

Rathbones

Look forward

# Rathbone Heritage Fund

Annual report for the year ended 30 April 2022



# Rathbone Heritage 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  
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  
(Resigned 31 March 2022)  
**T Carroll** – Chief Investment Officer  
(Appointed 31 March 2022)  
**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 Depository Services Limited  
250 Bishopsgate  
London EC2M 4AA  
**Authorised and regulated by the  
Financial Conduct Authority**

## Manager's report for the year ended 30 April 2022

In the period from 1 May 2021 to 22 April 2022, when the fund merged with the Rathbone Multi-Asset Strategic Growth Portfolio, our fund's total return was 3.6%. This compares with our UK Consumer Price Index + 3% benchmark's return of 10.3% and the FTSE World Index's 7.4% return in sterling.

The first half of the period delivered further progress in the fortunes of equity investors, though it was not all plain sailing. The mood music was largely determined by the actions of central banks and debate around future levels of interest rates and inflation. These numbers are as crucial for the valuation of assets, future earnings streams and forecasting investment returns as they are impossible to predict. Inevitably, there was no clear consensus among investors about the best way to position themselves.

As the period wore on, inflation rose ever higher, driven by supply chains upended by the pandemic and quarantines. With restaurants, theme parks and offices closed and planes mostly grounded, much spending shifted to goods – appliances, cars, bikes, sofas, televisions and other home-friendly distractions. This inflation accelerated into the end of the year as, at first, the boost to GDP growth from the global reopening pushed oil prices higher.

Then, in February Russia invaded Ukraine, sending the price of commodities through the roof (Russia exports virtually every important resource, from oil and gas through to metals and grains). Inflation continued to accelerate, hitting a 41-year high of 8.5% in the US and 7% in the UK. It became clearer that central banks felt the need to hike interest rates substantially in response. This had a severe effect on stock markets, sending many share prices tumbling and lighting a fire under others.

Like most other global markets, the FTSE World Index (in sterling) has dropped back in 2022. But the FTSE All-Share Index has made a little ground as a result of both its attractive valuation versus other markets – less froth to lose – and more importantly the weight of mining and energy stocks in the index.

### Investment review

Our principal trades, as ever, included the purchase of short-term UK Treasury Bills that are used for cash management.

Our commodity stocks were strong, especially in the latter part of the period as the war in Ukraine pushed oil, gas and many metal prices higher. We responded to this price spike by supplementing our holding in Shell.

We bought shares in Coca-Cola which we felt could offer sales and earnings stability in more turbulent times. It commands huge brand loyalty so we felt that consumers would keep on buying Coke even if inflationary pressures forced up prices.

Last year, we felt that several financial stocks looked attractively priced given their exposure to a recovering economy and expectations that their profitability would benefit from a steepening yield curve. Against this backdrop, we added some new banking stocks to the fund, including Lloyds Banking Group. We also bought shares in life insurer and asset manager Legal & General which we viewed as a long-term beneficiary of the structural shift towards an ageing population that will require private health and pension provisions.

As one of the UK's biggest high street lenders, Lloyds' fortunes are inevitably closely tied with the health of the UK economy overall. As 2022 has progressed, the UK's cost-of-living squeeze has clearly begun to intensify. Because we felt this suggests that the UK's economic outlook could well prove particularly gloomy, we opted to sell the Lloyds shares.

Also in the broader financials space, we sold shares in Nordic insurer Sampo. It bounced back strongly from its pandemic lows in 2021 as its management did a great job refocusing it to become more of a pure-play on Nordic property and casualty insurance – an attractive market and one where the company is a very effective competitor. But we began to feel that its share price upside had grown more limited and decided to sell the shares.

Media giant WPP also recovered quickly and sharply from its pandemic lows, hitting its 2023 revenue target in 2021. But we began to feel that (just like Sampo), it might struggle to keep on making solid gains and we sold the shares.

