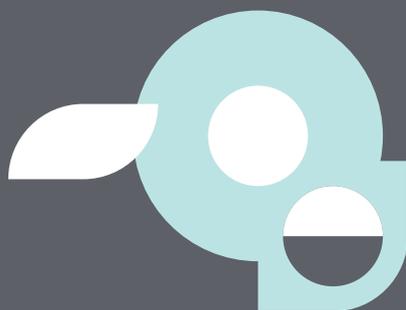


# Rathbones

Look forward

## Rathbone Ethical Bond Fund

Annual report for the year ended 30 September 2020



# Rathbone Ethical Bond Fund

## **Authorised Fund Manager (the Manager)**

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

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

## **Dealing office**

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

## **Registrar**

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

**Authorised and regulated by the  
Financial Conduct Authority**

## **Independent Auditor**

Deloitte LLP  
Statutory Auditor  
110 Queen Street  
Glasgow G1 3BX

## **Directors of the Manager**

RP Stockton – Chairman  
MM Webb – Chief Executive Officer  
JR Chillingworth – Chief Investment Officer  
JM Ardouin – Finance Director  
MS Warren – Non-Executive Director  
J Lowe – Non-Executive Director

## **Administrator**

HSBC Securities Services  
1-2 Lochside Way  
Edinburgh Park  
Edinburgh EH12 9DT  
**Authorised and regulated by the  
Financial Conduct Authority**

## **Trustee**

NatWest Trustee and Depositary Services Limited  
250 Bishopsgate  
London EC2M 4AA  
**Authorised and regulated by the  
Financial Conduct Authority**

## Manager's report for the year ended 30 September 2020

In the 12 months ended 30 September 2020, our fund rose 5.02%, compared with the IA Sterling Corporate Bond sector's return of 4.21%. At 30 September 2019, 10-year gilts yielded 0.49% and closed on 30 September 2020 at 0.23%.

Global markets started the period on a reasonable footing. Then they took a dive in February and March as the severity of the impact of COVID-19 on health as well as economies became all too apparent. The first quarter of 2020 was one of the worst for markets in living memory and ended the 11-year bull run. Major stock markets around the world fell between 20% and 30% as investors tried to work out how the pandemic would affect the short-term profitability of businesses. We are bracing ourselves for some weak economic data over the next few months.

Credit rating agency action increased, and many investment grade issuers dropped into high yield as revenues dried up and balance sheets came under pressure. Helpfully, central banks stepped in to buy both investment grade credit and the 'fallen angels' that found themselves reassessed as high yield.

Backward-looking GDP numbers showed some substantial falls around the world, yet markets were focused on forward-looking data like business PMIs (measures of optimism, upcoming orders and hiring intentions). These generally came in stronger than expected, as did US employment figures.

A wave of debt has been issued in the UK in 2020, with a similar trend playing out in Europe. European Union (EU) restrictions on national budgets have been suspended until 2022 at the earliest because of the pandemic. We are likely to see more European government spending funded by issuing bonds. In particular, Germany, France and Spain have sold tens of billions of euros of bonds recently. Italy is highly likely to add to that. The US is already selling a record amount of bonds and is forecast to substantially ramp up its issuance.

Central banks are buying debt as way to stabilise the market for government debt. For example, the Bank of England has been routinely buying gilts to keep interest rates low, and purchased more than £73 billion of government debt in the third quarter of 2020. While this is down from the £194 billion it

bought between mid-March and the end of June, it accounts for more than 80% of the gilts issued over the quarter. The Bank of England wrapped up its corporate bond-buying programme in September 2020 after purchasing around £9.5 billion worth since mid-March. It can buy more but said it would declare its intentions before doing so.

Investors have flocked to government and corporate bond markets too, which means demand has easily absorbed the extra debt. Quantitative easing around the world has helped keep government bond yields remarkably stable despite the influx of new debt. We struggle to see much value in government bonds currently. Indeed, if inflation were to return over the next few years, investors holding long-dated bonds would suffer sizeable losses.

### Trades

Towards the end of 2019, we kept our duration (interest-rate sensitivity) low in the lead-up to the election as we believed there was scope for a reversal in gilts. We added some duration in mid-November as the yield spiked to near 0.80% and then sold soon after as yields fell back. We did this by trading the European Investment Bank 5.625% Senior 2032.

As the coronavirus crisis unfolded at the start of 2020, we decided to raise cash by selling some of our more liquid holdings, including German state-backed development bank Kreditanstalt fuer Wiederaufbau 5.75% 2032. Collapsing gilt yields led us to raise cash by selling the European Investment Bank Senior 6% 2028. In the summer, we sold some more liquid, high-quality bonds, including the Nationwide Building Society Floating Rate Senior Secured 2025 having bought them earlier in the period.

The liquidity we raised as a defensive measure was not needed, so we started reinvesting, buying cheap insurance bond Legal & General 5.5% Step Sub 2064 at a decent yield. Later in the period we bought the Banco Bilbao Vizcaya Argentaria 3.104% 2031 new issue of tier two bonds, as we felt they offered good value. We added to our existing holdings in subordinated financial credit, including the Scottish Widows 7% Subordinated 2043.

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

During the period, we managed our duration (the sensitivity of our portfolio to changes in interest rates) by selling the Lloyds Bank Floating Rate Senior 2023.

### **Outlook**

As winter approached, investors became more nervous about the darkening outlook. The pandemic began spreading quickly once again in Europe, the UK and the US, but thankfully the number of deaths hasn't yet reached the same levels seen in March and April. Western countries have yet to work out how to reopen their economies while also controlling the spread of COVID-19. There are several promising vaccines in the pipeline, but they could be anywhere between a month to a year or more away. Their efficacy may be blunted because extraordinary demand for a viable vaccine may overwhelm the ability to manufacture it.

Meanwhile, Brexit returned to the fore as Prime Minister Boris Johnson tried to renege on the internal market rules he made with the EU just a few months before. The deadline for an agreement in principle for a trade deal is fast approaching and it looks set to go down to the wire. Sterling will no doubt be volatile as negotiations continue.

**Bryn Jones**

Fund Manager

*5 November 2020*

**Noelle Cazalis**

Fund Manager

# Ethical report for the year ended 30 September 2020

In the period since our last report for the full year ended 30 September 2019, the fund has invested in new bonds issued by the following organisations whose products and services provide benefits to society or the environment.

## Social housing

During the year, the fund participated in a number of bond issues from seven housing associations or trusts providing social and affordable housing (listed as 'private registered providers' by the Regulator of Social Housing). These ranged from the UK's largest housing association **Clarion Housing**, which has 125,000 homes across London, south-east England, East Anglia and Birmingham, to smaller providers such as **Wrekin Group**, which provides 13,000 homes in the West Midlands. In total, the seven organisations manage some 360,000 homes across England and have built over 8,000 new homes (for all purposes including private sale) since 2018/19. They also offer a broad range of additional facilities and services to tenants and other customers including care homes, training, employment support, youth schemes, financial education programmes and jobs skills courses.

## Charity and social bonds

In the area of impact-driven and charity bond issues, the fund invested in a number of bonds during the year, including ones specifically issued to raise funds for social challenges amplified by the COVID-19 pandemic. Supported organisations ranged in size from **Alnwick Garden Trust** in north-east England – which runs drugs education programmes and employability schemes as well as maintaining an award-winning visitor attraction at Alnwick Castle – to the **Ford Foundation**, the second largest private foundation in the US with an endowment of \$12bn. In pursuit of its stated aim to "advance human welfare", the foundation makes grants to other institutions tackling issues such as disability inclusion, climate change and social justice.

Proceeds from social bonds offered by the **African Development Bank** will be used to combat poverty and improve living conditions for underserved populations in Africa; while educational publisher **Pearson** issued bonds for eligible projects targeted at disenfranchised learners and communities, including the unemployed, people with disabilities and those living below the poverty line.

Bonds issued to provide emergency financial assistance to combat the impacts of COVID-19 included those from the **New Development Bank**, which was founded in 2014 by Brazil, Russia, India, China and South Africa to fund large-scale development projects in member countries in the areas of energy, transport, water and urban infrastructure. The fund also bought social bonds from the **Inter-American Development Bank**, which works to promote economic development in Latin America and the Caribbean focusing on gender equality, climate change and the rule of law. The issue raised funds to assist member countries with COVID-19 disease monitoring, testing and public health services.

## Green and sustainability bonds

Several green and sustainability bonds – with appropriate second-party verification of their financing frameworks and transparency on use of proceeds – were bought during the year. Such bonds included issues from **Vena Energy**, an independent power producer and renewable energy developer in the Asia-Pacific region; **LBBW**, a regional state-owned bank serving the Baden-Württemberg, Rhineland-Palatinate and Saxony areas of Germany, for the purposes of green commercial buildings and renewable energy projects; and **Northern Powergrid**, an electricity distributor based in northern England, which will allocate the proceeds of debt raised to fund energy efficiency measures and biodiversity projects.

