

Rathbones
Look forward

Rathbone Strategic Bond Fund
Annual report for the year ended 30 June 2020



Rathbone Strategic Bond Fund

Authorised Fund Manager (the Manager)

Rathbone Unit Trust Management Limited
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London EC2M 7AZ
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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
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Registrar

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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
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 year ended 30 June 2020

In the year to 30 June 2020, our fund returned 2.83%, while our benchmark, the IA Sterling Strategic Bond sector, made 3.79%.*

2019 was a year of omnipresent doom and gloom, which ended as one of the best for investors on record. In the UK, more than three years of political impasse and rancour was washed away by a resounding electoral victory for Boris Johnson, paving the way to the resolution of Brexit and dispatching the risk of a Labour government led by Jeremy Corbyn. And despite all the trade tussles and panics, the US economy remained resilient. Economic growth did decelerate from its tax cut-driven 2018 peak, but it remained in good order. That was, until 2020.

This year, 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 in stocks. Major equity markets around the world were down between 20% and 30% as investors tried to work out the severity of the impact of COVID-19 on the short-term profitability of businesses. Credit spreads jumped higher as investors worried about widespread defaults and ratings agencies started downgrading pandemic-struck companies.

Thankfully, the spread of the COVID-19 pandemic across the world has been matched by truly speedy and enormous support packages from central banks and governments. The US, Europe and UK in particular have rolled out trillions of dollars of furlough schemes, bargain loans, grants, bolstered unemployment benefits and the obligatory quantitative easing (QE). This is a welcome response to a global health emergency, and a much timelier reaction than during the credit crunch a decade ago.

As yields fell in July 2019, we sold our longer-dated gilts, including Treasury 4½% 2034. We moved that money into shorter-dated bonds and 2020 T-bills to reduce our portfolio's sensitivity to changes in interest rates and the yield curve. As it turned out, we made the trade a bit early in the month, with yields continuing to plummet to all-time lows.

We also bought some emerging market debt funds, following the roasting they took from the blow-out in Argentinian bond yields earlier in 2019. By the third quarter of 2019 we felt the time was right to buy back into this area, so we picked up the Ashmore Emerging Markets Short Duration Fund.

Government bond yields rose again in September, so we sold some of our shorter-dated bonds, including 2020 T-bills, UK Treasury 0.875% 2029 and UK Treasury 1½% 2026. We replaced them with longer-dated bonds, including UK Treasury 4½% 2034, which had the effect of increasing the sensitivity of our portfolio's value to changes in interest rates (increased our duration).

Manager's report for the year ended 30 June 2020 *(continued)*

Gilt yields continued to rise through October, leading us to add to our holdings of the UK Treasury 0.875% 2029 using cash from maturing T-bills.

As the coronavirus crisis began to unfold and spreads widened in March, we started buying up some riskier assets, such as the Barings Emerging Markets Debt Blended Total Return Fund. This was a tactical trade and we then sold the fund down to take some emerging market risk off the table.

Since the end of March, there have been huge dividend cuts across the board, which have presented equity income-seeking investors with a bit of a challenge. Property funds have closed, gilts don't generate yields, interest rates on cash are at rock bottom and dividends from the FTSE 100 Index have been slashed – so where can they go? Their next stop is fixed income credit. That, we believe, is the driving force behind the recent general improvement in debt markets. This hunt for income could be a positive for corporate credit over the next six to 12 months as investors continue to swap out of riskier asset classes.

Bryn Jones
Fund Manager
21 July 2020

Noelle Cazalis
Fund Manager

* We aim to deliver a greater total return than the IA Sterling Strategic Bond sector, after fees, over any rolling five-year period. Total return means the return we receive from the value of our investments increasing (capital growth) plus the income we receive from our investments (interest payments). We use the IA Sterling Strategic Bond sector as a target for our fund's return because we aim to achieve a better return than the average of funds that are similar to ours.

We aim to deliver this return with a lower volatility than the IA Sterling Strategic Bond sector. As an indication, the value of our fund should be expected to fluctuate less than the sector. Because we measure volatility over a five-year period, some falls may be larger or smaller over shorter periods of time. We aim to limit the amount of volatility risk our fund can take because we want our investors to understand the risk they are taking compared to funds similar to ours.

Net asset value per unit and comparative tables

I-class income units

	30.06.20 pence per unit	30.06.19 pence per unit	30.06.18 pence per unit
Change in net assets per unit			
Opening net asset value per unit	114.00p	114.45p	115.77p
Return before operating charges*	3.72p	4.11p	2.85p
Operating charges	(0.63p)	(0.64p)	(0.66p)
Return after operating charges*	3.09p	3.47p	2.19p
Distributions on income units	(3.86p)	(3.92p)	(3.51p)
Closing net asset value per unit	113.23p	114.00p	114.45p
*after direct transactions costs ¹ of:	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	2.71%	3.03%	1.89%
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Other information

Closing net asset value	£81,096,195	£76,589,061	£57,639,778
Closing number of units	71,621,862	67,184,480	50,361,305
Operating charges	0.84%	0.67%	0.75%
Direct transaction costs	0.00%	0.00%	0.00%

Prices**

Highest unit price	117.03p	115.68p	118.46p
Lowest unit price	105.88p	111.65p	115.33p

Ongoing Charges Figure

UCITS	0.84%	0.67%	0.75%
PRIIPs***	0.95%	0.76%	0.82%

** 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.

*** The OCF includes the charges for the underlying funds held in the product. From April 2018, the Ongoing Charges Figure has been calculated according to PRIIPs regulations, which came into effect on 1 January 2018. Holdings are based on six monthly accounts. Changes to fund holdings within this period may result in higher or lower operating charges.

