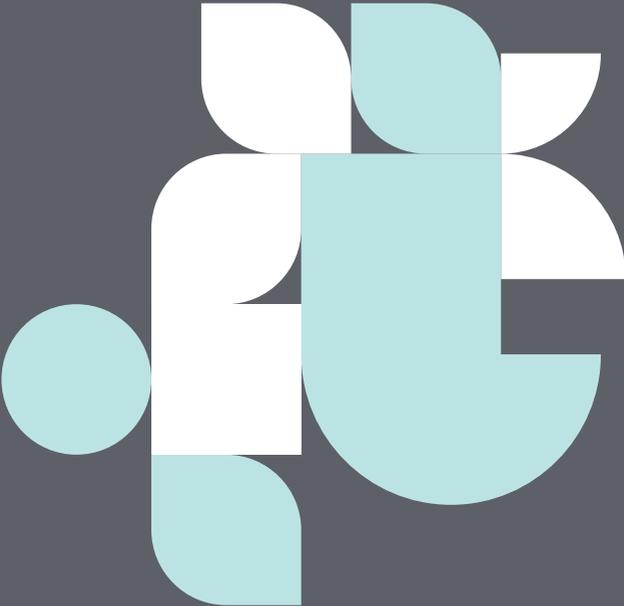


Rathbones

Look forward

Rathbone UK Opportunities Fund

Interim report for the half year ended 31 March 2022



Rathbone UK Opportunities Fund

Authorised Fund Manager (the Manager)

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

A member of the Rathbones 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
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Telephone 0330 123 3810
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**Authorised and regulated by the
Financial Conduct Authority**

Independent Auditor

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow G1 3BX

Directors of the Manager

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
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Edinburgh Park
Edinburgh EH12 9DT
**Authorised and regulated by the
Financial Conduct Authority**

Trustee

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

Manager's report for the half year ended 31 March 2022

The Rathbone UK Opportunities Fund fell 13.1% in the six months to 31 March, while its FTSE All-Share Index benchmark rose 4.7%. Meanwhile, the IA UK All Companies sector fell by 2.9%.

Investors entered the last quarter of 2021 materially more concerned about supply chain shortages, spiking energy prices and tight labour markets, all of which were pushing inflation higher. The Omicron strain of COVID-19 then struck and investors rapidly reached for the lockdown playbook once again. 'Reopening' stocks got crushed, while 'stay home', tech-type names rallied.

It didn't help that the US Federal Reserve and the Bank of England chose that moment to become more hawkish about inflation, signalling that interest rate rises could happen faster and sooner than investors had expected.

Markets started 2022 in full 'flap and panic' mode as investors rushed to reposition themselves for a rising-rate environment in which more 'cyclical' stocks tend to outperform initially. This rotation proved particularly aggressive after yet another year in which 'quality growth' names had been the overall winners.

When the war in Ukraine broke out in February, markets very quickly front-loaded a lot of negatives. While there's no end in sight to the conflict, there hasn't been any further major market-moving deterioration in the outlook. The war has certainly exacerbated inflationary worries, however, while at the same time hastening concerns of an approaching marked slowdown in economic growth. Against this backdrop, investors have moved swiftly away from growth stocks, from unprofitable stocks and from technology companies.

The shift into a rising rate world

Anticipated but still regretted, our underperformance was largely due to the much-discussed rotation out of historic winners and into value cyclicals. As an example, investors sold their tech positions and bought energy companies instead. For a fund like ours, that dynamic is a big headwind. Another development that hurt us was the reversal in the usual outperformance of UK mid-caps over

large-caps, thanks, in the main, to the FTSE 100's heavy weighting to energy and mining companies which became temporarily more attractive as oil and commodity prices shot up. Our fund doesn't own any oil or mining companies because they don't meet our quality hurdles.

Over the period, we dialled up the spotlight on stocks that we felt could beat and upgrade their numbers. We believed that companies with little or no near-term earnings momentum, alongside those that missed their forecasts, would likely suffer most in the new market paradigm.

In October, we started a new position in Oxford Instruments, a leading provider of testing and research kit for the science and technology industries. We view it as a high-quality UK industrial business and we'd long admired its model, which offers premium margins and returns as a result of its end-markets, as well as management's recent focus.