## Renewable energy infrastructure

**Linton Hydro** was established in 2016 specifically for the purposes of constructing and developing a new 280kW turbine as well as upgrading an existing 100kW scheme on the River Ouse in North Yorkshire. The broader aims of the Linton Lock Scheme were to boost the river's fish population and provide a regional canoeing facility. The scheme was developed through a partnership between the Canal & River Trust, Linton Hydro Limited, British Canoeing, Sport England, Nun Monkton Estate and the Environment Agency.

**Scatec Solar** is a Norway-based independent solar power producer which develops, builds and operates solar power plants in Africa, the US, Japan, Brazil, the Middle East and EU countries.

## Other bonds

**Ecology Building Society**, based in South Yorkshire, primarily offers sustainable residential and commercial mortgages. It has over 10,000 members and engages in a range of community projects.

**Lancashire County Council** is the local authority for the non-metropolitan county of Lancashire. It became the first local council to issue a bond through the UK Municipal Bonds Agency, which was founded to provide an alternative funding vehicle for local councils. The bond has been raised to support the council's usual functions, including the provision of health and social care, educational facilities, road maintenance, leisure facilities and recycling services.

## Fossil fuel finance

Since its inception in 2002, the fund has had a 'fossil fuel-free' policy excluding issuers directly involved in coal mining or oil and gas exploration and production.

Yet it has invested in many large financial companies, most of which provide financing to businesses involved in the fossil fuel industry, either through loans or the underwriting of debt or equity issues. It has historically proved hard to avoid this second-hand carbon exposure when investing in large financial institutions – so much of our world is still powered by hydrocarbons that it would be impossible for lenders of any size to avoid financing such companies or projects.

However, we believe our fund is large enough to take a stance here, and so we have begun to try to make a difference.

Since May 2020, we have been selling down bonds issued by banks that we consider to have made an outsized proportion of their loans (as a percentage of their total assets) to companies materially involved in the fossil fuel industry since the Paris Agreement was adopted in 2015. Operations covered include tar sands, Arctic and offshore oil and gas, fracking, LNG, thermal coal mining and coal-fired power generation<sup>1</sup>. Sales have so far included holdings in major North American banks such as Citigroup, Goldman Sachs, Toronto-Dominion Bank, Morgan Stanley and Wells Fargo.

## Engagement

During 2019/20, Rathbone Greenbank (the fund's ethical research provider) engaged with over 20 private registered providers (PRPs) of social and affordable housing on the issue of consistent reporting of ESG (environmental, social and governance) indicators.

During summer 2020, as one of several responsible investors to have engaged with housing associations and other providers on this issue, Greenbank participated in the development of a standard approach to ESG reporting for the social housing sector, led by The Good Economy. Having participated in a number of events on the proposed reporting framework, Greenbank provided feedback to a white paper put forward by The Good Economy and subsequently became an 'early adopter' of the final Sustainable Reporting Standard when it was published in November 2020.

<sup>1</sup> As identified in "Banking on Climate Change: Fossil Fuel Finance Report 2020" – Rainforest Action Network, BankTrack, Indigenous Environmental Network, Oil Change International, Reclaim Finance, Sierra Club (March 2020)

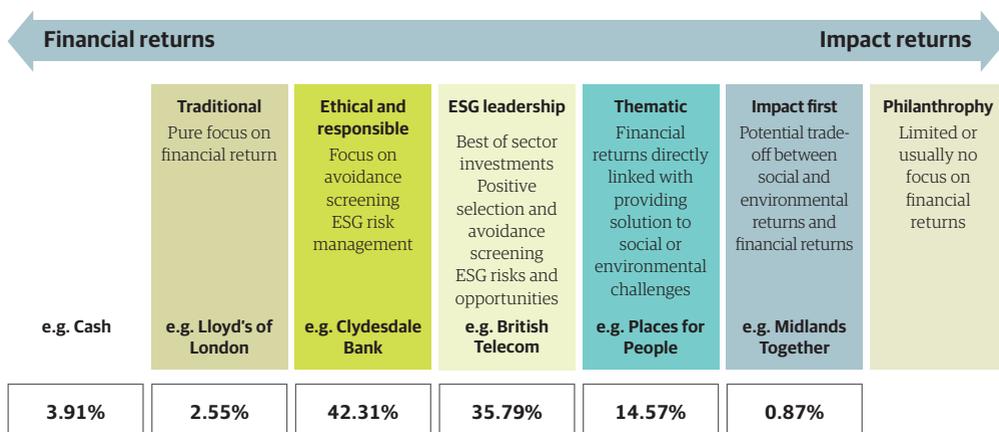
### Portfolio ethical & sustainability characteristics

Various different terms are used to describe responsible, sustainable and impact investment approaches with no universally accepted definition or terminology for each.

The fund's style has typically been described as 'ethically balanced', applying both positive and negative screening criteria. However, while not primarily focused on companies addressing sustainability or impact issues, a meaningful proportion (between 20% and 25%) of the fund has been invested in issuers addressing key sustainability or impact themes in recent years.

The fund is active across five of the categories below: Traditional, Ethical & Responsible, ESG Leadership, Thematic and, to a lesser extent, Impact First. In practice, the boundaries between the different approaches are gradual rather than clearly delineated.

### Spectrum of capital



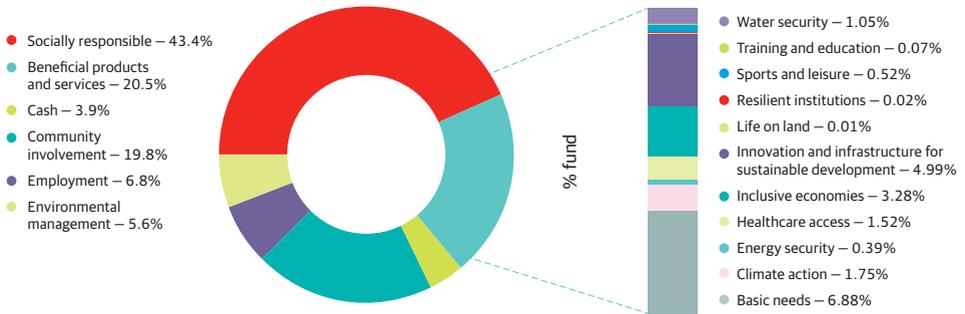
Source: Graphic modified from Bridges Fund Management's *The Bridges Spectrum of Capital*

The positive element of the fund’s ethical research process does, however, also recognise key global sustainable development trends and identifies investee companies’ exposure to these. Many of these overlap, but can be broadly divided into two groups: environmental sustainability and social development.

The chart below sets out the portion of the fund’s exposure to companies offering solutions to various sustainability challenges (“beneficial products and services”) as well as the primary ethical attributes of the remaining portion of the fund’s portfolio.

While not directly linked to sustainability solutions via the products and services they provide, many holdings also have significant positive attributes associated with the way in which they operate and align with the requirements of the fund’s positive criteria (those classified as “socially responsible” address more than one positive aspect).

### Ethical and sustainability characteristics



Perry Rudd  
30 November 2020

## Net asset value per unit and comparative tables

### R-class income units

	<b>30.09.20</b> pence per unit	30.09.19 pence per unit	30.09.18 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	94.94p	91.00p	94.88p
Return before operating charges*	5.69p	8.94p	1.16p
Operating charges	(1.22p)	(1.19p)	(1.23p)
Return after operating charges*	4.47p	7.75p	(0.07p)
Distributions on income units	(3.45p)	(3.81p)	(3.81p)
Closing net asset value per unit	95.96p	94.94p	91.00p
*after direct transactions costs <sup>1</sup> of:	0.00p	0.00p	0.00p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	4.71%	8.52%	(0.07%)
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### Other information

Closing net asset value	£7,477,251	£7,495,694	£8,827,773
Closing number of units	7,792,452	7,894,922	9,701,103
Operating charges	1.28%	1.29%	1.29%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices\*\*

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

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

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

### R-class accumulation units

	<b>30.09.20</b> pence per unit	30.09.19 pence per unit	30.09.18 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	212.52p	195.81p	196.04p
Return before operating charges*	13.03p	19.31p	2.34p
Operating charges	(2.77p)	(2.60p)	(2.57p)
Return after operating charges*	10.26p	16.71p	(0.23p)
Distributions on accumulation units	(7.81p)	(8.32p)	(7.99p)
Retained distributions on accumulation units	7.81p	8.32p	7.99p
Closing net asset value per unit	222.78p	212.52p	195.81p
*after direct transactions costs <sup>1</sup> of:	0.00p	0.00p	0.00p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	4.83%	8.53%	(0.12%)
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### Other information

Closing net asset value	£20,333,628	£17,756,539	£17,227,929
Closing number of units	9,127,328	8,355,391	8,798,462
Operating charges	1.28%	1.29%	1.29%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices\*\*

