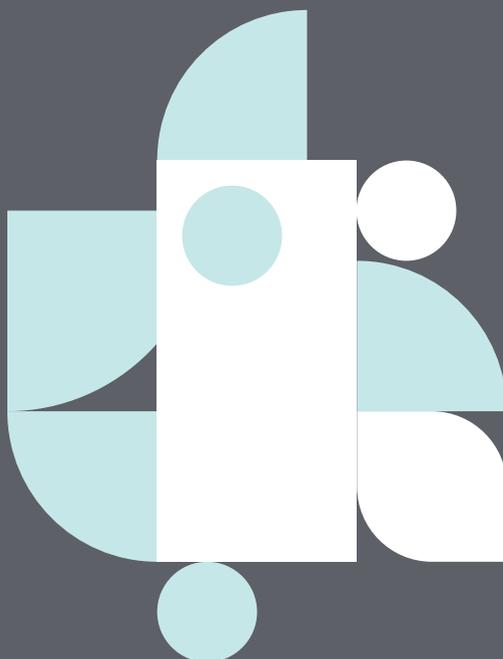


Rathbones

Look forward

Rathbone Income Fund

Interim report for the half year ended 31 March 2020



Rathbone Income 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 two decades that we have been writing investment letters, we have never had to write one quite like this. With the world in the grips of the COVID-19 pandemic, we are all having to come to terms with the weeks leading potentially into months of lock-down. The businesses that we use, rely on, and invest in, are having to evolve rapidly, in some cases to serve the greater good, in others just to continue to exist. Financial markets have to a degree reflected this new reality, but the sharp rebound in April, especially in the US, reveals the weight of stimulus being exerted by central banks and governments. Market prices are currently not just the value attributed to individual assets, but the minute-by-minute results of the clash of economic turmoil on the downside and huge stimulus on the up. It is therefore impossible to make any confident predictions as to where prices will be in the short term. Nevertheless, it is correct to say that the global economy will shift dramatically into reverse in the second quarter of this year. We all have to get used to a new normal.

Performance review

In the six months to 31 March 2020, our fund was down 23%, exactly in line with the IA Equity Income sector average and marginally behind the FTSE All-Share Index's, 22% fall. Although our defensive positioning did mitigate some of the losses as the market fell back, we had not gained as much in the good days that preceded the collapse. Secondly, we had hoped to benefit from a post-election boost to our UK domestic earners, something which will now not come to pass.

On a more positive track, we have increased our interim distribution by 3%. However, future levels of distribution are uncertain as many companies are now delaying or cancelling dividend payments. More on this later.

Principal trades in the period

Trading over the last six months has reflected a gentle re-tilting of our portfolio towards value. To this end, we added to global commodity giants Royal Dutch Shell and Rio Tinto, while trimming our holdings in US utility WEC Energy (at prices close to all-time highs) and Reckitt Benckiser. In a similar vein, we sold all of our shares in United Utilities, following a very good run in the shares both before and after the November election.

We added more shares in cruise company Carnival, believing the business to be fundamentally undervalued. However, this theory was made redundant by the advent of the COVID-19 pandemic. We have now exited this position.

Towards the end of the period, we bought more shares in global brewer Anheuser Busch. The company has of course been rocked by the events of the last few months, but this is a business with a strong future beyond the current crisis, and we believe that, on balance, the shares are good value at current levels.

Finally, we have introduced a new holding into the fund, by buying shares in Irish paper and packaging business Smurfit Kappa. We also have reduced our exposure to UK flooring distributor Headlam. Liquidity remains an issue in this stock, so we took advantage of buyers in the market to lighten the load.

Outlook

There is little visibility currently in the investment world. Most businesses are unable to give trading guidance because they just do not know how long the pandemic will last, how government restrictions are going to play out, when they can resume selling their goods and services, and when they are once again going to generate revenues and therefore profits. On the one hand there is the inevitable global economic shock that the pandemic ushers in; on the other, there is the massive response from governments and central banks. What results from the clash of these two great forces is unknowable. Our approach over the next few months must reflect this uncertainty.