Self-storage specialist Big Yellow did well during pandemic lockdowns as it benefited from strong demand for flexible warehousing space driven by the acceleration in online shopping. As the pressures on UK consumers began to intensify, we felt they were likely to cut back their discretionary spending. As a result, we felt Big Yellow's occupancy rates could start to fall so we opted to sell the shares.

Global distributor Bunzl held up well during the pandemic, given its focus on high-margin health and hygiene supplies. We felt it could face growing headwinds as sales of these supplies keep dwindling while its raw materials costs continue to grow.

### **Last goodbye**

Of course, it would be remiss of us not to reference the fact that this is the final report to be written on the Rathbone Heritage Fund. A global value fund, with a cash management policy aligned to global stock prices during an extraordinary period of quantitative easing and ever-extending valuations, was always going to face challenges, and unfortunately, your fund never achieved commercial viability. Thus the correct decision was made to offer unitholders the opportunity to switch into an alternative mandate. Nevertheless, it is frustrating, and somewhat ironic, that equity markets are currently suffering the type of correction, not seen for many years, for which the Rathbone Heritage Fund structure was designed – that is, the wired-in discipline to invest when others are scared, to buy when others are selling. Who knows what the result might have been? Nevertheless, it has been our uttermost privilege to manage this mandate for the last nine years, and we thank you all for your support over that time.

**The Rathbone Heritage Fund Team**  
*19 May 2022*

## Net asset value per unit and comparative tables

### I-class income units

	30.04.22*** pence per unit	30.04.21 pence per unit	30.04.20 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	165.19p	137.41p	147.55p
Return before operating charges*	9.39p	30.97p	(6.61p)
Operating charges	(1.56p)	(1.38p)	(1.34p)
Return after operating charges*	7.83p	29.59p	(7.95p)
Distributions on income units	(2.54p)	(1.81p)	(2.19p)
Redemption price on termination	(170.48p)	–	–
Closing net asset value per unit	–	165.19p	137.41p
*after direct transaction costs <sup>1</sup> of:	0.21p	0.09p	0.09p

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

### Performance

Return after charges	4.74%	21.53%	(5.39%)
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### Other information

Closing net asset value	–	£459,252	£508,547
Closing number of units	–	278,009	370,082
Operating charges	–	0.90%	0.90%
Direct transaction costs	0.12%	0.06%	0.06%

### Prices\*\*

Highest unit price	178.74p	167.34p	156.35p
Lowest unit price	160.57p	135.71p	119.37p

\*\* 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.

\*\*\* This fund merged into Rathbone Multi-Asset Strategic Growth Portfolio on 22 April 2022.

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

### I-class accumulation units

	<b>30.04.22***</b> pence per unit	30.04.21 pence per unit	30.04.20 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	188.26p	154.78p	163.66p
Return before operating charges*	9.25p	35.02p	(7.39p)
Operating charges	(1.75p)	(1.54p)	(1.49p)
Return after operating charges*	7.50p	33.48p	(8.88p)
Distributions on accumulation units	(2.91p)	(2.04p)	(2.44p)
Retained distributions on accumulation units	2.91p	2.04p	2.44p
Redemption price on termination	(195.76p)	–	–
Closing net asset value per unit	–	188.26p	154.78p
*after direct transaction costs <sup>1</sup> of:	0.24p	0.10p	0.10p

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

### Performance

Return after charges	3.98%	21.63%	(5.43%)
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### Other information

Closing net asset value	–	£3,515,140	£8,036,225
Closing number of units	–	1,867,214	5,191,999
Operating charges	–	0.90%	0.90%
Direct transaction costs	0.12%	0.06%	0.06%

### Prices\*\*

Highest unit price	205.26p	189.72p	173.42p
Lowest unit price	182.99p	152.86p	133.51p

\*\* 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.

\*\*\* This fund merged into Rathbone Multi-Asset Strategic Growth Portfolio on 22 April 2022.