Highest unit price	224.41p	213.12p	205.32p
Lowest unit price	195.40p	192.86p	195.69p

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

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

### I-class income units

	<b>30.09.20</b> pence per unit	30.09.19 pence per unit	30.09.18 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	100.03p	95.32p	98.78p
Return before operating charges*	6.01p	9.36p	1.19p
Operating charges	(0.66p)	(0.65p)	(0.66p)
Return after operating charges*	5.35p	8.71p	0.53p
Distributions on income units	(3.64p)	(4.00p)	(3.99p)
Closing net asset value per unit	101.74p	100.03p	95.32p
*after direct transactions costs <sup>1</sup> of:	0.00p	0.00p	0.00p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	5.35%	9.14%	0.54%
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### Other information

Closing net asset value	£595,834,591	£505,980,931	£392,185,352
Closing number of units	585,653,621	505,837,528	411,423,568
Operating charges	0.66%	0.66%	0.67%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices\*\*

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

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

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

### I-class accumulation units

	<b>30.09.20</b> pence per unit	30.09.19 pence per unit	30.09.18 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	221.61p	202.99p	201.96p
Return before operating charges*	13.65p	20.02p	2.40p
Operating charges	(1.49p)	(1.40p)	(1.37p)
Return after operating charges*	12.16p	18.62p	1.03p
Distributions on accumulation units	(8.17p)	(8.65p)	(8.27p)
Retained distributions on accumulation units	8.17p	8.65p	8.27p
Closing net asset value per unit	233.77p	221.61p	202.99p
*after direct transactions costs <sup>1</sup> of:	0.00p	0.00p	0.00p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	5.49%	9.17%	0.51%
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### Other information

Closing net asset value	£975,737,239	£758,654,184	£578,028,086
Closing number of units	417,390,200	342,330,890	284,763,141
Operating charges	0.66%	0.66%	0.67%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices\*\*

Highest unit price	235.40p	222.24p	209.64p
Lowest unit price	204.36p	200.16p	202.05p

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

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

### S-class income units

	<b>30.09.20</b> pence per unit	30.09.19 pence per unit	30.09.18 pence per unit**
<b>Change in net assets per unit</b>			
Opening net asset value per unit	102.45p	97.57p	100.00p
Return before operating charges*	6.16p	9.51p	(0.14p)
Operating charges	(0.54p)	(0.53p)	(0.25p)
Return after operating charges*	5.62p	8.98p	(0.39p)
Distributions on income units	(3.73p)	(4.10p)	(2.04p)
Closing net asset value per unit	104.34p	102.45p	97.57p
*after direct transactions costs <sup>1</sup> of:	0.00p	0.00p	0.00p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	5.49%	9.20%	(0.39%)
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### Other information

Closing net asset value	£183,060,233	£78,591,016	£61,423,979
Closing number of units	175,441,571	76,713,992	62,955,219
Operating charges	0.52%	0.53%	0.53%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices\*\*\*

Highest unit price	106.20p	103.71p	101.54p
Lowest unit price	93.68p	95.44p	98.52p

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

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

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

### S-class accumulation units

	<b>30.09.20</b> pence per unit	30.09.19 pence per unit	30.09.18 pence per unit**
<b>Change in net assets per unit</b>			
Opening net asset value per unit	108.95p	99.61p	100.00p
Return before operating charges*	6.72p	9.89p	(0.13p)
Operating charges	(0.58p)	(0.55p)	(0.26p)
Return after operating charges*	6.14p	9.34p	(0.39p)
Distributions on accumulation units	(4.02p)	(4.25p)	(2.05p)
Retained distributions on accumulation units	4.02p	4.25p	2.05p
Closing net asset value per unit	115.09p	108.95p	99.61p
*after direct transactions costs <sup>1</sup> of:	0.00p	0.00p	0.00p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	5.64%	9.38%	(0.39%)
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### Other information

Closing net asset value	£24,552,105	£1,402,183	£1,056,034
Closing number of units	21,333,012	1,286,957	1,060,215
Operating charges	0.52%	0.53%	0.53%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices\*\*\*

Highest unit price	115.89p	109.26p	101.61p
Lowest unit price	100.53p	98.24p	99.54p

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

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

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

### X-class income units<sup>†</sup>

	<b>30.09.20</b> pence per unit	30.09.19 pence per unit	30.09.18 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	n/a	103.81p	106.89p
Return before operating charges*	n/a	3.96p	1.28p
Operating charges	n/a	(0.02p)	(0.04p)
Return after operating charges*	n/a	3.94p	1.24p
Distributions on income units	n/a	(1.13p)	(4.32p)
Redemption price	n/a	(106.62p)	–
Closing net asset value per unit	n/a	–	103.81p
*after direct transactions costs <sup>1</sup> of:	n/a	0.00p	0.00p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

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

Closing net asset value	n/a	– £147,813,549	
Closing number of units	n/a	– 142,381,993	
Operating charges	n/a	–	0.04%
Direct transaction costs	n/a	0.00%	0.00%

### Prices\*\*

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

<sup>†</sup> The X-class closed on 22 March 2019.

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

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

### X-class accumulation units<sup>†</sup>

	<b>30.09.20</b> pence per unit	30.09.19 pence per unit	30.09.18 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	n/a	114.18p	112.89p
Return before operating charges*	n/a	4.35p	1.34p
Operating charges	n/a	(0.02p)	(0.05p)
Return after operating charges*	n/a	4.33p	1.29p
Distributions on accumulation units	n/a	(1.24p)	(4.63p)
Retained distributions on accumulation units	n/a	1.24p	4.63p
Redemption price	n/a	(118.51p)	–
Closing net asset value per unit	n/a	–	114.18p
*after direct transactions costs <sup>1</sup> of:	n/a	0.00p	0.00p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

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

Closing net asset value	n/a	–	£20,119,330
Closing number of units	n/a	–	17,620,356
Operating charges	n/a	–	0.04%
Direct transaction costs	n/a	0.00%	0.00%

### Prices\*\*

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

<sup>†</sup> The X-class closed on 22 March 2019.

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

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

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



Lower potential risk/reward  
(Not risk-free)

Higher potential risk/reward

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

### Discrete annual performance, quarter ending 30 September 2020

	2016	2017	2018	2019	2020
R-class units	8.57%	5.71%	-0.08%	8.74%	5.02%
I-class units	9.25%	6.38%	0.54%	9.39%	5.67%
S-class units	9.25%	6.38%	0.61%	9.60%	5.82%
IA Sterling Corporate Bond sector	12.22%	0.61%	0.10%	9.02%	4.21%

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

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

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

## Portfolio and net other assets as at 30 September 2020

Holding (Bonds unless otherwise stated)		Value (note 1f) £	Percentage of total net assets
<b>Bonds (30.09.19: 96.30%)</b>			
<b>Mortgage Bonds (30.09.19: 1.90%)</b>			
£9,123,625	Finance for Residential Social Housing 8.369% 2058	10,718,181	0.59
\$888,000	Hero Funding Trust 3.19% 2048	388,793	0.02
\$500,000	Hero Funding Trust 3.28% 2048	201,118	0.01
£1,557,000	Silverstone Master Issuer FRN 2070	1,037,487	0.06
		<b>12,345,579</b>	<b>0.68</b>
<b>Supranational Bonds (30.09.19: 4.76%)</b>			
\$1,733,000	African Development Bank 0.75% 2023	1,356,395	0.08
£2,074,000	EIB 0% 2028	1,989,128	0.11
£12,460,000	EIB FRN 2022	12,467,227	0.69
\$900,000	Inter-American Development Bank 0.875% 2025	710,005	0.04
£7,059,000	KFW 0.875% 2026	7,305,080	0.40
\$5,000,000	New Development Bank 0.625% 2023	3,872,799	0.21
€4,000,000	UNEDIC ASSEO 0.25% 2029	3,751,268	0.21
		<b>31,451,902</b>	<b>1.74</b>
<b>Corporate Bonds (30.09.19: 89.64%)</b>			
£12,174,000	3i 3.75% 2040	12,902,788	0.71
£7,289,000	3i 5.75% 2032	9,639,106	0.53
£4,368,400	A2D Funding 4.5% 2026	5,006,186	0.28
£5,103,200	A2D Funding 4.75% 2022	5,413,117	0.30
£3,050,000	A2D Housing Group 3.5% 2028	3,374,671	0.19
£3,676,268	Aggregate Micro Power Infrastructure 8% 2036	3,636,564	0.20
£2,759,000	AMP Group Finance 6.875% 2022	2,928,044	0.16
€1,363,000	Assicurazioni Generali 2.429% 2031	1,249,472	0.07
£9,300,000	Assicurazioni Generali 6.269% perp	10,064,925	0.56
£2,971,000	Aster Treasury 4.5% 2043	4,459,896	0.25
£4,490,000	Aviva 4% VRN 2055	4,722,151	0.26
£11,122,000	Aviva 4.375% VRN 2049	12,334,049	0.68
£2,559,000	Aviva 5.125% VRN 2050	2,946,025	0.16
£16,280,000	Aviva 6.125% 2036	19,638,934	1.09
£8,700,000	Aviva 6.125% VRN perp	9,352,130	0.52
£24,237,000	Aviva 6.875% VRN 2058	35,585,701	1.97
£25,722,000	AXA SA 5.453% VRN perp	29,154,480	1.61
£22,727,000	AXA SA 5.625% VRN 2054	28,152,842	1.56
\$6,400,000	AXA SA 6.379% VRN perp	6,678,119	0.37
£19,029,000	AXA SA 6.6862% VRN perp	23,048,876	1.28