The following month, we added to our existing position in global drinks company Diageo because the shares looked attractively valued and we'd had a very positive meeting with its management. The company has a proven strategy of being early into growing trends, such as tequila, which has bolstered its long-term compounded growth.

Long-term outperformer cyber security company GB Group took a tumble in November while doing a chunky equity raise. We're aware of the risks that may confront British companies moving into the US with highly rated acquisitions. But we felt the market response to the raise was overly brutal given the acquired company's excellent growth and profitability record. We added to our holding to take advantage of its more attractively valued share price and topped up again in January.

Last summer, we bought uniform and linen supplier and launderer Johnson Service Group because we expected it to benefit from post-pandemic reopening, particularly given the big trend towards UK staycations. We didn't know which areas, hotel chains or restaurants would bounce back quickest or most strongly, but we had confidence in a broad-based reopening that would require more sheets, towels and tablecloths to be washed. This thesis was correct,

Manager's report for the half year ended 31 March 2022 *(continued)*

but we hadn't bargained on the aggressive rise in energy costs (a big part of laundry costs) and labour shortages, which ended up denting the company's profit margins. We felt that Johnson's management wasn't on the front foot so we sold our holding.

Going into 2022, our experience and conversations with management teams persuaded us to position ourselves more defensively to protect against slowing GDP growth. Instead of chasing cyclical, inflation-beneficiary type companies, we added to our highest-quality names. We're convinced that resilient and reliable growth companies that take in a lot of cash and boast 'clean' accounts are a great form of defence.

In January, we bought flavours and fragrance specialist Treatt. It provides natural extracts for use in drinks, for example, flavourings for hard seltzers (ready-to-drink alcoholic beverages extremely popular in the US) and sugar-reduction solutions for colas, energy drinks and tonics. Treatt is delivering strong profit growth via its innovative and natural products. It has been investing in upgrading its facilities which we expect to boost its return on capital. We topped up our holding again in February as its share price dipped as some investors grew nervous about the potential impact of soaring commodity prices.

We sold our shares in the recent floated public sector technology solution provider Made Tech on fears it would not hit its forecasts because of wage inflation. This proved to be correct and has given us further pause for thought regarding IPOs.

In January we exited AB Dynamics, which makes testing equipment for autonomous vehicles, as its promised growth is being pushed further and further out, partly by the pain inflicted on the auto sector by COVID-19 and, most recently, the Ukraine war. It's undoubtedly a unique company, but we felt that it might need more investment into its business than had seemed apparent.

We added to our holding in engineered wood company Accsys Technologies in October as the group made good progress on simplifying its debt financing structure. We have since trimmed the holding again for risk management purposes – it's an exciting story, but there could be bumps along the way.

It stands to reason that the colossal outperformance enjoyed by growth investors over the last decade or so would falter at some point. Having said that, most investors (including us) have been taken aback by the ferocity of the rotation. We don't view it as indicative of a wholesale change in investor mindsets, but more as a reflection of the need to rebalance some extreme positioning.

Markets are now pricing in more hikes than central banks are likely to be able to achieve, or, indeed, to need. Growth will naturally slow from here, especially in the UK, thanks to tax hikes and energy price increases. By the second half of this year, we think inflation will likely be on a sharp downward trend and the economy could look a bit soggy.

Short-term cyclical trades may have worked well over the last few months, but we retain our longer-term preference for stocks offering growth that is driven by more than simply accelerating GDP. Some companies now look over-sold as their growth potential is being underestimated, their balance sheets are sound and they're underpinned by still positive demand trends.

In our view, they should bounce back if they continue to deliver the strong profit growth that investors have come to expect from them.

Alexandra Jackson
Fund Manager
22 April 2022

Net asset value per unit and comparative tables

R-class income units

	31.03.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit	30.09.19 pence per unit
Change in net assets per unit				
Opening net asset value per unit	575.78p	432.05p	425.25p	501.56p
Return before operating charges*	(73.42p)	158.93p	19.79p	(57.99p)
Operating charges	(4.43p)	(8.56p)	(7.34p)	(7.21p)
Return after operating charges*	(77.85p)	150.37p	12.45p	(65.20p)
Distributions on income units	(3.29p)	(6.64p)	(5.65p)	(11.11p)
Closing net asset value per unit	494.64p	575.78p	432.05p	425.25p
*after direct transaction costs ¹ of:	0.16p	0.81p	0.49p	0.76p