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

I-class accumulation units

	30.06.20 pence per unit	30.06.19 pence per unit	30.06.18 pence per unit
Change in net assets per unit			
Opening net asset value per unit	146.96p	142.63p	139.97p
Return before operating charges*	4.89p	5.13p	3.47p
Operating charges	(0.82p)	(0.80p)	(0.81p)
Return after operating charges*	4.07p	4.33p	2.66p
Distributions on accumulation units	(5.05p)	(4.94p)	(4.29p)
Retained distributions on accumulation units	5.05p	4.94p	4.29p
Closing net asset value per unit	151.03p	146.96p	142.63p

*after direct transactions costs¹ of: 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	2.77%	3.04%	1.90%
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Other information

Closing net asset value	£87,893,259	£103,475,788	£58,450,073
Closing number of units	58,195,977	70,412,225	40,980,919
Operating charges	0.84%	0.67%	0.75%
Direct transaction costs	0.00%	0.00%	0.00%

Prices**

Highest unit price	153.39p	147.45p	144.54p
Lowest unit price	138.60p	141.41p	140.03p

Ongoing Charges Figure

UCITS	0.84%	0.67%	0.75%
PRIPs***	0.95%	0.76%	0.82%

** 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.

*** The OCF includes the charges for the underlying funds held in the product. From April 2018, the Ongoing Charges Figure has been calculated according to PRIIPs regulations, which came into effect on 1 January 2018. Holdings are based on six monthly accounts. Changes to fund holdings within this period may result in higher or lower operating charges.

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, year ending 30 June 2020

	2016	2017	2018	2019	2020
I-class units	3.44%	8.79%	1.91%	3.20%	2.83%
IA Sterling Strategic Bond Sector	2.91%	6.85%	0.33%	5.33%	3.79%

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 30 June 2020

Holding (Bonds unless otherwise stated)		Value (note 1f) £	Percentage of total net assets
United Kingdom (30.06.19: 60.11%)			
Government Bonds (30.06.19: 24.51%)			
£3,000,000	UK Treasury 0% 2020	2,999,964	1.78
£7,000,000	UK Treasury 0% 2020	6,999,790	4.14
		9,999,754	5.92
Government Index-Linked Bonds (30.06.19: 8.47%)			
£770,000	UK Treasury 0.125% Index-Linked 2026	1,029,027	0.61
£3,250,000	UK Treasury 1.875% Index-Linked 2022	5,130,860	3.04
		6,159,887	3.65
Corporate Bonds (30.06.19: 24.86%)			
£318,000	A2Dominion Housing Group 3.5% 2028	350,665	0.21
£1,500,000	Ardonagh Midco 2 11.5% 2027	1,220,055	0.72
£102,000	Aviva 4% VRN 2055	102,679	0.06
£300,000	Aviva 4.375% VRN 2049	322,291	0.19
£3,850,000	Aviva 5.9021% VRN perp	3,855,775	2.28
£1,000,000	Aviva 6.875% VRN 2058	1,418,641	0.84
£1,784,000	Bank of Scotland 7.281% VRN perp	2,047,158	1.21
£200,000	Barclays 3% 2026	208,652	0.12
£400,000	Barclays 3.25% 2033	421,233	0.25
£500,000	Barclays 3.75% VRN 2030	504,868	0.30
£514,000	Bruntwood 6% 2025	461,829	0.27
£327,000	BUPA Finance 4.125% 2035	327,746	0.19
£550,000	BUPA Finance 5% 2026	603,878	0.36
£1,627,000	BUPA Finance 6.125% VRN perp	1,619,499	0.96
£600,000	Burford Capital 6.125% 2024	513,090	0.30
£100,000	Channel Link 3.043% VRN 2050	103,098	0.06
£500,000	Channel Link FRN 2050	407,627	0.24
£316,000	Close Brothers Group 2.75% 2023	324,136	0.19
£750,000	Close Brothers Group 4.25% 2027	765,973	0.45
£250,000	CYBG 3.125% VRN 2025	244,889	0.14
£200,000	Direct Line Insurance Group 4% 2032	205,421	0.12
£400,000	Finance for Residential Social Housing 8.569% 2058	381,350	0.23
£470,000	Friends Life Holdings 8.25% 2022	522,232	0.31
£300,000	Grainger 3% 2030	301,035	0.18
£347,000	Grainger 3.375% 2028	364,445	0.22
£45,000	HBOS 5.75% VRN perp	45,450	0.03
£700,000	HSBC Holdings 3% VRN 2028	741,098	0.44