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

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets	
\$2,353,000	BAC Capital Trust 4% VRN perp	1,751,827	0.10
£20,500,000	Banco Bilbao Vizcaya Argent 3.104% VRN 2031	20,391,385	1.13
£8,400,000	Banco Santander 1.75% 2027	8,308,231	0.46
£22,125,000	Bank of Scotland 7.281% VRN perp	25,526,719	1.41
£600,000	Barclays Bank 3% 2026	631,002	0.03
£10,607,000	Barclays Bank 3.25% 2027	11,337,954	0.63
£10,100,000	Barclays Bank 3.25% 2033	10,772,904	0.60
£10,000,000	Barclays Bank 3.75% VRN 2030	10,406,490	0.58
£44,000	Barclays Bank 7.125% VRN perp	44,145	–
£12,946,000	Barclays Bank 10% 2021	13,652,127	0.76
£14,341,000	Bazalgette Finance 2.375% 2027	15,485,109	0.86
\$3,309,000	Beazley 5.875% 2026	2,741,929	0.15
\$3,909,000	Beazley Insurance DAC 5.5% 2029	3,163,514	0.17
£8,000,000	BPCE SA 1.375% 2026	8,161,536	0.45
£19,900,000	BPCE SA 5.25% 2029	25,025,191	1.38
£2,876,000	British Telecom 3.5% Index-Linked 2025	6,023,667	0.33
£5,230,000	British Telecom 3.625% 2047	6,030,980	0.33
£2,398,000	Bromford Housing Group 3.125% 2048	3,088,307	0.17
£17,741,000	BUPA Finance 4.125% 2035	18,756,459	1.04
£4,297,000	BUPA Finance 5% 2026	4,891,155	0.27
£300,000	Burnham And Weston Energy CIC 5% Index-Linked 2036	271,206	0.01
£3,448,000	Canal & River Trust 2.85% Series A Senior 2043	3,798,317	0.21
£4,545,000	Catalyst Housing 3.125% 2047	5,599,531	0.31
£8,057,000	Channel Link 3.043% VRN 2050	8,223,812	0.45
£4,358,000	Channel Link FRN 2050	3,484,781	0.19
£5,189,000	Citigroup 1.18744% VRN 2067	4,695,631	0.26
£6,325,000	Clarion Funding 1.875% 2035	6,542,879	0.36
£6,698,000	Close Brothers Group 2.75% 2023	6,940,573	0.38
£500,000	Close Brothers Group 2.75% 2026	532,324	0.03
£13,450,000	Close Brothers Group 4.25% VRN 2027	13,744,743	0.76
£175,000	Coigach Community CIC 5% Index-Linked 2030	170,328	0.01
£6,300,000	Co-operatieve Rabobank 1.25% 2025	6,435,240	0.36
£4,614,000	Co-operative Rabobank 5.25% 2027	5,742,813	0.32
£14,907,000	Co-operatieve Rabobank 6.91% VRN perp	24,997,787	1.38
£4,785,000	Coventry Building Society 1.875% 2023	4,924,968	0.27
£3,521,000	Coventry Building Society 6.875% VRN perp	3,670,643	0.20
£1,423,000	Coventry Building Society FRN 2023	1,437,734	0.08
£2,221,000	CPUK Finance 3.588% 2042	2,266,268	0.13
£1,037,000	CPUK Finance 3.69% 2047	1,053,960	0.06

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

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets	
£12,400,000	CYBG 4% VRN 2027	12,801,438	0.71
£1,800,000	Direct Line Insurance Group 4% 2032	1,984,618	0.11
\$870,000	DNB Bank ASA FRN perp	503,877	0.03
£162,000	Ecology Building Society 9.625% VRN perp	165,240	0.01
£175,000	Ellenbrook Developments 3.3894% Index-Linked 2032	184,567	0.01
£4,000,000	Eversholt Funding 2.742% 2040	4,159,951	0.23
£1,777,000	Eversholt Funding 3.529% 2042	1,975,963	0.11
£1,999,000	Experian Finance 2.125% 2024	2,109,811	0.12
£6,817,000	Fidelity International 7.125% 2024	8,039,474	0.44
£1,917,847	Finance for Residential Social Housing 8.569% 2058	1,836,792	0.10
£600,000	Finance for Residential Social Housing 8.569% 2058	660,106	0.04
£195,000	Fixed Rate Unsecured Bonds 4.5% 2026	190,535	0.01
\$4,500,000	Ford Foundation 2.415% 2050	3,575,913	0.20
£130,000	Glasgow Together 4% 2020	58,500	—
£2,900,000	Grainger 3% 2030	3,004,030	0.17
£3,589,000	Grainger 3.375% 2028	3,840,198	0.21
£1,282,000	Great Rolling 6.875% 2035	1,123,541	0.06
£12,674,000	Greater Gabbard 4.137% 2032	11,914,774	0.66
£250,000	Greenwich Leisure 3% 2021	246,075	0.01
£2,273,000	Guinness Partner 2% 2055	2,426,445	0.13
£3,588,000	Guinness Partner 4% 2044	5,231,825	0.29
£12,469,000	Hastings Group Finance 3% 2025	13,473,258	0.75
£16,112,000	HBOS Sterling Finance (Jersey) 7.881% VRN perp	25,194,657	1.39
£1,002,500	Heylo Housing Secured Bond 1.625% Index-Linked 2028	954,881	0.05
£2,590,000	Hiscox 2% 2022	2,599,181	0.14
£16,878,000	Hiscox 6.125% VRN 2045	18,520,849	1.02
£1,273,000	Home Group 3.125% 2043	1,504,456	0.08
£1,857,000	HSBC Bank 5.375% 2033	2,437,239	0.13
£29,229,000	HSBC Bank 5.844% VRN perp	41,624,531	2.30
\$4,400,000	HSBC Bank FRN perp	2,727,706	0.15
£2,210,000	HSBC Holdings 3% 2030	2,354,396	0.13
£10,621,000	HSBC Holdings 3% VRN 2028	11,347,419	0.63
£2,727,000	Hyde Housing Association 1.75% 2055	2,541,622	0.14
£605,000	Intermediate Capital 5% 2023	632,461	0.03
£10,952,000	Investec Bank 4.25% VRN 2028	11,063,911	0.61
£13,820,000	Investec Bank 4.5% 2022	14,371,162	0.80
£2,362,000	Jupiter Fund Management 8.875% VRN 2030	2,492,973	0.14
£2,590,000	Just Group 3.5% 2025	2,354,740	0.13
£3,277,000	Just Group 9% 2026	3,576,026	0.20