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

Performance

Return after charges	(13.52%)	34.80%	2.93%	(13.00%)
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Other information

Closing net asset value	£1,714,837	£2,156,198	£1,688,139	£1,883,944
Closing number of units	346,681	374,484	390,727	443,021
Operating charges	1.61%	1.63%	1.70%	1.65%
Direct transaction costs	0.03%	0.15%	0.11%	0.17%

Prices**

Highest unit price	601.33p	613.48p	504.46p	515.45p
Lowest unit price	449.73p	434.61p	304.60p	392.57p

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

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

R-class accumulation units

	31.03.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit	30.09.19 pence per unit
Change in net assets per unit				
Opening net asset value per unit	786.67p	583.50p	566.36p	647.01p
Return before operating charges*	(100.31p)	214.76p	26.96p	(71.25p)
Operating charges	(6.05p)	(11.59p)	(9.82p)	(9.40p)
Return after operating charges*	(106.36p)	203.17p	17.14p	(80.65p)
Distributions on accumulation units	(4.50p)	(8.68p)	(7.33p)	(14.06p)
Retained distributions on accumulation units	4.50p	8.68p	7.33p	14.06p
Closing net asset value per unit	680.31p	786.67p	583.50p	566.36p

*after direct transaction costs¹ of: 0.22p 1.09p 0.66p 0.99p

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

Performance

Return after charges	(13.52%)	34.82%	3.03%	(12.47%)
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Other information

Closing net asset value	£5,974,370	£7,407,873	£5,410,358	£5,588,000
Closing number of units	878,179	941,678	927,228	986,644
Operating charges	1.61%	1.63%	1.70%	1.65%
Direct transaction costs	0.03%	0.15%	0.11%	0.17%

Prices**

Highest unit price	821.58p	831.99p	671.82p	669.01p
Lowest unit price	614.45p	586.95p	405.37p	510.37p

** 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

	31.03.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit	30.09.19 pence per unit
Change in net assets per unit				
Opening net asset value per unit	628.20p	466.45p	454.25p	523.82p
Return before operating charges*	(80.39p)	171.85p	20.92p	(55.78p)
Operating charges	(1.68p)	(3.32p)	(3.02p)	(2.80p)
Return after operating charges*	(82.07p)	168.53p	17.90p	(58.58p)
Distributions on income units	(3.61p)	(6.78p)	(5.70p)	(10.99p)
Closing net asset value per unit	542.52p	628.20p	466.45p	454.25p
*after direct transaction costs ¹ of:	0.17p	0.88p	0.53p	0.80p

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

Performance

Return after charges	(13.06%)	36.13%	3.94%	(11.18%)
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Other information

Closing net asset value	£14,031,766	£16,598,556	£12,180,413	£14,251,123
Closing number of units	2,586,391	2,642,224	2,611,297	3,137,317
Operating charges	0.56%	0.58%	0.65%	0.61%
Direct transaction costs	0.03%	0.15%	0.11%	0.17%

Prices**

Highest unit price	657.90p	668.87p	541.06p	531.25p
Lowest unit price	492.92p	469.24p	326.51p	416.06p

** 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

	31.03.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit	30.09.19 pence per unit
Change in net assets per unit				
Opening net asset value per unit	849.67p	623.87p	599.49p	675.84p
Return before operating charges*	(108.74p)	230.28p	28.37p	(72.73p)
Operating charges	(2.26p)	(4.48p)	(3.99p)	(3.62p)
Return after operating charges*	(111.00p)	225.80p	24.38p	(76.35p)
Distributions on accumulation units	(4.88p)	(9.09p)	(7.54p)	(14.24p)
Retained distributions on accumulation units	4.88p	9.09p	7.54p	14.24p
Closing net asset value per unit	738.67p	849.67p	623.87p	599.49p
*after direct transaction costs ¹ of:	0.23p	1.19p	0.70p	1.04p

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

Performance

Return after charges	(13.06%)	36.19%	4.07%	(11.30%)
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Other information

Closing net asset value	£43,492,025	£46,679,563	£21,647,626	£21,651,748
Closing number of units	5,887,876	5,493,821	3,469,921	3,611,697
Operating charges	0.56%	0.58%	0.65%	0.61%
Direct transaction costs	0.03%	0.15%	0.11%	0.17%

Prices**

Highest unit price	889.84p	898.03p	714.04p	684.09p
Lowest unit price	666.70p	627.59p	430.89p	536.47p

** 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 31 March 2022

	2018	2019	2020	2021	2022
R-class units	5.29%	-7.51%	-13.62%	44.97%	-1.40%
I-class units	6.17%	-6.71%	-12.92%	45.93%	-0.36%
IA UK All Companies sector	2.65%	2.86%	-19.17%	37.99%	5.36%

Price performance based upon bid to bid prior to 21.01.19 and single price (mid) thereafter.