Portfolio and net other assets as at 30 June 2020 *(continued)*

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets	
£1,600,000	Investec 4.5% 2022	1,651,406	0.98
£740,000	Investec Bank 4.25% VRN 2028	710,438	0.42
£200,000	J Sainsbury 6.5% VRN perp	200,000	0.12
£200,000	JRP Group 9% 2026	205,130	0.12
£629,000	Jupiter Fund Management 8.875% VRN 2030	659,884	0.39
£50,000	Ladbrokes 5.125% 2022	50,380	0.03
£499,000	Legal & General 3.75% VRN 2049	489,349	0.29
£245,000	Legal & General 4.5% VRN 2050	251,879	0.15
£335,000	Legal & General 5.125% VRN 2048	365,305	0.22
£225,000	Legal & General 5.375% VRN 2045	248,393	0.15
£455,000	Legal & General 5.625% VRN perp	449,426	0.27
£832,000	Liverpool Victoria Friendly Social 6.5% VRN 2043	898,484	0.53
£800,000	Lloyds Bank 13% Var perp	1,367,112	0.81
£500,000	Lloyds Bank FRN perp	338,904	0.20
£500,000	Lloyds Bank FRN perp	339,916	0.20
£257,000	M&G 3.875% VRN 2049	256,166	0.15
£300,000	M&G 5% VRN 2055	309,357	0.18
£1,378,000	M&G 5.625% VRN 2051	1,485,935	0.88
£600,000	M&G 6.25% VRN 2068	660,554	0.39
£600,000	Marks & Spencer 6.125% 2021	627,000	0.37
£414,000	Nationwide Building Society 5.75% VRN perp	416,651	0.25
£560,000	Nationwide Building Society 5.769% perp	579,879	0.34
£300,000	Nationwide Building Society 7.859% VRN perp	362,456	0.21
£1,100	Nationwide Building Society 10.25% VRN perp	171,446	0.10
£400,000	Newday Bondco 7.375% 2024	352,000	0.21
£681,000	Paragon 6% 2020	687,599	0.41
£1,656,000	Paragon Banking Group 6% 2024	1,612,175	0.95
£448,000	Paragon 6.125% 2022	426,614	0.25
£500,000	Pension Insurance 4.625% 2031	519,775	0.31
£900,000	Pension Insurance 5.625% 2030	1,023,559	0.61
£1,500,000	Pension Insurance 7.375% VRN perp	1,545,357	0.91
£600,000	Pension Insurance 8% 2026	763,116	0.45
£250,000	Pinnacle Bidco 6.375% 2025	211,150	0.12
£640,000	Places for People 1% Index-Linked 2022	808,621	0.48
£1,000,000	Places for People Homes 3.625% 2028	1,117,922	0.66
£335,000	Places for People 4.25% 2023	326,871	0.19
£983,000	Principality Building Society 2.375% 2023	1,003,324	0.59
£700,000	Provident Financial 7% 2023	642,600	0.38
£2,500,000	RL Finance 4.875% VRN 2049	2,483,370	1.47

Portfolio and net other assets as at 30 June 2020 *(continued)*

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets	
£700,000	RL Finance 6.125% 2028	823,285	0.49
£500,000	RL Finance 6.125% VRN 2043	549,375	0.33
£2,040,000	Rothsay Life 3.375% 2026	2,016,025	1.19
£605,000	Rothsay Life 5.5% VRN 2029	638,143	0.38
£229,000	Royal Bank of Scotland 3.622% VRN 2030	234,565	0.14
£400,000	Royal Bank of Scotland 7.64% VRN perp	295,167	0.17
£200,000	Royal Bank of Scotland FRN perp	138,799	0.08
£850,000	RSA Insurance 5.125% VRN 2045	935,801	0.55
£1,100,000	Santander UK 2.92% VRN 2026	1,144,499	0.68
£300,000	Santander UK 3.625% 2026	325,077	0.19
£300,000	Scottish Widows 5.5% 2023	324,997	0.19
£615,000	Scottish Widows 7% 2043	857,216	0.51
£200,000	Tesco Personal Finance 3.5% 2025	208,878	0.12
£100,000	TSB Banking Group 5.75% VRN 2026	99,828	0.06
£500,000	Virgin Money Holdings UK 8.75% VRN perp	489,039	0.29
£406,000	Yorkshire Building Society 3% VRN 2025	422,122	0.25
£709,000	Yorkshire Building Society 3.375% VRN 2028	730,344	0.43
		55,237,476	32.66
Collective Investment Schemes (30.06.19: 1.70%)			
3,000,000	Investec Emerging Markets Fund*	2,273,400	1.35
3,106,137	M&G Global Macro Bond Fund*	3,155,836	1.87
		5,429,236	3.22
Equities (30.06.19: 0.11%)			
125,000	Santander UK 10.375% preference perp	190,625	0.11
		77,016,978	45.56
Australia (30.06.19: 1.25%)			
Corporate Bonds (30.06.19: 1.25%)			
£525,000	AMP Finance 6.875% 2022	565,036	0.33

Portfolio and net other assets as at 30 June 2020 *(continued)*

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
Bermuda (30.06.19: 0.96%)		
Corporate Bonds (30.06.19: 0.91%)		
£1,480,000 Hiscox Limited 6.125% VRN 2045	1,548,406	0.92
Equity Investment Instruments (30.06.19: 0.05%)		
581,501 CATCo Reinsurance Opportunities Fund	160,012	0.09
Total Bermuda	1,708,418	1.01
Cayman Islands (30.06.19: 0.09%)		
Corporate Bonds (30.06.19: 0.09%)		
£200,000 Phoenix Group Holdings 5.375% 2027	170,767	0.10
£200,000 Phoenix Group Holdings 5.625% 2031	214,530	0.13
£1,800,000 Phoenix Group Holdings 5.75% VRN perp	1,651,500	0.98
Total Cayman Islands	2,036,797	1.21
Channel Islands (30.06.19: 6.17%)		
Corporate Bonds (30.06.19: 3.34%)		
£720,000 Hastings Group Finance 3% 2025	736,296	0.44
£289,000 HBOS Sterling Finance (Jersey) 7.881% VRN perp	439,656	0.26
£750,000 HSBC Bank 5.844% VRN perp	993,645	0.59
£1,465,000 Rothschilds 9% perp	1,743,350	1.03
	3,912,947	2.32
Non-Equity Investment Trusts (30.06.19: 2.83%)		
3,140,000 Chenavari Toro	1,484,202	0.88
900,000 CVC Credit Partners European Opportunities	801,000	0.47
566,645 SQN Asset Finance Income Fund 'C'	317,321	0.19
	2,602,523	1.54
Total Channel Islands	6,515,470	3.86