We want to invest in businesses that are generating sustainable cash returns on capital. These cash profits are currently under stress, no matter the industry, but some clearly more than others. Our job is to identify the profit streams that we want to own, at the right price.

Businesses use these profits to pay their creditors and tax; therefore we ask if they are appropriately funded, or overly indebted? Can they fulfill these obligations? They can use the cash left over to fulfil maintenance capex – investment just to keep the lights on – and expansionary capex, which does seem unlikely at the moment. However the best companies will have the financial firepower to take advantage when the

Manager's report for the half year ended 31 March 2020 *(continued)*

environment improves. We would want to own some of those. Capital invested now is the basis for future earnings and dividend growth.

Finally, what happens to the cash that is left over? Dividends are a discretionary payment, and at the moment, prudence has the upper hand. But the strongest companies will have cash to redistribute to shareholders. These businesses will be the foundation stones of the future pay-rises that we intend to give our unitholders.

If we put to one side, for once, an overall dividend target for the fund, we maximise our chances of avoiding mistakes. Our first priority is to preserve capital, so we focus on the businesses that can deliver sustainable cash returns on investment. Our price discipline means that we endeavour to maximise our total returns by being patient on price, because there will be opportunities to buy some very good companies at very keen prices. Importantly, we have the cash to exploit these opportunities.

Carl Stick
Fund Manager
28 April 2020

Alan Dobbie
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	872.21p	901.81p	921.12p	886.89p
Return before operating charges*	(192.93p)	21.57p	30.68p	84.29p
Operating charges	(6.53p)	(13.25p)	(14.05p)	(14.26p)
Return after operating charges*	(199.46p)	8.32p	16.63p	70.03p
Distributions on income units	(12.88p)	(37.92p)	(35.94p)	(35.80p)
Closing net asset value per unit	659.87p	872.21p	901.81p	921.12p
*after direct transactions costs ¹ of:	0.32p	0.68p	0.56p	0.94p

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

Performance

Return after charges	(22.87%)	0.92%	1.81%	7.90%
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Other information

Closing net asset value	£60,388,420	£85,923,816	£122,151,497	£138,941,422
Closing number of units	9,151,587	9,851,278	13,545,156	15,083,992
Operating charges	1.53%	1.53%	1.54%	1.54%
Direct transaction costs	0.04%	0.08%	0.06%	0.10%

Prices**

Highest unit price	917.35p	929.72p	967.84p	1,015.91p
Lowest unit price	591.16p	792.58p	845.18p	846.20p

** 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

	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	1,589.49p	1,570.00p	1,540.81p	1,427.94p
Return before operating charges*	(351.58p)	42.78p	52.91p	136.06p
Operating charges	(11.92p)	(23.29p)	(23.72p)	(23.19p)
Return after operating charges*	(363.50p)	19.49p	29.19p	112.87p
Distributions on accumulation units	(22.56p)	(66.79p)	(60.79p)	(58.23p)
Retained distributions on accumulation units	22.56p	66.79p	60.79p	58.23p
Closing net asset value per unit	1,225.99p	1,589.49p	1,570.00p	1,540.81p

*after direct transactions costs¹ of: 0.59p 1.19p 0.94p 1.53p

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

Performance

Return after charges	(22.87%)	1.24%	1.89%	7.90%
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Other information

Closing net asset value	£59,125,037	£86,639,150	£105,321,024	£119,832,019
Closing number of units	4,822,645	5,450,735	6,708,339	7,777,189
Operating charges	1.53%	1.53%	1.54%	1.54%
Direct transaction costs	0.04%	0.08%	0.06%	0.10%

Prices**

Highest unit price	1,671.74p	1,621.23p	1,642.46p	1,659.18p
Lowest unit price	1,077.30p	1,385.10p	1,418.47p	1,366.63p

** 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

	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	937.54p	954.51p	968.53p	926.05p
Return before operating charges*	(208.08p)	30.90p	31.85p	87.99p
Operating charges	(3.59p)	(7.25p)	(7.66p)	(7.74p)
Return after operating charges*	(211.67p)	23.65p	24.19p	80.25p
Distributions on income units	(13.70p)	(40.62p)	(38.21p)	(37.77p)
Closing net asset value per unit	712.17p	937.54p	954.51p	968.53p
*after direct transactions costs ¹ of:	0.35p	0.73p	0.59p	1.00p