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

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

Portfolio and net other assets as at 31 March 2022

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
Chemicals (30.09.21: 2.11%)		
18,000 Croda International	1,418,400	2.18
83,000 Treatt	942,050	1.44
	2,360,450	3.62
Construction and Materials (30.09.21: 7.27%)		
550,000 Accsys Technology	797,500	1.22
1,100,000 Breedon	896,500	1.37
32,000 CRH	982,720	1.51
170,000 Marshalls	1,157,700	1.78
250,000 Volution	1,048,750	1.61
	4,883,170	7.49
Aerospace and Defence (30.09.21: 1.53%)		
350,000 Chemring	1,137,500	1.74
Electronic and Electrical Equipment (30.09.21: 6.26%)		
50,000 Halma	1,255,000	1.92
50,000 Oxford Instruments	1,052,500	1.61
300,000 Rotork	979,200	1.50
23,000 XP Power	796,950	1.22
	4,083,650	6.25
Industrial Transportation (30.09.21: 1.70%)		
24,000 Ashtead	1,159,680	1.78
Industrial Engineering (30.09.21: 0.91%)		
27,639 AB Dynamics	304,029	0.47
Beverages (30.09.21: 2.84%)		
32,000 Diageo	1,236,320	1.90
55,000 Fevertree Drinks	984,775	1.51
	2,221,095	3.41
General Industrials (30.09.21: 1.93%)		
830,000 Melrose Industries	1,035,425	1.59
Technology Hardware & Equipment (30.09.21: 2.43%)		
170,000 discoverIE	1,334,500	2.05

Portfolio and net other assets as at 31 March 2022 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
Household Goods & Home Construction (30.09.21: 1.08%)		
100,000 MJ Gleeson	586,000	0.90
Industrial Metals & Mining (30.09.21: 1.75%)		
70,000 Hill & Smith	1,030,400	1.58
Alternative Energy (30.09.21: 1.33%)		
90,000 Ceres Power	663,300	1.02
Healthcare Equipment and Services (30.09.21: 1.14%)		
270,000 Advanced Medical Solutions*	797,850	1.22
Pharmaceuticals and Biotechnology (30.09.21: 3.43%)		
1,100,000 Alliance Pharma*	1,265,000	1.94
28,000 Dechra Pharmaceuticals	1,135,680	1.74
	2,400,680	3.68
Food and Drug Retailers (30.09.21: 3.86%)		
40,000 Greggs	984,400	1.51
50,000 Ocado	585,500	0.90
315,789 Tesco	871,578	1.34
	2,441,478	3.75
Food Producers (30.09.21: 1.62%)		
35,000 Cranswick	1,233,400	1.89
Retailers (30.09.21: 3.46%)		
160,000 Howdens Joinery	1,228,480	1.88
675,000 JD Sports Fashion	1,000,687	1.53
	2,229,167	3.41
Speciality Retailers (30.09.21: 1.65%)		
70,000 WH Smith	1,004,850	1.54
Leisure Goods (30.09.21: 2.81%)		
40,000 Keywords Studios	1,045,600	1.60
11,000 Games Workshop	799,150	1.23
	1,844,750	2.83