Portfolio and net other assets as at 30 June 2020 *(continued)*

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
France (30.06.19: 1.20%)		
Corporate Bonds (30.06.19: 1.20%)		
£706,000 AXA SA 5.625% VRN 2054	861,381	0.51
£800,000 BPCE SA 5.25% 2029	978,117	0.58
Total France	1,839,498	1.09
Hong Kong (30.06.19: 0.00%)		
Corporate Bonds (30.06.19: 0.00%)		
£550,000 Hong Kong & Shanghai Bank FRN perp	344,974	0.20
Ireland (30.06.19: 12.53%)		
Collective Investment Schemes (30.06.19: 11.05%)		
67,000 Angel Oak Multi Strategy Income Fund*	5,887,799	3.48
40,000 Barings Emerging Markets Debt Blended Total Return Fund*	4,279,600	2.53
1,480,000 BNY Mellon Global Short Dated High Yield Bond Fund*	1,565,692	0.93
20,000 Muzinich Americayield Fund*	2,382,600	1.41
86,000 Muzinich Asia Credit Opportunities Fund*	7,816,540	4.63
20,000 Muzinich Global Short Duration Investment Grade Fund Hedged GBP*	1,947,800	1.15
165,000 Pacific G10 macro rates Fund Class GBP 'Z'*	1,698,675	1.01
325,000 PIMCO GIS Global Investment Fund*	4,468,750	2.64
	30,047,456	17.78
Corporate Bonds (30.06.19: 1.48%)		
£782,000 Beazley Insurance 5.5% 2029	658,207	0.39
£270,000 Beazley Re 5.875% 2026	231,628	0.14
£550,000 PGH Capital 4.125% 2022	567,393	0.34
	1,457,228	0.87
Total Ireland	31,504,684	18.65

Portfolio and net other assets as at 30 June 2020 *(continued)*

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
Italy (30.06.19: 0.00%)		
Corporate Bonds (30.06.19: 0.00%)		
£400,000 Banca Monte Dei Paschi Di Siena 5.375% VRN 2028	324,328	0.19
£400,000 Banca Monte Dei Paschi Di Siena 10.5% 2029	399,265	0.24
Total Italy	723,593	0.43
Luxembourg (30.06.19: 6.19%)		
Collective Investment Schemes (30.06.19: 6.19%)		
105,000 Ashmore SICAV Emerging Markets Short Duration Fund*	7,403,550	4.38
202,500 Investec Global Strategy Fund*	4,378,050	2.59
39,100 JP Morgan Income Opportunities Fund*	3,682,047	2.18
50,700 NN (L) Global Convertible Opportunities Fund*	5,476,107	3.24
49,000 Pareto Nordic Corporate Bond Fund*	4,503,376	2.67
8,350 TCW Funds MetWest Unconstrained Bond IGHG*	7,187,458	4.25
	32,630,588	19.31
Corporate Bonds (30.06.19: 0.00%)		
£207,000 CPI Property Group 2.75% 2028	193,627	0.11
Total Luxembourg	32,824,215	19.42
Netherlands (30.06.19: 0.56%)		
Corporate Bonds (30.06.19: 0.56%)		
£700,000 Rabobank 6.91% VRN perp	1,107,730	0.66
Norway (30.06.19: 0.28%)		
Corporate Bonds (30.06.19: 0.28%)		
£1,000,000 DNB Bank ASA FRN perp	572,596	0.34

Portfolio and net other assets as at 30 June 2020 *(continued)*

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
United States (30.06.19: 3.11%)		
Corporate Bonds (30.06.19: 1.89%)		
\$300,000 BAC Capital Trust 4% VRN perp	217,000	0.13
\$1,000,000 Citigroup 1.18744% VRN 2067	910,031	0.54
	1,127,031	0.67
Other Bonds (30.06.19: 1.22%)		
\$2,800,000 RBC Capital Markets New Issue USD notes 2021	2,255,593	1.33
Total United States	3,382,624	2.00
Forward Foreign Exchange Contracts (30.06.19: (0.01%))		
Buy £2,882,823, Sell €3,210,449	(39,161)	(0.02)
Buy £10,716,094, Sell \$13,554,815	(249,345)	(0.15)
Buy €869,739, Sell £780,429	11,162	0.01
Total Forward Foreign Exchange Contracts	(277,344)	(0.16)
Total value of investments (30.06.19: 96.56%)	159,865,269	94.60
Net other assets (30.06.19: 3.44%)	9,124,185	5.40
Total value of the fund as at 30 June 2020	168,989,454	100.00

Countries eliminated since the beginning of the period:

Canada	2.81%
Denmark	0.16%
Germany	0.84%
Singapore	0.31%

Sectors eliminated since the beginning of the period:

Mortgage Bonds	0.46%
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* Collective Investment Schemes

VRN = Variable Rate Note

perp = perpetual

FRN = Floating Rate Note

Summary of portfolio investments

	Value £	Percentage of total net assets
Debt Securities	89,082,173	52.71
Equity Securities	190,625	0.11
Pooled Investment Vehicles	70,869,815	41.94
Derivatives	(277,344)	(0.16)
Total value of investments	159,865,269	94.60