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

Performance

Return after charges	(22.58%)	2.48%	2.50%	8.67%
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Other information

Closing net asset value	£220,277,459	£296,405,206	£282,533,398	£455,051,927
Closing number of units	30,930,395	31,615,327	29,599,756	46,983,866
Operating charges	0.78%	0.78%	0.79%	0.79%
Direct transaction costs	0.04%	0.08%	0.06%	0.10%

Prices**

Highest unit price	987.94p	974.66p	1,004.69p	1,046.40p
Lowest unit price	637.73p	847.29p	898.23p	890.44p

** 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

	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	1,670.86p	1,630.82p	1,589.37p	1,462.29p
Return before operating charges*	(370.84p)	52.49p	54.09p	139.37p
Operating charges	(6.40p)	(12.45p)	(12.64p)	(12.29p)
Return after operating charges*	(377.24p)	40.04p	41.45p	127.08p
Distributions on accumulation units	(23.38p)	(69.97p)	(63.21p)	(60.10p)
Retained distributions on accumulation units	23.38p	69.97p	63.21p	60.10p
Closing net asset value per unit	1,293.62p	1,670.86p	1,630.82p	1,589.37p

*after direct transactions costs¹ of: 0.62p 1.25p 0.98p 1.58p

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

Performance

Return after charges	(22.58%)	2.46%	2.61%	8.69%
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Other information

Closing net asset value	£310,551,245	£428,636,984	£483,463,460	£499,086,184
Closing number of units	24,006,286	25,653,643	29,645,474	31,401,487
Operating charges	0.78%	0.78%	0.79%	0.79%
Direct transaction costs	0.04%	0.08%	0.06%	0.10%

Prices**

Highest unit price	1,760.67p	1,687.84p	1,669.78p	1,671.88p
Lowest unit price	1,136.55p	1,448.01p	1,474.38p	1,406.66p

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

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

S-class income units

	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	958.75p	973.51p	985.13p	939.41p
Return before operating charges*	(213.02p)	31.67p	32.53p	89.37p
Operating charges	(2.46p)	(4.94p)	(5.23p)	(5.27p)
Return after operating charges*	(215.48p)	26.73p	27.30p	84.10p
Distributions on income units	(13.91p)	(41.49p)	(38.92p)	(38.38p)
Closing net asset value per unit	729.36p	958.75p	973.51p	985.13p
*after direct transactions costs ¹ of:	0.36p	0.74p	0.60p	1.01p

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

Performance

Return after charges	(22.48%)	2.75%	2.77%	8.95%
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Other information

Closing net asset value	£74,404,006	£106,460,656	£105,845,411	£112,940,743
Closing number of units	10,201,311	11,104,098	10,872,591	11,464,511
Operating charges	0.52%	0.52%	0.53%	0.53%
Direct transaction costs	0.04%	0.08%	0.06%	0.10%

Prices**

Highest unit price	1,011.08p	996.33p	1,024.24p	1,063.42p
Lowest unit price	652.98p	864.82p	914.94p	903.90p

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

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

S-class accumulation units

	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	1,695.60p	1,650.69p	1,604.52p	1,472.35p
Return before operating charges*	(376.75p)	53.35p	54.73p	140.47p
Operating charges	(4.35p)	(8.44p)	(8.56p)	(8.30p)
Return after operating charges*	(381.10p)	44.91p	46.17p	132.17p
Distributions on accumulation units	(23.54p)	(70.93p)	(63.90p)	(60.60p)
Retained distributions on accumulation units	23.54p	70.93p	63.90p	60.60p
Closing net asset value per unit	1,314.50p	1,695.60p	1,650.69p	1,604.52p

*after direct transactions costs¹ of: 0.63p 1.27p 0.99p 1.60p

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

Performance

Return after charges	(22.48%)	2.72%	2.88%	8.98%
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Other information