Portfolio and net other assets as at 31 March 2022 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
Travel and Leisure (30.09.21: 1.52%)		
900,000 Patisserie	—	—
450,000 SSP	1,022,400	1.57
	1,022,400	1.57
Life Insurance (30.09.21: 1.51%)		
200,000 Phoenix	1,228,000	1.88
Non-Life Insurance (30.09.21: 1.20%)		
280,000 Beazley	1,178,240	1.81
Real Estate (30.09.21: 9.47%)		
400,000 Grainger	1,168,000	1.79
100,000 Safestore	1,340,000	2.05
100,000 Segro REIT	1,345,500	2.06
900,000 Sirius Real Estate	1,128,600	1.73
100,000 Unite	1,158,000	1.78
800,000 Warehouse REIT	1,387,200	2.13
	7,527,300	11.54
Investment Banking & Brokerage Services (30.09.21: 6.36%)		
200,000 AJ Bell	606,800	0.93
60,000 Intermediate Capital	1,071,300	1.64
145,000 JTC	1,222,350	1.87
	2,900,450	4.44
General Financial (30.09.21: 0.02%)		
170,000 Molten Ventures	1,317,500	2.02
10,834 Thomas Murray Network*	19,501	0.03
	1,337,001	2.05
Industrial Support Services (30.09.21: 6.10%)		
44,000 Diploma	1,158,080	1.78
100,000 Grafton	982,500	1.51
115,000 Keystone Law	724,500	1.11
	2,865,080	4.40

Portfolio and net other assets as at 31 March 2022 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
Software and Computer Services (30.09.21: 19.83%)		
290,015 ActiveOps	272,614	0.42
35,555 Aveva	870,742	1.34
240,000 Bytes Technology	1,192,800	1.83
110,000 FDM	1,166,000	1.79
50,000 Future	1,300,000	1.99
70,000 Gamma Communications	947,800	1.45
180,000 GB*	992,700	1.52
110,000 Kainos	1,449,800	2.22
180,000 Rightmove	1,139,040	1.75
55,000 Softcat	936,650	1.44
170,000 Team17 ⁺	907,800	1.39
	11,175,946	17.14
Total value of investments (30.09.21: 95.12%)	61,985,791	95.05
Net other assets (30.09.21: 4.88%)	3,227,207	4.95
Total value of the fund as at 31 March 2022	65,212,998	100.00

* Unquoted Security

+ Quoted on the Alternative Investment Market

Statement of total return for the half year ended 31 March 2022

	31.03.22 £	31.03.22 £	31.03.21 £	31.03.21 £
Income				
Net capital (losses)/gains		(9,963,841)		7,799,869
Revenue	455,560		231,297	
Expenses	(235,079)		(183,284)	
Net revenue before taxation	220,481		48,013	
Taxation	—		—	
Net revenue after taxation		220,481		48,013
Total return before distributions		(9,743,360)		7,847,882
Distributions		(425,494)		(195,750)
Change in net assets attributable to unitholders from investment activities		(10,168,854)		7,652,132

Statement of change in net assets attributable to unitholders for the half year ended 31 March 2022

	31.03.22 £	31.03.22 £	31.03.21 £	31.03.21 £
Opening net assets attributable to unitholders		72,842,190		40,926,536
Amounts receivable on issue of units	6,464,923		10,049,337	
Amounts payable on cancellation of units	(4,259,889)		(1,894,867)	
		2,205,034		8,154,470
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		(10,168,854)		7,652,132
Retained distributions on accumulation units		326,846		157,579
Unclaimed distributions		7,782		6,218
Closing net assets attributable to unitholders		65,212,998		56,896,935

Balance sheet as at 31 March 2022

	31.03.22 £	31.03.22 £	30.09.21 £	30.09.21 £
Assets				
Fixed assets:				
Investments		61,985,791		69,290,040
Current assets:				
Debtors	306,997		224,052	
Cash and bank balances	3,425,924		5,262,654	
Total current assets		3,732,921		5,486,706
Total assets		65,718,712		74,776,746
Liabilities				
Creditors:				
Other creditors	(400,939)		(1,795,590)	
Distribution payable on income units	(104,775)		(138,966)	
Total liabilities		(505,714)		(1,934,556)
Net assets attributable to unitholders		65,212,998		72,842,190

Notes to the interim financial statements

Accounting policies

The interim financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 and the Statement of Recommended Practice (SORP) for Financial Statements of UK Authorised Funds issued by The Investment Association in May 2014 (and as amended in June 2017).

All accounting policies applied are consistent with those of the annual report for the year ended 30 September 2021 and are detailed in full in those financial statements.

Portfolio transactions

Total purchases and sales transactions for the half year ended 31 March 2022 were £4,047,110 and £1,386,923 respectively.