Statement of total return for the year ended 30 June 2020

	Note	30.06.20 £	30.06.20 £	30.06.19 £	30.06.19 £
Income					
Net capital (losses)/gains	2		(1,315,687)		501,945
Revenue	3	6,473,460		4,987,452	
Expenses	4	(1,062,981)		(803,440)	
Interest payable and similar charges		(1,227)		(972)	
Net revenue before taxation		5,409,252		4,183,040	
Taxation	5	(1,837)		(1,047)	
Net revenue after taxation			5,407,415		4,181,993
Total return before distributions			4,091,728		4,683,938
Distributions	6		(6,468,071)		(4,984,784)
Change in net assets attributable to unitholders from investment activities			(2,376,343)		(300,846)

Statement of change in net assets attributable to unitholders for the year ended 30 June 2020

	30.06.20 £	30.06.20 £	30.06.19 £	30.06.19 £
Opening net assets attributable to unitholders		180,064,849		116,089,851
Amounts receivable on issue of units	47,366,873		73,803,583	
Amounts payable on cancellation of units	(59,478,004)		(12,467,896)	
		(12,111,131)		61,335,687
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		(2,376,343)		(300,846)
Retained distributions on accumulation units		3,412,079		2,940,157
Closing net assets attributable to unitholders		168,989,454		180,064,849

Balance sheet as at 30 June 2020

	Note	30.06.20 £	30.06.20 £	30.06.19 £	30.06.19 £
Assets					
Fixed assets:					
Investments			160,153,775		173,901,466
Current assets:					
Debtors	7	9,230,227		3,812,008	
Cash and bank balances		3,226,255		6,826,297	
Total current assets			12,456,482		10,638,305
Total assets			172,610,257		184,539,771
Liabilities					
Investment liabilities			(288,506)		(35,244)
Creditors:					
Other creditors	8	(2,530,132)		(3,754,396)	
Distribution payable on income units		(802,165)		(685,282)	
Total liabilities			(3,620,803)		(4,474,922)
Net assets attributable to unitholders			168,989,454		180,064,849

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 32, 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 including distributions from collective investment schemes on investments marked ex-dividend up to the accounting date are included in revenue inclusive of any tax deducted at source and net of attributable tax credits. Bank and other interest receivable is accrued up to the accounting date, and this forms part of the distribution.

Revenue on debt securities has been accounted for on an effective interest method.

Revenue received from investments in authorised collective investment schemes, which are purchased during the financial year, will include an element of equalisation which represents the average amount of revenue included in the price paid for shares or units. The equalisation is treated as capital and deducted from the cost of the investment.

Management fee rebates arising from the holding of units or shares in underlying funds are recognised on an accrual basis. Where the policy of the underlying fund is to charge its management fee to capital, in determining its distributions, then the management fee rebates are recognised in capital. Otherwise, the management fee rebates are recognised in revenue.

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 are charged against capital.

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, all the expenses are deducted from capital, offsetting expenses against capital may constrain future growth in revenue and capital.

For the purpose of calculating the distribution available to unitholders, revenue on debt securities is computed as the higher of the amount determined on an accrual of coupon basis and on an effective yield basis. A reconciliation of the net distribution to the net revenue of the fund as reported total return is shown in note 6.

In order to conduct a controlled dividend flow to unitholders, interim distributions will be made at the Managers' discretion, up to a maximum of the distributable revenue available for the year. All remaining revenue is distributed in accordance with the regulations.

f) Basis of valuation of investments

The quoted investments of the fund have been valued at the closing bid-market prices excluding any accrued interest in the case of debt securities ruling on the principal markets on which the stocks are quoted on the last business day of the accounting year. If no market price is available we use two different vendors (at least one being independent) to obtain a price and verify it against.

If the Stock Exchange quotation of an investment has been suspended, and in the opinion of the Manager, it is unlikely to be reinstated, this has been indicated in the portfolio of investments. Suspended investments are value based on the latest financial statements of the respective company and agreed with the Trustee.

Authorised collective investment schemes are valued at the bid price for dual price funds and at the quoted price for single price funds.

1 Accounting policies *(continued)*

During the year the fund entered into derivative transactions in the form of forward foreign currency contracts. For forward foreign currency contracts, market value is determined by reference to forward currency exchange rates at the year end.

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.

Unquoted investments are valued at fair value, which represents the Manager's view of the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that its current shareholders have an intention to sell their holding in the near future.

The unquoted investments are valued by the Manager based upon information from an independent valuation firm, taking into account, where appropriate, latest dealing prices, achievement or not of key milestones, valuations from reliable sources, financial performance, and other relevant factors.

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

	30.06.20 £	30.06.19 £
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(892,422)	685,839
Currency losses	(87,359)	(11,607)
Forward currency contracts	(330,588)	(167,545)
Transaction charges	(5,318)	(4,742)
Total net capital (losses)/gains	(1,315,687)	501,945

3 Revenue

	30.06.20 £	30.06.19 £
Dividends — UK Ordinary	12,969	12,969
— Overseas	256,009	468,666
Interest on debt securities	6,158,625	4,458,928
Rebates on annual management charges on underlying investments	11,933	1,200
Bank interest	33,924	45,689
Total revenue	6,473,460	4,987,452

4 Expenses

	30.06.20 £	30.06.20 £	30.06.19 £	30.06.19 £
Payable to the Manager, associates of the Manager and agents of either of them:				
Manager's periodic charge		965,400		724,551
Payable to the Trustee, associates of the Trustee and agents of either of them:				
Trustee's fees	40,547		30,431	
Safe custody and other bank charges	19,343		13,511	
		59,890		43,942
Other expenses:				
Administration fees	11,932		11,386	
Audit fee*	10,800		11,040	
FCA fee	—		(1,515)	
Listing fees	3,540		3,690	
Printing and publication costs	2,363		1,710	
Registration fees	9,056		8,636	
		37,691		34,947
Total expenses		1,062,981		803,440

* Audit fees for 2020 are £9,300 excluding VAT (30.06.19: £9,000 excluding VAT).