Closing net asset value	£73,359,478	£103,737,328	£92,733,171	£99,157,703
Closing number of units	5,580,795	6,118,018	5,617,856	6,179,890
Operating charges	0.52%	0.52%	0.53%	0.53%
Direct transaction costs	0.04%	0.08%	0.06%	0.10%

Prices**

Highest unit price	1,788.13p	1,712.08p	1,689.39p	1,686.28p
Lowest unit price	1,154.82p	1,466.64p	1,490.37p	1,417.06p

** 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)*

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	104.24p	104.98p	100.00p
Return before operating charges*	n/a	(1.10p)	3.45p	9.00p
Operating charges	n/a	(0.02p)	(0.04p)	(0.04p)
Return after operating charges*	n/a	(1.12p)	3.41p	8.96p
Distributions on income units	n/a	–	(4.15p)	(3.98p)
Redemption price	n/a	(103.12p)	–	–
Closing net asset value per unit	n/a	–	104.24p	104.98p
*after direct transactions costs ¹ of:	n/a	0.02p	0.06p	0.11p

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

Performance

Return after charges	n/a	(1.07%)	3.25%	8.96%
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Other information

Closing net asset value	n/a	–	£5,533,842	£5,633,212
Closing number of units	n/a	–	5,308,861	5,366,228
Operating charges	n/a	–	0.04%	0.04%
Direct transaction costs	n/a	0.02%	0.06%	0.10%

Prices**

Highest unit price	n/a	105.59p	109.40p	113.07p
Lowest unit price	n/a	92.70p	97.67p	95.83p

[†] X-class income was terminated on 22 March 2019.

** 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)*

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	112.67p	108.96p	100.00p
Return before operating charges*	n/a	(1.23p)	3.75p	9.00p
Operating charges	n/a	(0.02p)	(0.04p)	(0.04p)
Return after operating charges*	n/a	(1.25p)	3.71p	8.96p
Distributions on accumulation units	n/a	—	(4.35p)	(4.01p)
Retained distributions on accumulation units	n/a	—	4.35p	4.01p
Redemption price	n/a	(111.42p)	—	—
Closing net asset value per unit	n/a	—	112.67p	108.96p
*after direct transactions costs ¹ of:	n/a	0.02p	0.07p	0.11p

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

Performance

Return after charges	n/a	(1.11%)	3.40%	8.96%
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Other information

Closing net asset value	n/a	—	£501,118	£174,622
Closing number of units	n/a	—	444,769	160,268
Operating charges	n/a	—	0.04%	0.04%
Direct transaction costs	n/a	0.02%	0.06%	0.10%

Prices**

Highest unit price	n/a	114.05p	115.29p	114.40p
Lowest unit price	n/a	100.19p	101.44p	95.83p

† X-class accumulation was terminated on 22 March 2019.

** 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.

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



Lower potential risk/reward
(Not risk-free)

Higher potential risk/reward

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

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

Discrete annual performance, quarter ending 31 March 2020

	2016	2017	2018	2019	2020
R-class units	(0.13%)	16.45%	(5.02%)	5.32%	(20.28%)
I-class units	0.63%	17.32%	(4.30%)	6.08%	(19.67%)
S-class units	0.89%	17.63%	(4.05%)	6.35%	(19.46%)
IA UK Equity Income sector	(1.21%)	15.14%	0.29%	3.59%	(20.64%)