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

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets	
£5,124,000	Korea Development Bank 1.75% 2022	5,224,738	0.29
£6,500,000	LBBW 1.5% 2025	6,639,308	0.37
£32,191,000	Legal & General 3.75% VRN 2049	33,016,805	1.83
£5,675,000	Legal & General 4.5% VRN 2050	6,141,431	0.34
£3,493,000	Legal & General 5.125% VRN 2048	3,986,938	0.22
£14,439,000	Legal & General 5.375% VRN 2045	16,525,961	0.91
£25,092,000	Legal & General 5.5% VRN 2064	29,466,605	1.63
£10,877,000	Legal & General 5.625% VRN perp	11,126,083	0.62
£1,777,000	Libra Longhurst Group Treasury 3.25% 2043	2,122,471	0.12
£165,000	Linton Hydro Limited 5.25% Index-Linked 2033	154,325	0.01
£20,386,000	Liverpool Victoria Friendly Society 6.5% VRN 2043	22,548,973	1.25
£1,600,000	LiveWest Treasury 2.25% 2043	1,743,152	0.10
£4,100,000	Lloyds Banking Group 1.875% VRN 2026	4,137,373	0.23
£7,083,000	Lloyds Banking Group 2.25% 2024	7,320,301	0.41
£7,104,000	Lloyds Banking Group 7.625% 2025	9,006,879	0.50
£20,969,000	Lloyds Banking Group 13% Var perp	36,208,430	2.00
\$1,400,000	Lloyds Banking Group FRN perp	929,958	0.05
\$1,400,000	Lloyds Banking Group FRN perp	935,644	0.05
£700,000	Logicor Financing 1.875% 2026	735,182	0.04
£1,879,000	Logicor Financing 2.75% 2030	1,902,186	0.11
£6,102,000	London and Quadrant Housing Trust 2.25% 2029	6,428,675	0.36
£4,054,000	London and Quadrant Housing Trust 2.625% 2028	4,360,709	0.24
£400,000	London and Quadrant Housing Trust 3.75% 2049	535,272	0.03
£2,955,000	London Merchant Securities 6.5% 2026	3,747,863	0.21
£4,450,000	M&G 3.875% VRN 2049	4,660,055	0.26
£9,012,000	M&G 5% VRN 2055	10,225,997	0.57
£30,243,000	M&G 5.625% VRN 2051	35,207,779	1.95
£6,101,000	M&G 5.7% VRN 2063	7,442,961	0.41
£7,641,000	M&G 6.25% VRN 2068	9,262,060	0.51
\$590,000	MDIF Media Finance 4% 2023	309,298	0.02
£888,000	Metropolitan Funding 4.125% 2048	1,148,078	0.06
£5,284,000	Motability Operations Group 1.75% 2029	5,595,518	0.31
£4,500,000	Motability Operations Group 2.375% 2039	5,070,364	0.28
£888,000	Myriad Capital 4.75% 2043	1,320,642	0.07
£6,974,000	Nationwide Building Society 3.25% 2028	8,074,633	0.45
£983,416	Nationwide Building Society 3.875% Index-Linked 2021	3,025,755	0.17
\$1,750,000	Nationwide Building Society 4.125% VRN 2032	1,441,683	0.08
£6,172,000	Nationwide Building Society 5.75% VRN perp	6,364,875	0.35
£4,620,000	Nationwide Building Society 5.769% perp	4,740,306	0.26

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

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
£1,556,000 Nationwide Building Society 6.25% VRN perp	1,721,446	0.10
£3,000,000 Nationwide Building Society 7.859% VRN perp	3,641,785	0.20
£114,518 Nationwide Building Society 10.25% VRN perp	18,941,277	1.05
£871,800 NatWest Markets 3.9% VRN 2022	924,457	0.05
£2,393,000 NatWest Markets 6.875% 2025	2,874,056	0.16
£2,455,000 Northern Powergrid Northeast 1.875% 2062	2,564,990	0.14
£1,906,000 Notting Hill Genesis 2.875% 2029	2,073,143	0.11
£1,158,000 Notting Hill Housing 3.75% 2032	1,376,211	0.08
£6,500,000 Orange SA 3.25% 2032	7,576,077	0.42
£800,000 Orange SA 5.875% VRN perp	839,840	0.05
£3,897,000 Orbit Capital 3.375% 2048	4,804,403	0.27
£1,421,000 Orbit Capital 3.5% 2045	1,761,370	0.10
£2,377,000 Orsted AS 2.125% 2027	2,562,127	0.14
£5,432,000 Orsted AS 4.875% 2032	7,501,012	0.42
£440,000 Our Power Social Purpose 6.5% 2021	—	—
£946,800 Paragon 6% 2020	948,040	0.05
£5,348,000 Paragon 6% 2024	5,408,570	0.30
£2,380,600 Paragon 6.125% 2022	2,359,488	0.13
£550,000 Peabody Capital 5.25% 2043	872,008	0.05
£3,453,000 Peabody Capital No 2 3.25% 2048	4,327,082	0.24
£1,137,000 Pearson Funding 3.75% 2030	1,217,902	0.07
£10,265,000 PGH Capital 4.125% 2022	10,647,237	0.59
£13,479,000 PGH Capital 6.625% 2025	16,083,887	0.89
\$1,599,000 Phoenix 5.375% 2027	1,338,890	0.07
£3,000,000 Phoenix 5.625% 2031	3,415,914	0.19
£2,700,000 Phoenix 5.75% VRN perp	2,696,679	0.15
£1,874,300 Places for People Finance 4.25% 2023	1,831,683	0.10
£1,295,400 Places for People Homes 1% Index-Linked 2022	1,650,236	0.09
£10,568,000 Places for People Homes 3.625% 2028	11,868,248	0.66
£5,740,000 Places for People Treasury 2.875% 2026	6,111,049	0.34
£2,700,000 Platform HG Financing 1.625% 2055	2,603,559	0.14
£3,403,000 Porterbrook Rail Finance 7.125% 2026	4,349,656	0.24
£9,459,000 Principality Building Society 2.375% 2023	9,705,481	0.54
£920,000 Quadrant Housing 7.93% 2033	1,190,588	0.07
£9,446,000 Quilter 4.478% VRN 2028	9,521,190	0.53
£17,150,000 Rabobank Nederland 4.625% 2029	21,028,666	1.16
£553,200 Retail Charity Bonds 3.9% 2029	565,094	0.03
£1,331,200 Retail Charity Bonds 4% 2029	1,335,194	0.07
£2,414,800 Retail Charity Bonds 4.25% 2026	2,318,208	0.13

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

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets	
£1,089,800	Retail Charity Bonds 4.25% 2028	1,081,626	0.06
£218,000	Retail Charity Bonds 4.375% 2021	218,331	0.01
£871,800	Retail Charity Bonds 4.4% 2027	862,106	0.05
£1,598,800	Retail Charity Bonds 4.5% 2026	1,529,252	0.08
£1,297,600	Retail Charity Bonds 5% 2026	1,465,522	0.08
£900,000	Retail Charity Bonds 5% 2030	905,400	0.05
£500,000	RHP Finance 3.25% 2048	639,080	0.04
£300,000	Riverside Finance 3.875% 2044	409,922	0.02
£25,900,000	RL Finance Bonds 4.875% VRN 2049	27,188,240	1.50
£22,852,000	RL Finance Bonds 6.125% 2028	27,851,750	1.54
£19,747,000	RL Finance Bonds 6.125% VRN 2043	22,097,553	1.22
£20,007,000	Rothsay Life 3.375% 2026	20,754,051	1.15
£6,723,000	Rothsay Life 5.5% VRN 2029	7,355,069	0.41
£19,262,000	Rothsay Life 8% 2025	23,930,916	1.32
£14,027,000	Rothschild 9% perp	16,411,590	0.91
£4,500,000	Royal Bank of Scotland 3.125% VRN 2027	4,799,414	0.27
£3,428,000	Royal Bank of Scotland 3.622% VRN 2030	3,579,440	0.20
\$1,720,000	Royal Bank of Scotland FRN perp	1,160,814	0.06
£22,510,000	RSA Insurance 5.125% VRN 2045	25,794,864	1.43
£2,754,000	Sainsburys Bank 6% VRN 2027	2,775,812	0.15
£15,418,000	Santander UK 2.92% VRN 2026	16,273,583	0.90
£4,753,000	Santander UK 3.625% 2026	5,199,904	0.29
£916,000	Santander UK 5.875% 2031	1,113,730	0.06
£1,963,000	Santander UK 6.5% 2030	2,457,283	0.14
£17,000,000	Santander UK FRN 2021	17,005,780	0.94
NOK9,000,000	Scatec Solar ASA FRN 2021	755,195	0.04
£3,097,000	Scottish Hydro Electric Transmission 2.25% 2035	3,356,632	0.19
£9,373,000	Scottish Widows 5.5% 2023	10,310,115	0.57
£23,982,000	Scottish Widows 7% 2043	33,001,589	1.83
£1,777,000	Segro 2.375% 2029	1,941,419	0.11
£24,793,000	Skipton Building Society 2% VRN 2026	24,863,164	1.38
£91,500	South Bristol Sports Centre 7% 2023	58,246	–
£148,800	St Johns School Bond 3.25% 2022	148,249	0.01
\$11,931,000	Standard Life Aberdeen 4.25% 2028	9,647,147	0.53
£9,476,000	Standard Life Aberdeen 5.5% VRN 2042	10,132,118	0.56
£1,636,000	Swan Housing Capital 3.625% 2048	1,855,839	0.10
£3,028,000	TC Dudgeon Ofco 3.158% 2038	3,384,921	0.19
£5,169,000	Telereal Securitisation FRN 2033	4,928,464	0.27
£500,000	Thera Trust 5.5% 2024	492,700	0.03