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

### S-class income units

	<b>30.04.22***</b> pence per unit	30.04.21 pence per unit	30.04.20 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	169.97p	140.89p	150.75p
Return before operating charges*	0.51p	31.80p	(6.73p)
Operating charges	(0.99p)	(0.87p)	(0.83p)
Return after operating charges*	(0.48p)	30.93p	(7.56p)
Distributions on income units	(2.62p)	(1.85p)	(2.30p)
Redemption price on termination	(166.87p)	–	–
Closing net asset value per unit	–	169.97p	140.89p
*after direct transaction costs <sup>1</sup> of:	0.22p	0.09p	0.09p

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

### Performance

Return after charges	(0.28%)	21.95%	(5.01%)
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### Other information

Closing net asset value	–	£2,526,022	£3,849,221
Closing number of units	–	1,486,125	2,732,125
Operating charges	–	0.55%	0.55%
Direct transaction costs	0.12%	0.06%	0.06%

### Prices\*\*

Highest unit price	184.29p	172.16p	159.91p
Lowest unit price	165.23p	139.15p	122.38p

\*\* 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.

\*\*\* This fund merged into Rathbone Multi-Asset Strategic Growth Portfolio on 22 April 2022.

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

### S-class accumulation units

	<b>30.04.22***</b> pence per unit	30.04.21 pence per unit	30.04.20 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	193.71p	158.71p	167.15p
Return before operating charges*	8.65p	35.98p	(7.52p)
Operating charges	(1.08p)	(0.98p)	(0.92p)
Return after operating charges*	7.57p	35.00p	(8.44p)
Distributions on accumulation units	(2.99p)	(2.10p)	(2.57p)
Retained distributions on accumulation units	2.99p	2.10p	2.57p
Redemption price on termination	(201.28p)	–	–
Closing net asset value per unit	–	193.71p	158.71p
*after direct transaction costs <sup>1</sup> of:	0.25p	0.11p	0.11p

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

### Performance

Return after charges	3.91%	22.05%	(5.05%)
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### Other information

Closing net asset value	–	£5,246,702	£7,630,324
Closing number of units	–	2,708,545	4,807,831
Operating charges	–	0.55%	0.55%
Direct transaction costs	0.12%	0.06%	0.06%

### Prices\*\*

Highest unit price	211.64p	195.19p	177.56p
Lowest unit price	188.31p	156.75p	136.84p

\*\* 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.

\*\*\* This fund merged into Rathbone Multi-Asset Strategic Growth Portfolio on 22 April 2022.

## 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
I-class units	0.23%	3.26%	-7.73%	25.70%	8.12%
S-class units	0.58%	3.62%	-7.36%	26.13%	8.50%
UK Consumer Price Index +3%	5.82%	4.87%	4.73%	3.46%	9.34%
FTSE World Index	2.55%	11.09%	-6.00%	39.93%	14.91%

\* Both the I-class and S-class units merged into Rathbone Multi-Asset Strategic Growth Portfolio on 22 April 2022.

Source performance data FE FundInfo, 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 April 2022

There are no investments held at 30 April 2022.

<b>Holding (Ordinary shares unless otherwise stated)</b>	<b>Value (note 1e) £</b>	<b>Percentage of total net assets</b>
<b>Total value of investments</b> (30.04.21: 83.73%)	—	—
<b>Net other assets</b> (30.04.21: 16.27%)	—	—
<b>Total value of the fund as at 30 April 2022</b>	—	—

## Statement of total return for the year ended 30 April 2022

	Note	30.04.22* £	30.04.22* £	30.04.21 £	30.04.21 £
<b>Income</b>					
Net capital gains	3		<b>347,491</b>		3,401,890
Revenue	4	<b>194,093</b>		243,316	
Expenses	5	<b>(75,685)</b>		(115,343)	
Net revenue before taxation		<b>118,408</b>		127,973	
Taxation	6	<b>(8,400)</b>		(14,089)	
Net revenue after taxation			<b>110,008</b>		113,884
<b>Total return before distributions</b>			<b>457,499</b>		3,515,774
Distributions	7		<b>(169,112)</b>		(203,906)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>288,387</b>		3,311,868

\* This fund merged into Rathbone Multi-Asset Strategic Growth Portfolio on 22 April 2022.

