details in relation to the current ethical and sustainability criteria may be obtained by contacting Rathbone Unit Trust Management. Investors should be aware that these criteria may change over time. Product reference number: 196624.

Valuation of the fund

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

Stewardship code

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

Buying and selling of units

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

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

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

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

The minimum initial investment for R-class units is £100,000,000. The minimum initial investment for I-class units is £1,000. The minimum initial investment for the S-class units is £100,000,000.

Thereafter holders may invest additional amounts to the value of £500 or more from time to time as they wish. Any number of units may be subscribed, sold or transferred so long as transaction complies with applicable minimums.

There is no preliminary charge for both the R-class and I-class units.

The Manager currently receives an annual remuneration for managing the R-class property of the fund at the rate of 1.25%.

The Manager currently receives an annual remuneration for managing the I-class property of the fund at the rate of 0.625%.

The Manager currently receives an annual remuneration for managing the S-class property of the fund at a rate of 0.49%.

For more information on our charges, please visit the fund-specific pages of our website: rathbonefunds.com

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 31 March and 30 September, unitholders will receive a consolidated statement showing, where applicable, their Unit Trust, ICVC and ISA holdings for each fund held.

Prices

Prices are available on our website rathbonefunds.com

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 at the registered offices of the Manager. Copies of the Prospectus, 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, SS&C Financial Services International Limited, SS&C House, St Nicholas Lane, Basildon, Essex SS15 5FS.

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

If you have any queries or complaints about the operation of the fund you should put them to the Compliance Officer, Rathbone Unit Trust Management Limited, 8 Finsbury Circus, London EC2M 7AZ. Any complaint we receive will be handled in accordance with our internal complaint procedures. A copy of these are available from the Compliance Officer.

If you have occasion to complain, and in the unlikely event that you do not receive a satisfactory response, you may direct your complaint to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. Further details about the Financial Ombudsman Service are available on their website at financial-ombudsman.org.uk.

ISA eligibility

The fund has been managed throughout the year to ensure that it is eligible to qualify and be included in an Individual Savings Account (ISA). The fund will at all times be invested in such a way that the units will constitute 'Qualifying Investments' for the purposes of the Individual Savings Account (ISA) Regulations 1998, as amended from time to time.

Risk factors

An investment in a unit trust should be regarded as a medium to long term investment. Investors should be aware that the price of units and the revenue 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 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 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

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.
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