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

Holding (Bonds unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
£100,000 Thera Trust 8.5% 2020	100,270	0.01
£750,000 Thrive Renewables 5% 2024	748,275	0.04
£5,786,000 TSB Banking Group 5.75% VRN 2026	5,850,884	0.32
£6,700,000 UK Municipal Bonds Agency Finance FRN 2025	6,717,366	0.37
\$200,000 Vena Energy Capital 3.133% 2025	153,006	0.01
£3,000,000 Virgin Money UK 5.125% VRN 2030	3,004,082	0.17
£500,000 Vodafone 3% 2056	522,970	0.03
£2,043,000 Welltower 4.5% 2034	2,377,718	0.13
£700,000 Welltower 4.8% 2028	817,876	0.05
£12,023,000 WoDS Transmission 3.446% 2034	11,607,684	0.64
£2,222,000 Wrekin Housing Group 2.5% 2048	2,573,166	0.14
£6,536,000 Yorkshire Building Society 3% VRN 2025	6,877,931	0.38
£23,514,000 Yorkshire Building Society 3.375% VRN 2028	24,681,562	1.37
£3,258,000 Yorkshire Water Finance 1.75% 2026	3,337,381	0.18
	<b>1,665,316,396</b>	<b>92.16</b>
<b>Total Bonds</b>	<b>1,709,113,877</b>	<b>94.58</b>
<b>Equities (30.09.19: 0.15%)</b>		
2,025,875 Greencoat Renewables**	<b>2,205,114</b>	<b>0.12</b>
<b>Alternatives (30.09.19: 1.01%)</b>		
\$17,435,000 RBC Capital Markets 2021*	<b>13,381,306</b>	<b>0.74</b>
<b>Forward Foreign Exchange Contracts (30.09.19: 0.03%)</b>		
Buy £7,012,622, Sell €7,577,650	130,368	0.02
Buy \$32,279,998, Sell £25,412,179	(457,952)	(0.03)
Buy £80,021,723, Sell \$103,015,369	385,136	0.02
	<b>57,552</b>	<b>0.01</b>
<b>Total value of investments (30.09.19: 97.49%)</b>	<b>1,724,757,849</b>	<b>95.45</b>
<b>Net other assets (30.09.19: 2.51%)</b>	<b>82,237,198</b>	<b>4.55</b>
<b>Total value of the fund as at 30 September 2020</b>	<b>1,806,995,047</b>	<b>100.00</b>

\*Structured product

\*\* Equity Security

## Summary of portfolio investments

	Value £	Percentage of total net assets
Debt Securities	1,709,113,877	94.58
Equity Securities	2,205,114	0.12
Structured Products	13,381,306	0.74
Derivatives	57,552	0.01
<b>Total value of investments</b>	<b>1,724,757,849</b>	<b>95.45</b>

## Statement of total return for the year ended 30 September 2020

	Note	30.09.20 £	30.09.20 £	30.09.19 £	30.09.19 £
<b>Income</b>					
Net capital gains	2		<b>33,754,005</b>		64,775,451
Revenue	3	<b>57,165,054</b>		50,994,600	
Expenses	4	<b>(10,283,240)</b>		(7,693,936)	
Interest payable and similar charges		<b>(4,994)</b>		(13,255)	
Net revenue before taxation		<b>46,876,820</b>		43,287,409	
Taxation	5	<b>(11,510)</b>		(15,632)	
Net revenue after taxation			<b>46,865,310</b>		43,271,777
<b>Total return before distributions</b>			<b>80,619,315</b>		108,047,228
Distributions	6		<b>(56,660,131)</b>		(50,497,355)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>23,959,184</b>		57,549,873

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

	30.09.20 £	30.09.20 £	30.09.19 £	30.09.19 £
<b>Opening net assets attributable to unitholders</b>		<b>1,369,880,547</b>		1,226,682,032
Amounts receivable on issue of units	<b>520,022,786</b>		315,027,895	
Amounts payable on cancellation of units	<b>(140,587,540)</b>		(95,895,786)	
In-specie transfer*	—		(161,090,265)	
		<b>379,435,246</b>		58,041,844
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		<b>23,959,184</b>		57,549,873
Retained distributions on accumulation units		<b>33,720,070</b>		27,606,395
Unclaimed distributions		—		403
<b>Closing net assets attributable to unitholders</b>		<b>1,806,995,047</b>		1,369,880,547

\*In-specie transfer relates to the closure of the X-classes on 22 March 2019.

## Balance sheet as at 30 September 2020

	Note	30.09.20 £	30.09.20 £	30.09.19 £	30.09.19 £
<b>Assets</b>					
<b>Fixed assets:</b>					
Investments			<b>1,725,215,801</b>	1,335,489,824	
<b>Current assets:</b>					
Debtors	7	<b>35,526,415</b>		31,744,462	
Cash and bank balances		<b>90,923,508</b>		28,738,019	
Total current assets			<b>126,449,923</b>	60,482,481	
<b>Total assets</b>			<b>1,851,665,724</b>	1,395,972,305	
<b>Liabilities</b>					
Investment liabilities			<b>(457,952)</b>		–
<b>Creditors:</b>					
Other creditors	8	<b>(36,936,445)</b>		(20,522,495)	
Distribution payable on income units		<b>(7,276,280)</b>		(5,569,263)	
<b>Total liabilities</b>			<b>(44,670,677)</b>	(26,091,758)	
<b>Net assets attributable to unitholders</b>			<b>1,806,995,047</b>	1,369,880,547	

# 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, and as amended in June 2017.

As stated in the Statement of the Manager's responsibilities in relation to the report and accounts of the Company on page 46, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the fund.

### b) Recognition of revenue

Bank and other interest receivable is accrued up to the accounting date, and this forms part of the distribution.

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

### c) Treatment of scrip and special dividends

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

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

### d) Treatment of expenses

All expenses (other than management fees and direct costs of purchase and sale of investments) are charged against revenue.

### e) Distribution policy

Revenue arising from the fund's investments accumulates during each accounting period. If, at the end of the accounting period, revenue exceeds expenses, the net revenue of the fund is available to be distributed to unitholders.

For the purpose of calculating the distribution available to unitholders, the Manager's charge is deducted from capital, offsetting expenses against capital may constrain future growth in revenue and capital.

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 conciliation 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 valued based on the latest financial statements of the respective company and agreed with the Trustee.

Structured products are valued based upon available market data.

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.

### 1 Accounting policies *(continued)*

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 gains

	30.09.20	30.09.19
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	<b>33,199,008</b>	66,820,328
Currency gains	<b>239,533</b>	85,394
Forward currency contracts	<b>321,104</b>	(2,121,266)
Transaction charges	<b>(5,640)</b>	(9,005)
<b>Total net capital gains</b>	<b>33,754,005</b>	64,775,451

### 3 Revenue

	30.09.20	30.09.19
	£	£
Dividends	<b>107,055</b>	88,730
Interest on debt securities	<b>56,970,371</b>	50,804,397
HMRC repayment	<b>26</b>	—
Bank interest	<b>87,602</b>	101,473
<b>Total revenue</b>	<b>57,165,054</b>	50,994,600

### 4 Expenses

	30.09.20	30.09.19	30.09.19
	£	£	£
Payable to the Manager, associates of the Manager and agents of either of them:			
Manager's periodic charge	<b>9,807,142</b>		7,243,856
Payable to the Trustee, associates of the Trustee and agents of either of them:			
Trustee's fees	<b>210,326</b>		179,583
Safe custody and other bank charges	<b>189,630</b>		156,085
		<b>399,956</b>	335,668
Other expenses:			
Administration fees	<b>14,727</b>		13,905
Audit fee*	<b>12,480</b>		30,600
FCA fee	<b>—</b>		(1,604)
Printing and publication costs	<b>6,869</b>		6,247
Registration fees	<b>42,066</b>		65,264
		<b>76,142</b>	114,412
<b>Total expenses</b>	<b>10,283,240</b>		7,693,936

\*Audit fees for 2020 are £13,900 excluding VAT (30.09.19: £17,000 excluding VAT).

## 5 Taxation

	30.09.20 £	30.09.19 £
a) Analysis of charge in the year		
Irrecoverable income tax	—	3,603
Irrecoverable overseas tax	<b>11,510</b>	12,029
Total tax charge for the year (note 5b)	<b>11,510</b>	15,632

### b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an Authorised Unit Trust (20%) (30.09.19: 20%). The differences are explained below:

	30.09.20 £	30.09.19 £
Net revenue before taxation	<b>46,876,820</b>	43,287,409
Corporation tax at 20%	<b>9,375,364</b>	8,657,482
Effects of:		
Revenue not subject to taxation	<b>(21,411)</b>	(17,746)
Tax deductible interest distribution	<b>(9,353,953)</b>	(8,639,736)
Irrecoverable income tax	—	3,603
Irrecoverable overseas tax	<b>11,510</b>	12,029
Total tax charge for the year (note 5a)	<b>11,510</b>	15,632

### c) Deferred tax

At the year end the fund had no surplus management expenses (30.09.19: £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:

	30.09.20 £	30.09.19 £
First Interim	<b>13,617,474</b>	13,460,816
Second Interim	<b>13,565,840</b>	11,853,350
Third Interim	<b>14,925,822</b>	12,091,345
Final	<b>16,618,625</b>	12,833,948
	<b>58,727,761</b>	50,239,459
Add: Amounts deducted on cancellation of units	<b>630,729</b>	1,985,614
Deduct: Amounts received on issue of units	<b>(2,698,359)</b>	(1,727,718)
Net distribution for the year	<b>56,660,131</b>	50,497,355