Distribution table for the half year ended 31 March 2022

Distribution table (pence per unit)

Interim

Group 1 – Units purchased prior to 1 October 2021

Group 2 – Units purchased on or after 1 October 2021 and on or before 31 March 2022

R-class income units	Income	Equalisation	Payable 31.05.22	Paid 28.05.21
Group 1	3.29	—	3.29	2.34
Group 2	2.70	0.59	3.29	2.34
R-class accumulation units	Income	Equalisation	Allocated 31.05.22	Accumulated 28.05.21
Group 1	4.50	—	4.50	2.87
Group 2	3.31	1.19	4.50	2.87
I-class income units	Income	Equalisation	Payable 31.05.22	Paid 28.05.21
Group 1	3.61	—	3.61	2.13
Group 2	2.59	1.02	3.61	2.13
I-class accumulation units	Income	Equalisation	Allocated 31.05.22	Accumulated 28.05.21
Group 1	4.88	—	4.88	2.84
Group 2	2.89	1.99	4.88	2.84

Notes for corporate unitholders

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

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

Equalisation

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

Directors' statement

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

MM Webb **JR Chillingworth**
for Rathbone Unit Trust Management Limited
Manager of Rathbone UK Opportunities Fund
31 May 2022

General information

Authorised status

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

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

Investment objective, policy and strategy

The objective of the fund is to deliver a greater total return than the FTSE All-Share Index, after fees, over any five-year period.

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

We use the FTSE All-Share Index as a target for our fund's return because we want to offer you a better return than the UK stock market.

To meet the objective, the fund manager will invest at least 80% of our fund in UK-listed companies which are domiciled, incorporated or have a significant part of their business in the UK, with the remainder in global shares, cash, short-term deposits and UK government debt.

Derivatives may be used by the fund for the purposes of efficient portfolio management and hedging.

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

The fund may invest at the fund manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits and units in collective investment schemes. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted by the FCA Rules. This is a stock-picking fund, which means we invest in a small number of UK-listed stocks. We search the UK for exciting businesses that are growing fast yet their value is unrecognised by other investors.

While we invest in companies of all sizes, we gravitate towards medium sized businesses because they tend to meet our criteria and often provide the best reward for the amount of risk we take. Our criteria ensures we buy companies with a durable business model and capable management who can take advantage of growth opportunities in their industry. We don't take coin-toss chances on businesses that can't make a profit in the near future or which are dependent on one or two risky ventures.

We use our Scorecard criteria to regularly check our investments, testing whether the reasons we bought them still hold true. It also helps us sell our holdings at the right time: when growth is exhausted or risks have risen.

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.

Buying and selling of units

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

General information *(continued)*

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

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

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

The minimum initial investment for the R-class units is £100,000,000. The minimum initial investment for I-class units is £1,000. Thereafter holders may invest additional amounts to the value of £500 or more from time to time as they wish. Any number of units may be subscribed, sold or transferred so long as transaction complies with applicable minimums.

There is no preliminary charge for I-class or R-class units.

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

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

Statements

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

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

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

Prices

Prices are available on our website rathbonefunds.com

Other information

Copies of the Prospectus, Key Investor Information Document, Supplementary Information Document and the most recent Annual and Interim Reports may be obtained free of charge on application to the Manager or seen by visiting their registered office.

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

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

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

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

ISA eligibility

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

Risk factors

An investment in a unit trust should be regarded as a medium to long term investment. Investors should be aware that the price of units and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance should not be seen as an indication of future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

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

Other funds

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

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

and the Authorised Corporate Director of:

Rathbone Defensive Growth Portfolio
Rathbone Dynamic Growth Portfolio
Rathbone Enhanced Growth Portfolio
Rathbone Greenbank Defensive Growth Portfolio
Rathbone Greenbank Dynamic Growth Portfolio
Rathbone Greenbank Global Sustainability Fund
Rathbone Greenbank Strategic Growth Portfolio
Rathbone Greenbank Total Return Portfolio
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

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 Rathbones Group. If you do not wish to receive these communications, please advise us in writing at the following address:

Data Protection Officer
Rathbone Unit Trust Management Limited
8 Finsbury Circus
London EC2M 7AZ

Rathbones

Look forward

Rathbone Unit Trust Management Limited

8 Finsbury Circus, London EC2M 7AZ
Tel 020 7399 0000

Information line

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rutm@rathbones.com
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