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

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

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

Portfolio and net other assets as at 31 March 2020

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
Oil and Gas (30.09.19: 9.30%)		
9,600,000 BP	32,971,200	4.13
2,300,000 Royal Dutch Shell 'B'	31,270,800	3.92
	64,242,000	8.05
Mining (30.09.19: 1.27%)		
600,000 Rio Tinto	22,305,000	2.79
Aerospace and Defence (30.09.19: 3.24%)		
4,000,000 BAE Systems	20,864,000	2.61
6,510,333 Senior	4,566,999	0.57
	25,430,999	3.18
Industrial Engineering (30.09.19: 3.11%)		
485,532 DCC	24,762,132	3.10
Construction and Materials (30.09.19: 4.07%)		
750,000 Bellway	16,147,500	2.02
475,000 Berkeley	17,171,250	2.15
	33,318,750	4.17
Real Estate (30.09.19: 1.59%)		
1,400,000 Big Yellow	13,944,000	1.75
Support Services (30.09.19: 2.67%)		
1,500,000 Bunzl	24,435,000	3.06
Food Producers (30.09.19: 3.02%)		
750,000 Unilever	30,528,750	3.83
Household Goods (30.09.19: 5.74%)		
1,888,676 Headlam	5,817,122	0.73
660,000 Reckitt Benckiser	40,583,400	5.09
	46,400,522	5.82
Tobacco (30.09.19: 6.85%)		
522,156 Altria	16,271,711	2.04
1,100,000 British American Tobacco	30,327,000	3.80
1,320,000 Imperial Brands	19,755,120	2.48
	66,353,831	8.32

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

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
Pharmaceuticals and Biotechnology (30.09.19: 7.98%)		
575,000 Dechra Pharmaceuticals	13,512,500	1.69
2,700,000 GlaxoSmithKline	40,883,400	5.12
100,000 Roche	26,177,072	3.28
	80,572,972	10.09
Food and Drug Retailers (30.09.19: 1.63%)		
2,400,000 UDG Healthcare	15,120,000	1.89
Beverages (30.09.19: 1.75%)		
430,000 Anheuser Busch	15,399,380	1.93
General Retailers (30.09.19: 1.23%)		
9,000,000 Halfords	6,282,000	0.79
Media (30.09.19: 7.40%)		
1,500,000 Daily Mail and General Trust 'A'	10,215,000	1.28
16,000,000 ITV	10,563,200	1.32
1,450,000 Relx	25,106,750	3.15
2,200,000 WPP	12,126,400	1.52
	58,011,350	7.27
Travel and Leisure (30.09.19: 6.74%)		
14,297,036 Restaurant Group	5,999,036	0.75
Electricity (30.09.19: 2.68%)		
2,350,000 SSE	30,644,000	3.84
Gas, Water and Multiutilities (30.09.19: 7.19%)		
4,100,000 National Grid	38,794,200	4.86
100,000 WEC Energy	7,103,512	0.89
	45,897,712	5.75
Banks (30.09.19: 4.59%)		
1,500,000 Close Brothers	16,860,000	2.11
58,000,000 Lloyds Banking Group	18,557,100	2.33
	35,417,100	4.44
Non-Life Insurance (30.09.19: 2.09%)		
1,392,415 Hiscox	12,879,839	1.61

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

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
General Financial (30.09.19: 8.83%)		
7,250,000 Aviva	19,459,000	2.44
3,988,071 Jupiter Fund Management	7,976,142	1.00
14,500,000 Legal & General	28,101,000	3.52
606,695 Sampo Oyj	14,264,729	1.79
	69,800,871	8.75
General Industrials (30.09.19: 0.00%)		
400,000 Smurfit Kappa	9,160,000	1.15
Software and Computer Services (30.09.19: 1.15%)		
1,500,000 Micro Focus International	5,998,500	0.75
Total value of investments (30.09.19: 94.12%)	742,903,744	93.08
Net other assets (30.09.19: 5.88%)	55,201,901	6.92
Total value of the fund as at 31 March 2020	798,105,645	100.00

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		(251,794,556)		(36,459,302)
Revenue	19,627,238		19,499,923	
Expenses	(4,481,994)		(4,979,963)	
Net revenue before taxation	15,145,244		14,519,960	
Taxation	(365,904)		(286,593)	
Net revenue after taxation		14,779,340		14,233,367
Total return before distributions		(237,015,216)		(22,225,935)
Distributions		(15,529,693)		(16,837,147)
Change in net assets attributable to unitholders from investment activities		(252,544,909)		(39,063,082)

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		1,107,803,140		1,198,082,921
Amounts receivable on issue of units	13,880,148		10,144,791	
Amounts payable on cancellation of units	(79,053,283)		(88,048,396)	
In-specie transfer	—		43,742,228	
		(65,173,135)		(34,161,377)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		(252,544,909)		(39,063,082)
Retained distributions on accumulation units		8,014,378		8,900,539
Unclaimed distributions		6,171		6,930
Closing net assets attributable to unitholders		798,105,645		1,133,765,931