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

Net distribution for the year	<b>56,660,131</b>	50,497,355
Expenses charged to capital:		
Manager's periodic charge	<b>(9,807,142)</b>	(7,243,856)
Equalisation on conversions	<b>189</b>	(740)
Balance brought forward	<b>(52,121)</b>	(33,103)
Balance carried forward	<b>64,253</b>	52,121
Net revenue after taxation	<b>46,865,310</b>	43,271,777

## 7 Debtors

	30.09.20 £	30.09.19 £
Amounts receivable for issue of units	<b>5,110,611</b>	7,137,557
Sales awaiting settlement	—	4,296
Accrued revenue	<b>30,413,604</b>	24,596,148
Prepaid expenses	—	184
Taxation recoverable	<b>2,200</b>	6,277
Total debtors	<b>35,526,415</b>	31,744,462

## 8 Other creditors

	30.09.20	30.09.19
	£	£
Amounts payable for cancellation of units	<b>2,227,343</b>	147,345
Purchases awaiting settlement	<b>33,710,520</b>	19,595,200
Accrued expenses	<b>87,706</b>	83,717
Accrued manager's periodic charge	<b>910,876</b>	696,233
<b>Total other creditors</b>	<b>36,936,445</b>	20,522,495

## 9 Reconciliation of units

	R-class income	R-class accumulation	I-class income	I-class accumulation
Opening units issued at 01.10.19	7,894,922	8,355,391	505,837,528	342,330,890
Unit movements 01.10.19 to 30.09.20				
Units issued	517,600	2,907,044	164,277,955	125,339,219
Units cancelled	(484,053)	(2,103,568)	(36,972,822)	(42,418,442)
Units converted	(136,017)	(31,539)	(47,489,040)	(7,861,467)
Closing units issued at 30.09.20	7,792,452	9,127,328	585,653,621	417,390,200

	S-class income	S-class accumulation
Opening units issued at 01.10.19	76,713,992	1,286,957
Unit movements 01.10.19 to 30.09.20		
Units issued	57,783,023	4,498,309
Units cancelled	(5,606,454)	(400,258)
Units converted	46,551,010	15,948,004
Closing units issued at 30.09.20	175,441,571	21,333,012

## 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 Ethical Bond Fund during the year (30.09.19: nil).

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

## 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (30.09.19: 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.

The fund is exposed to credit risk as a result of its investment in bonds. There are no net borrowings and little exposure to liquidity risk because assets can be readily realised to meet redemptions. Details of the fund's portfolio and exposure to credit risk are set out on pages 18 to 25.

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:

	<b>30.09.20</b>	30.09.19
	<b>£</b>	£
Currency:		
Euro	<b>7,345,165</b>	5,744,179
Norwegian krone	<b>759,742</b>	—
US dollar	<b>57,790,671</b>	42,805,369
Pound sterling	<b>1,741,097,269</b>	1,321,324,538
	<b>1,806,992,847</b>	1,369,874,086
Other net assets not categorised as financial instruments	<b>2,200</b>	6,461
Net assets	<b>1,806,995,047</b>	1,369,880,547

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 £5,990,507 (30.09.19: £4,413,595). 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 £7,321,731 (30.09.19: £5,394,394). 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:

	<b>30.09.20</b>	30.09.19
	<b>£</b>	£
Fixed rate assets:		
Euro	<b>5,000,741</b>	–
US dollar	<b>33,716,808</b>	16,748,938
Pound sterling	<b>775,867,921</b>	661,476,623
	<b>814,585,470</b>	678,225,561
Floating rate assets:		
Euro	–	3,462,349
Norwegian krone	<b>755,195</b>	–
US dollar	<b>30,578,595</b>	25,263,055
Pound sterling	<b>967,499,431</b>	654,828,384
	<b>998,833,221</b>	683,553,788
Assets on which no interest is paid:		
Euro	<b>2,344,424</b>	2,281,830
Norwegian krone	<b>4,547</b>	–
US dollar	<b>903,172</b>	793,376
Pound sterling	<b>34,992,690</b>	31,111,289
	<b>38,244,833</b>	34,186,495
Liabilities on which no interest is paid:		
US dollar	<b>(7,407,904)</b>	–
Pound sterling	<b>(37,262,773)</b>	(26,091,758)
	<b>(44,670,677)</b>	(26,091,758)
Other net assets not categorised as financial instruments	<b>2,200</b>	6,461
<b>Net assets</b>	<b>1,806,995,047</b>	1,369,880,547

If interest rates had increased by 1% as at the balance sheet date, the net asset value of the fund would have decreased by £116,050,129 (30.09.19: £128,946,507). If interest rates had decreased by 1% as at the balance sheet date, the net asset value of the fund would have increased by £116,050,129 (30.09.19: £128,946,507). 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)*

	30.09.20		30.09.19	
	Value (note 1f) £	Percentage of total net assets	Value (note 1f) £	Percentage of total net assets
<b>Bond credit ratings</b>				
Investment grade	<b>1,331,709,835</b>	<b>73.71</b>	984,815,618	71.89
Below investment grade	<b>377,404,042</b>	<b>20.87</b>	334,352,984	24.41
<b>Total Bonds</b>	<b>1,709,113,877</b>	<b>94.58</b>	1,319,168,602	96.30

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 £172,475,785 (30.09.19: £133,548,982). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £172,475,785 (30.09.19: £133,548,982). 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 Ethical Bond Fund which would increase its exposure.

(vii) **Liquidity risk**, being the risk that the value of the investment portfolio is adversely affected by the illiquid nature of certain debt securities. The investment portfolio may consist of a substantial number of fixed debt securities assets in below investment grade fixed interest securities. Such securities are generally not regularly traded on secondary markets. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed and Prospectus and the rules of the FCA's Collective Investment Scheme Sourcebook mitigates the risk of excessive exposure to liquidity risk.

### 13 Portfolio transaction cost

For the year ended 30 September 2020

#### Analysis of total purchases costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Bond transactions	847,357,335	—	—	—	—
Corporate actions	120,889	—	—	—	—
Total purchases before transactions costs	847,478,224	—		—	
Total purchases including commission and taxes	847,478,224				

#### Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Bond transactions	390,434,477	—	—	—	—
Corporate actions	94,309,040	—	—	—	—
Total sales including transactions costs	484,743,517	—		—	
Total sales net of commission and taxes	484,743,517				

The fund had paid £nil as commission on purchases and sale derivative transactions for the year ended 30.09.2020.

Commissions and taxes as % of average net assets

Commissions	0.00%
Taxes	0.00%

**13 Portfolio transaction cost** *(continued)*

**For the year ended 30 September 2019**

**Analysis of total purchases costs**

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	902,553	—	—	—	—
Bond transactions	518,389,337	—	—	—	—
Corporate actions	58,910	—	—	—	—
Total purchases before transactions costs	519,350,800	—		—	
Total purchases including commission and taxes	519,350,800				

**Analysis of total sales costs**

	Value	Commissions		Taxes	
	£	£	%	£	%
Bond transactions	216,064,643	—	—	—	—
In-specie transactions	156,322,326	—	—	—	—
Corporate actions	90,401,091	—	—	—	—
Total sales including transactions costs	462,788,060	—		—	
Total sales net of commission and taxes	462,788,060				

The fund had paid £nil as commission on purchases and sale derivative transactions for the year ended 30.09.2019.

**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 0.91% (30.09.19: 0.66%).

#### 14 Fair value of investments

The fair value of investments has been determined using the following hierarchy:

- Level 1            The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2            Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3            Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### For the year ended 30 September 2020

Category	1	2	3	Total
	£	£	£	£
<b>Investment assets</b>				
Equities	2,205,114	—	—	2,205,114
Bonds	—	1,694,420,862	14,693,015	1,709,113,877
Structured product	—	13,381,306	—	13,381,306
Derivatives	—	515,504	—	515,504
	2,205,114	1,708,317,672	14,693,015	1,725,215,801

Category	1	2	3	Total
	£	£	£	£
<b>Investment liabilities</b>				
Derivatives	—	(457,952)	—	(457,952)
	—	(457,952)	—	(457,952)

#### For the year ended 30 September 2019

Category	1	2	3	Total
	£	£	£	£
<b>Investment assets</b>				
Equities	2,034,221	—	—	2,034,221
Bonds	—	1,323,125,900	9,915,430	1,333,041,330
Derivatives	—	414,273	—	414,273
	2,034,221	1,323,540,173	9,915,430	1,335,489,824

## 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 17 November 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	30.09.20 mid price	17.11.20 mid price
R-class income	97.29p	98.04p
R-class accumulation	223.81p	227.62p
I-class income	103.15p	104.04p
I-class accumulation	234.85p	239.04p
S-class income	105.80p	106.72p
S-class accumulation	115.62p	117.71p

## Distribution tables for the year ended 30 September 2020

### Distribution tables (pence per unit)

#### First Interim

Group 1 – Units purchased prior to 1 October 2019

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

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

\*The X-class closed on 22 March 2019.