5 Taxation

	30.06.20 £	30.06.19 £
a) Analysis of charge in the year		
Overseas tax	1,837	1,047
Total tax charge for the year (note 5b)	1,837	1,047

b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK for an Authorised Unit Trust (20%) (30.06.19: 20%). The differences are explained below:

	30.06.20 £	30.06.19 £
Net revenue before taxation	5,409,252	4,183,040
Corporation tax at 20%	1,081,850	836,608
Effects of:		
Revenue not subject to taxation	(53,795)	(96,327)
Tax deductible interest distributions	(1,016,520)	(706,574)
Tax relief on Index Linked Gilts	(11,535)	(33,707)
Corporate tax charge	—	—
Overseas tax	1,837	1,047
Total tax charge for the year (note 5a)	1,837	1,047

c) Deferred tax

At the year end the fund had no surplus management expenses (30.06.19: £nil) and no deferred tax asset has been recognised.

6 Distributions

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

	30.06.20 £	30.06.19 £
First Interim	1,358,286	1,031,974
Second Interim	1,751,132	1,315,145
Third Interim	1,609,515	1,303,746
Final	1,669,285	1,593,600
	6,388,218	5,244,465
Add: Amounts deducted on cancellation of units	281,362	48,411
Deduct: Amounts received on issue of units	(201,509)	(308,092)
Net distribution for the year	6,468,071	4,984,784

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

Net distribution for the year	6,468,071	4,984,784
Expenses charged to capital:		
Manager's periodic charge	(965,400)	(724,551)
Trustee fee	(40,547)	(30,431)
Audit fee	(10,800)	(11,040)
FCA fee	—	1,515
Safe custody fee	(19,343)	(13,511)
Administration fee	(11,932)	(11,386)
Printing and publication costs	(2,363)	(1,710)
Registration fee	(9,056)	(8,636)
Listing fee	(3,540)	(3,690)
Equalisation on conversions	—	(194)
Balance brought forward	(8,353)	(7,510)
Balance carried forward	10,678	8,353
Net revenue after taxation	5,407,415	4,181,993

7 Debtors

	30.06.20	30.06.19
	£	£
Amounts receivable for issue of units	384,098	2,444,023
Sales awaiting settlement	7,205,960	–
Accrued revenue	1,640,169	1,367,985
Total debtors	9,230,227	3,812,008

8 Other creditors

	30.06.20	30.06.19
	£	£
Amounts payable for cancellation of units	931,377	75,146
Purchases awaiting settlement	1,500,252	3,584,201
Accrued expenses	27,618	22,369
Accrued Manager's periodic charge	70,885	72,680
Total other creditors	2,530,132	3,754,396

9 Reconciliation of units

	I-class income	I-class accumulation
Opening units issued at 01.07.19	67,184,480	70,412,225
Unit movements 01.07.19 to 30.06.20		
Units issued	21,107,881	15,571,139
Units cancelled	(16,670,499)	(27,787,387)
Units converted	–	–
Closing units issued at 30.06.20	71,621,862	58,195,977

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 Strategic Bond Fund during the year (30.06.19: 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 significant unitholders. Rathbone Nominees Limited held a total of 38% (30.06.19: 34%).

11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (30.06.19: 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 holds a substantial number of Collective Investment Schemes that are designed to give overseas exposure. The fund has indirect exposure to foreign currency risk, interest rate risk and credit risk as a result of these holdings (see the portfolio statement on pages 7 to 13).

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:

	30.06.20	30.06.19
	£	£
Currency:		
Euro	2,213,171	3,538,470
Singapore dollar	—	557,993
US dollar	10,042,232	4,362,516
Pound sterling	156,734,051	171,604,980
	168,989,454	180,063,959
Other net assets not categorised as financial instruments	—	890
Net assets	168,989,454	180,064,849

If GBP to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the fund would have decreased by £1,361,711 (30.06.19: £939,887). If GBP to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the fund would have increased by £1,114,128 (30.06.19: £768,998). These calculations assume all other variables remain constant.

12 Risk disclosures on financial instruments *(continued)*

(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:

	30.06.20	30.06.19
	£	£
Fixed rate assets:		
Euro	399,266	–
Singapore dollar	–	552,837
US dollar	4,015,846	882,021
Pound sterling	37,706,905	82,491,327
	42,122,017	83,926,185
Floating rate assets:		
Euro	324,328	1,408,921
US dollar	2,767,760	2,682,848
Pound sterling	47,094,323	53,205,789
	50,186,411	57,297,558
Assets on which no interest is paid:		
Euro	1,528,738	2,164,793
Singapore dollar	–	5,156
US dollar	4,709,816	797,647
Pound sterling	74,063,275	40,347,542
	80,301,829	43,315,138
Liabilities on which no interest is paid:		
Euro	(39,161)	(35,244)
US dollar	(1,451,190)	–
Pound sterling	(2,130,452)	(4,439,678)
	(3,620,803)	(4,474,922)
Other net assets not categorised as financial instruments	–	890
Net assets	168,989,454	180,064,849

If interest rates had increased by 1% as at the balance sheet date, the net asset value of the fund would have decreased by £10,005,925 (30.06.19: £12,532,683). If interest rates had decreased by 1% as at the balance sheet date, the net asset value of the fund would have increased by £10,005,925 (30.06.19: £12,532,683). These calculations assume all other variables remain constant.