Balance sheet as at 31 March 2020

	31.03.20	31.03.20	30.09.19	30.09.19
	£	£	£	£
Assets				
Fixed assets:				
Investments		742,903,744		1,042,697,401
Current assets:				
Debtors	6,235,509		2,358,829	
Cash and bank balances	57,827,117		80,573,223	
Total current assets		64,062,626		82,932,052
Total assets		806,966,370		1,125,629,453
Liabilities				
Creditors:				
Other creditors	(2,025,534)		(3,576,774)	
Distribution payable on income units	(6,835,191)		(14,249,539)	
Total liabilities		(8,860,725)		(17,826,313)
Net assets attributable to unitholders		798,105,645		1,107,803,140

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 £62,325,652 and £110,047,323 respectively.

Distribution tables for the half year ended 31 March 2020

Distribution tables (pence per unit)

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 March 2020

R-class income units	Net income	Equalisation	Payable 29.05.20	Paid 31.05.19
Group 1	12.88	–	12.88	12.50
Group 2	5.80	7.08	12.88	12.50
R-class accumulation units	Net income	Equalisation	Allocated 29.05.20	Accumulated 31.05.19
Group 1	22.56	–	22.56	21.90
Group 2	7.74	14.82	22.56	21.90
I-class income units	Net income	Equalisation	Payable 29.05.20	Paid 31.05.19
Group 1	13.70	–	13.70	13.30
Group 2	5.16	8.54	13.70	13.30
I-class accumulation units	Net income	Equalisation	Allocated 29.05.20	Accumulated 31.05.19
Group 1	23.38	–	23.38	22.70
Group 2	7.07	16.31	23.38	22.70
S-class income units	Net income	Equalisation	Payable 29.05.20	Paid 31.05.19
Group 1	13.91	–	13.91	13.50
Group 2	3.99	9.92	13.91	13.50
S-class accumulation units	Net income	Equalisation	Allocated 29.05.20	Accumulated 31.05.19
Group 1	23.54	–	23.54	22.85
Group 2	5.41	18.13	23.54	22.85

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	100.00%
Unfranked investment income	0.00%
Depository 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 Income Fund
22 May 2020

General information

Authorised status

The Rathbone Income Fund is an authorised unit trust scheme, established by a Trust Deed dated 12 February 1971 and launched in February 1971.

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 an annual income that is in line with or better than that of the FTSE All-Share Index over any rolling three-year period. The fund also aims to increase income payments in line with the CPI measure of inflation over any rolling five-year period. The fund aims to generate a greater total return than the FTSE All-Share Index, after fees, over any 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 FTSE All-Share Index as a target for our fund's return and the income we pay because we want to offer you a better income and higher returns than the UK stock market. Increasing your income payments at least in line with the CPI measure of inflation protects your future spending power.

To meet the objective, the fund manager will invest at least 80% of our fund in UK-listed shares, with the remainder in global shares, cash, short-term deposits and UK government debt. Derivatives may be used by the fund for the purposes of efficient portfolio management and hedging. 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.

This is a stock-picking fund, which means we invest in a small number of UK-listed stocks. We invest in businesses which offer the best investment opportunities at the most attractive prices. When choosing investments we use our own trinity of risk framework: price, business and financial. We look for businesses that offer good value and make strong and consistent profits with high quality earnings – those that are backed by real cash rather than accounting contrivance. Companies shouldn't have more debt than they can handle. We buy these companies because we believe they should grow generate good earnings backed by cash over many years. A healthy cash flow gives companies the flexibility to repay debts, reinvest in their businesses, and pay a dividend that increases over time.

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.

General information *(continued)*

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

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

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

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

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

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, 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, SS&C Financial Services Europe 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 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. Where periodic charge is wholly or partly taken out of the fund's capital, distributable income will be increased at the expense of capital which will either be eroded or future growth restrained.

Other funds

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

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

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