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

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

#### Second Interim

Group 1 – Units purchased prior to 1 January 2020

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

<b>R-class income units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Paid 29.05.20</b>	<b>Paid 31.05.19</b>
Group 1	0.83	–	0.83	0.99
Group 2	0.37	0.46	0.83	0.99
<b>R-class accumulation units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Accumulated 29.05.20</b>	<b>Accumulated 31.05.19</b>
Group 1	1.86	–	1.86	2.15
Group 2	1.13	0.73	1.86	2.15
<b>I-class income units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Paid 29.05.20</b>	<b>Paid 31.05.19</b>
Group 1	0.87	–	0.87	1.04
Group 2	0.40	0.47	0.87	1.04
<b>I-class accumulation units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Accumulated 29.05.20</b>	<b>Accumulated 31.05.19</b>
Group 1	1.95	–	1.95	2.24
Group 2	0.79	1.16	1.95	2.24
<b>S-class income units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Paid 29.05.20</b>	<b>Paid 31.05.19</b>
Group 1	0.90	–	0.90	1.07
Group 2	0.49	0.41	0.90	1.07
<b>S-class accumulation units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Accumulated 29.05.20</b>	<b>Accumulated 31.05.19</b>
Group 1	0.96	–	0.96	1.10
Group 2	0.33	0.63	0.96	1.10

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

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

#### Third Interim

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

<b>R-class income units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Paid 28.08.20</b>	<b>Paid 30.08.19</b>
Group 1	0.85	–	0.85	0.94
Group 2	0.17	0.68	0.85	0.94
<b>R-class accumulation units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Accumulated 28.08.20</b>	<b>Accumulated 30.08.19</b>
Group 1	1.94	–	1.94	2.06
Group 2	0.78	1.16	1.94	2.06
<b>I-class income units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Paid 28.08.19</b>	<b>Paid 30.08.19</b>
Group 1	0.90	–	0.90	0.98
Group 2	0.42	0.48	0.90	0.98
<b>I-class accumulation units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Accumulated 28.08.20</b>	<b>Accumulated 30.08.19</b>
Group 1	2.03	–	2.03	2.14
Group 2	0.92	1.11	2.03	2.14
<b>S-class income units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Paid 28.08.20</b>	<b>Paid 30.08.19</b>
Group 1	0.92	–	0.92	1.00
Group 2	0.25	0.67	0.92	1.00
<b>S-class accumulation units</b>	<b>Net Income</b>	<b>Equalisation</b>	<b>Accumulated 28.08.20</b>	<b>Accumulated 30.08.19</b>
Group 1	1.00	–	1.00	1.05
Group 2	0.40	0.60	1.00	1.05

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

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

Final

Group 1 – Units purchased prior to 1 July 2020

Group 2 – Units purchased on or after 1 July 2020 and on or before 30 September 2020

R-class income units	Net Income	Equalisation	Payable 30.11.20	Paid 29.11.19
Group 1	0.89	–	0.89	0.89
Group 2	0.45	0.44	0.89	0.89
R-class accumulation units	Net Income	Equalisation	Allocated 30.11.20	Accumulated 29.11.19
Group 1	2.04	–	2.04	1.98
Group 2	0.64	1.40	2.04	1.98
I-class income units	Net Income	Equalisation	Payable 30.11.20	Paid 29.11.19
Group 1	0.94	–	0.94	0.94
Group 2	0.48	0.46	0.94	0.94
I-class accumulation units	Net Income	Equalisation	Allocated 30.11.20	Accumulated 29.11.19
Group 1	2.14	–	2.14	2.07
Group 2	0.96	1.18	2.14	2.07
S-class income units	Net Income	Equalisation	Payable 30.11.20	Paid 29.11.19
Group 1	0.97	–	0.97	0.97
Group 2	0.54	0.43	0.97	0.97
S-class accumulation units	Net Income	Equalisation	Allocated 30.11.20	Accumulated 29.11.19
Group 1	1.05	–	1.05	1.01
Group 2	0.54	0.51	1.05	1.01

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

### Notes for corporate unitholders

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

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

### Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It represents the accrued revenue included in the purchase price of the units. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the units for Capital Gains Tax purposes.

## Directors' statement

This report is approved in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

**MM Webb**                      **JR Chillingworth**  
for Rathbone Unit Trust Management Limited  
Manager of Rathbone Ethical Bond Fund  
*12 January 2021*

# Statement of the Manager's responsibilities in relation to the annual report and accounts of the Rathbone Ethical 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 authorised funds issued by The Investment Association;
4. follow UK generally accepted accounting principles, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: 'Financial Statements of UK Authorised Funds' issued by The Investment Association in May 2014;
5. prepare the financial statements on a going concern basis unless it is inappropriate to presume that the fund will continue in operation; and
6. keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme and which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

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

In so far as the Manager is aware:

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

The Manager 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 Ethical 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 Manager has also considered the impact of the COVID-19 pandemic on the operations of the Manager and material third party service providers which continue to be maintained and fully functioning. Accordingly, the Manager 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 Manager of the Scheme and authorised for issue on 12 January 2021.

## Statement of the Trustee's responsibilities and report of the Trustee to the Unitholders of Rathbone Ethical Bond Fund (the Scheme) for the year ended 30 September 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:

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

**National Westminster Bank Plc**  
Trustee of Rathbone Ethical Bond Fund  
*12 January 2021*

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

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of Rathbone Ethical Bond Fund (the 'fund'):

- give a true and fair view of the financial position of the Rathbone Ethical Bond Fund (the fund) as at 30 September 2020 and of the net revenue and the net capital gains on the property of the fund for the year ended 30 September 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 Ethical 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the manager's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

## Other information

The manager is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## Responsibilities of trustee and manager

As explained more fully in the trustee's responsibilities statement and the manager's responsibilities statement, the trustee is responsible for the safeguarding the property of the fund and the manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the manager is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the manager either intends to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements

## Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 30 September 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 Ethical 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  
*12 January 2021*

## 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	1,344	2,740	4,084	5
Risk takers	1,340	1,725	3,065	13
Control functions	268	40	308	3
Other	111	74	185	1
Total remuneration code staff	3,063	4,579	7,642	22
Non-remuneration code staff	968	279	1,247	23
<b>Total for the Manager</b>	<b>4,031</b>	<b>4,858</b>	<b>8,889</b>	<b>45</b>

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 as the award for 2020 can not be known until after 31 December 2020 has passed.

### **Authorised status**

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

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

### **Investment objective, policy and strategy**

The objective of the fund is to deliver a greater total return than the IA Sterling Corporate Bond sector, after fees, over any rolling five-year period.

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

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

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

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

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

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

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

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

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

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

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

The fund may invest globally but at least 80% of the portfolio will be invested in sterling denominated assets or hedged back to sterling.

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

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

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

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

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

### Valuation of the fund

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

### Stewardship code

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

### Buying and selling of units

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

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

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

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

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

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

There is no preliminary charge for 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 1.25%.

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

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

For more information on our charges, please visit the fund-specific pages of our website: [rathbonefunds.com](http://rathbonefunds.com)

### Statements

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

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

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

### Prices

Prices are available on our website [rathbonefunds.com](http://rathbonefunds.com)

### Other information

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

The Register of Unitholders can be inspected during normal business hours at the office of the Registrar, SS&C Financial Services International Limited, SS&C House, St Nicholas Lane, Basildon, Essex SS15 5FS.

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

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

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

### Value Assessment

Our regulator, the Financial Conduct Authority (FCA), has asked us to assess the value of our funds. Assessing value is much more than just looking at the fees you pay or the performance of your fund in isolation. Considering this, we have designed an assessment which looks at nine criteria.

We have also appointed an independent research firm, Square Mile Investment Consulting & Research, to provide an impartial report on the value our funds offer compared with the market.

It is the responsibility of our board of directors to consider the outcomes of these assessments, ensure they are clear and fair, and then communicate to you, our investors, if we have delivered value or, if not, where we need to improve.

You can view the value assessments for the Funds four months after their period end on our website [rathbonefunds.com](http://rathbonefunds.com)

## General information *(continued)*

### Other funds

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

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

and the Authorised Corporate Director of:

Rathbone Defensive Growth Fund  
Rathbone Dynamic Growth Fund  
Rathbone Enhanced Growth Portfolio  
Rathbone Global Alpha Fund  
Rathbone Global Sustainability Fund  
Rathbone High Quality Bond Fund  
Rathbone Pharaoh Fund  
Rathbone Quercus Growth Fund  
Rathbone Sherwood Fund  
Rathbone Strategic Growth Portfolio  
Rathbone Strategic Income Portfolio  
Rathbone Sussex Growth Fund  
Rathbone Sussex Income Fund  
Rathbone Total Return Portfolio

### 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](http://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

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