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

12 Risk disclosures on financial instruments *(continued)*

(ii) Interest rate risk *(continued)*

	30.06.20		30.06.19	
	Value (note 1f) £	Percentage of total net assets	Value (note 1f) £	Percentage of total net assets
Bond credit ratings				
Investment grade	45,936,638	27.18	101,652,498	56.45
Below investment grade	43,145,535	25.53	32,744,949	18.19
Total bonds	89,082,173	52.71	134,397,447	74.64

There are no material amounts of non-interest bearing financial assets and liabilities, other than equities and collective investment schemes, which do not have maturity dates.

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

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 £15,986,527 (30.06.19: £17,386,622). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £15,986,527 (30.06.19: £17,386,622). 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 Strategic Bond which would increase its exposure.

13 Portfolio transaction cost

For the year ended 30 June 2020

Analysis of total purchases costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Bond transactions	212,454,131	—	—	—	—
Fund transactions	51,098,661	—	—	—	—
Total purchases before transactions costs	263,552,792	—		—	
Total purchases including commission and taxes	263,552,792				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	1,315,601	987	0.08	1	—
Bond transactions	127,386,792	—	—	—	—
Fund transactions	15,828,730	—	—	—	—
Corporate actions	131,801,338	—	—	—	—
Total sales including transactions costs	276,332,461	987		1	
Total sales net of commission and taxes	276,331,473				

Commissions and taxes as % of average net assets

Commissions	0.00%
Taxes	0.00%

13 Portfolio transaction cost *(continued)*

For the year ended 30 June 2019

Analysis of total purchases costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	1,011,952	708	0.07	1	—
Bond transactions	199,050,797	—	—	—	—
Fund transactions	29,565,597	—	—	—	—
Total purchases before transactions costs	229,628,346	708		1	
Total purchases including commission and taxes	229,629,055				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	1,699,038	926	0.05	3	—
Bond transactions	42,781,270	—	—	—	—
Fund transactions	21,315,914	—	—	—	—
Corporate actions	99,016,890	—	—	—	—
Total sales including transactions costs	164,813,112	926		3	
Total sales net of commission and taxes	164,812,183				

Commissions and taxes as % of average net assets

Commissions	0.00%
Taxes	0.00%

In the case of shares, 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 0.63% (30.06.19: 0.47%).

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 June 2020

Category	1	2	3	Total
	£	£	£	£
Investment assets				
Equities	190,625	–	–	190,625
Bonds	16,159,641	72,514,905	407,627	89,082,173
Pooled investment vehicles	2,762,535	68,107,280	–	70,869,815
Derivatives	–	11,162	–	11,162
	19,112,801	140,633,347	407,627	160,153,775
Investment liabilities				
Derivatives	–	(288,506)	–	(288,506)
	–	(288,506)	–	(288,506)

For the year ended 30 June 2019

Category	1	2	3	Total
	£	£	£	£
Investment assets				
Equities	197,125	–	–	197,125
Bonds	61,452,878	72,525,265	419,304	134,397,447
Pooled investment vehicles	5,199,606	34,085,916	–	39,285,522
Derivatives	–	21,372	–	21,372
	66,849,609	106,632,553	419,304	173,901,466
Investment liabilities				
Derivatives	–	(35,244)	–	(35,244)
	–	(35,244)	–	(35,244)

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 11 August 2020. 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	30.06.20 mid price	11.08.20 mid price
I-class income	114.67p	116.46p
I-class accumulation	151.46p	155.14p

During the period from the balance sheet date to the date that the Financial Statements were approved, the coronavirus (COVID-19) outbreak has caused extensive disruptions to businesses and economic activities globally. The uncertainties over the emergence and spread of COVID-19 have caused market volatility on a global scale. The quantum of the effect on the price of each unit has been disclosed above in the unit price movement since the balance sheet date note to the financial statements. The Authorised Fund Manager is monitoring the situation and considering the effect it may have on the valuation of any impacted underlying investment holdings in the future. In accordance with the requirements of FRS 102 and the IA SORP, the fair valuations at balance sheet date reflect the economic conditions in existence at that date.

Distribution tables for the year ended 30 June 2020

Distribution tables (pence per unit)

First Interim

Group 1 – Units purchased prior to 1 July 2019

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

I-class income units	Net income	Equalisation	Paid 30.11.19	Paid 30.11.18
Group 1	0.79	–	0.79	0.96
Group 2	0.17	0.62	0.79	0.96

I-class accumulation units	Net income	Equalisation	Accumulated 30.11.19	Accumulated 30.11.18
Group 1	1.02	–	1.02	1.19
Group 2	0.34	0.68	1.02	1.19

Second 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

I-class income units	Net income	Equalisation	Paid 28.02.20	Paid 28.02.19
Group 1	0.98	–	0.98	1.02
Group 2	0.52	0.46	0.98	1.02

I-class accumulation units	Net income	Equalisation	Accumulated 28.02.20	Accumulated 28.02.19
Group 1	1.27	–	1.27	1.29
Group 2	0.63	0.64	1.27	1.29

Third 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

I-class income units	Net income	Equalisation	Paid 29.05.20	Paid 31.05.19
Group 1	0.97	–	0.97	0.92
Group 2	0.62	0.35	0.97	0.92

I-class accumulation units	Net income	Equalisation	Accumulated 29.05.20	Accumulated 31.05.19
Group 1	1.27	–	1.27	1.17
Group 2	0.77	0.50	1.27	1.17

Distribution tables for the year ended 30 June 2020 *(continued)*

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

Final

Group 1 – Units purchased prior to 1 April 2020

Group 2 – Units purchased on or after 1 April 2020 and on or before 30 June 2020

I-class income units	Net income	Equalisation	Payable 28.08.20	Paid 30.08.19
Group 1	1.12	–	1.12	1.02
Group 2	0.69	0.43	1.12	1.02

I-class accumulation units	Net income	Equalisation	Allocated 28.08.20	Accumulated 30.08.19
Group 1	1.49	–	1.49	1.29
Group 2	0.81	0.68	1.49	1.29

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 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 Strategic Bond Fund
11 September 2020

Statement of the Manager's responsibilities in relation to the annual report and accounts of the Rathbone Strategic Bond Fund

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

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

In so far as the Manager is aware:

1. there is no relevant audit information of which the fund's auditor is unaware; 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.

The ACD has considered the activities of the Scheme together with the factors likely to affect its future development, including those related to the COVID-19 pandemic. The assets of the Rathbone Strategic Bond Fund consist predominantly of cash and liquid securities that are readily realisable and therefore has adequate resources to continue in operational existence for the foreseeable future. The ACD has also considered the impact of the COVID-19 pandemic on the operations of the ACD and material third party service providers which continue to be maintained and fully functioning. Accordingly, the ACD continues to adopt the going concern basis in the preparation of the financial statements.

In accordance with COLL 4.5.8 R, the Annual Report and the audited financial statements were approved by the board of directors of the ACD of the Scheme and authorised for issue on 11 September 2020.

Statement of the Trustee's responsibilities and report of the Trustee to the unitholders of Rathbone Strategic Bond Fund (the Scheme) for the year ended 30 June 2020

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

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

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

The Trustee must ensure that:

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

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

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

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

NatWest Trustee and Depository Services Limited
Trustee of Rathbone Strategic Bond Fund
11 September 2020

Independent Auditor's Report to the unitholders of Rathbone Strategic Bond Fund

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the financial position of Rathbone Strategic Bond Fund (the fund) as at 30 June 2020 and of the net revenue and the net capital gains on the property of the fund for the year ended 30 June 2020 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 Rathbone Strategic Bond Fund (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.

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.

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

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 June 2020 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 Strategic Bond 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
11 September 2020

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	1,318	2,740	4,058	5
Risk takers	1,330	1,725	3,055	13
Control functions	267	40	307	3
Other	109	74	183	1
Total remuneration code staff	3,024	4,579	7,603	22
Non-remuneration code staff	963	279	1,242	23
Total for the Manager	3,987	4,858	8,845	45

The variable remuneration disclosed in the table above is for the financial year ended 31 December 2019, 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.

General information *(continued)*

Authorised status

The Rathbone Strategic Bond Fund is an authorised unit trust scheme, authorised by the Financial Conduct Authority on 20 June 2007 and launched on 3 October 2011.

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

Investment objective

We aim to deliver a greater total return than the Investment Association (IA) Sterling Strategic Bond sector, after fees, over any rolling five-year period. Total return means the return we receive from the value of our investments increasing (capital growth) plus the income we receive from our investments (interest payments). We use the IA Sterling Strategic Bond sector as a target for our fund's return because we aim to achieve a better return than the average of funds that are similar to ours.

We aim to deliver this return with a lower volatility than the IA Sterling Strategic Bond sector. As an indication, the value of our fund should be expected to fluctuate less than the sector. Because we measure volatility over a five-year period, some falls may be larger or smaller over shorter periods of time. We aim to limit the amount of volatility risk our fund can take because we want our investors to understand the risk they are taking compared to funds similar to ours.

Investment strategy

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

Finally, we compare prices to determine the best value bonds to include in our fund.

Investment policy

To meet the objective, the fund manager will invest in government and corporate bonds, with no restriction on their credit quality. Up to 10% of the fund can be invested directly in contingent convertible bonds. The fund will also use a mixture of specialist funds and direct investment in bonds, with no limits on either.

The fund manager defines restrictions on how much of the fund can be invested in different types of bonds. The restrictions are set at the discretion of the fund manager and will change over time. The restrictions are reviewed annually and in response to market events. Further details in relation to the current restrictions may be obtained by contacting Rathbone Unit Trust Management.

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.

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 units at present is to the value of £1,000 which may be varied by the Manager. Thereafter holders may invest additional amounts to the value of £500 or more from time to time as they wish. Any number of units may be subscribed, sold or transferred so long as transaction complies with applicable minimums.

There is no preliminary charge for I-class units.

The Manager currently receives an annual remuneration for managing the I-class property of the fund at the rate of 0.50%.

Statements

A distribution statement showing the rate per unit and your unit holding will be sent half yearly on the 28 February and 31 August.

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 the last day in February and 31 August, 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

Post balance sheet event

Effective 21 January 2019, the pricing of the units in the fund will be single priced which means a single price is issued for the fund at each valuation point. Both sales and redemptions in units will be based on a single price.

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, 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 Ethical Bond Fund
Rathbone Global Opportunities Fund
Rathbone Heritage Fund
Rathbone Income Fund
Rathbone Spenser 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

General information *(continued)*

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

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