## Statement of change in net assets attributable to unitholders for the year ended 30 April 2022

	30.04.22* £	30.04.22* £	30.04.21 £	30.04.21 £
<b>Opening net assets attributable to unitholders</b>		<b>11,747,116</b>		20,024,317
Amounts receivable on issue of units	<b>557,558</b>		395,587	
Amounts payable on cancellation of units	<b>(2,389,422)</b>		(12,109,709)	
Amount payable on Merger units	<b>(10,325,491)</b>		–	
		<b>(12,157,355)</b>		(11,714,122)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		<b>288,387</b>		3,311,868
Retained distributions on accumulation units		<b>121,852</b>		125,053
<b>Closing net assets attributable to unitholders</b>		<b>–</b>		11,747,116

\* This fund merged into Rathbone Multi-Asset Strategic Growth Portfolio on 22 April 2022.

## Balance sheet as at 30 April 2022

	Note	30.04.22* £	30.04.22* £	30.04.21 £	30.04.21 £
<b>Assets</b>					
<b>Fixed assets:</b>					
Investments			—		9,836,061
<b>Current assets:</b>					
Debtors	8	<b>21,730</b>		257,644	
Cash and bank balances		<b>59,821</b>		2,218,080	
<b>Total current assets</b>			<b>81,551</b>		2,475,724
<b>Total assets</b>			<b>81,551</b>		12,311,785
<b>Liabilities</b>					
<b>Creditors:</b>					
Other creditors	9	<b>(62,838)</b>		(549,200)	
Distribution payable on income units		<b>(18,713)</b>		(15,469)	
<b>Total liabilities</b>			<b>(81,551)</b>		(564,669)
<b>Net assets attributable to unitholders</b>			<b>—</b>		11,747,116

\* This fund merged into Rathbone Multi-Asset Strategic Growth Portfolio on 22 April 2022.

# 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.

The activities of the Rathbone Heritage Fund were transferred to Rathbone Multi-Asset Strategic Growth Portfolio on 22 April 2022 and once all the remaining assets and liabilities of the fund have settled, it is the intention of the Manager to Terminate the Fund. As a result its financial statements have been prepared on a basis other than going concern. The assets and liabilities of this fund have been recorded at their realisable value and therefore no adjustments were required to reduce assets to their realisable value. No liabilities have been recorded for costs of the termination of the Trust as the intention is that the fund will not bear any such costs which may arise. The prior year comparative figures are prepared on a going concern basis. The principal accounting policies, which have been applied consistently throughout the year, are set out below and, where necessary, have been updated to include any policies which are now considered significant given the presentation of the financial statements as at 30 April 2022 on a basis other than going concern.

### b) Recognition of revenue

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

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

### 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

Manager's charge is deducted from capital and all expenses (other than direct costs of purchase and sale of investments) are charged against revenue.

### e) Basis of valuation of investments

All of the investments of the Fund were transferred to the Rathbone Multi-Asset Strategic Growth Portfolio on 22 April 2022.

### f) 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.

### g) 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.

## 1 Accounting policies *(continued)*

### h) 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.

## 2 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 reconciliation of the net distribution to the net revenue of the fund as reported total return is shown in note 6.

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

## Notes to the financial statements *(continued)*

### 3 Net capital gains

	30.04.22	30.04.21
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	<b>347,097</b>	3,419,190
Capital special dividends	<b>1,797</b>	2,834
Currency losses	<b>(1,403)</b>	(20,134)
Net capital gains	<b>347,491</b>	3,401,890

### 4 Revenue

	30.04.22	30.04.21
	£	£
Dividends — UK Ordinary	<b>96,578</b>	73,212
— Overseas	<b>89,352</b>	158,216
— Property income distributions	<b>6,900</b>	12,194
Interest on debt securities	<b>214</b>	(310)
HMRC repayment	—	4
Bank interest	<b>1,049</b>	—
Total revenue	<b>194,093</b>	243,316

### 5 Expenses

	30.04.22	30.04.22	30.04.21	30.04.21
	£	£	£	£
Payable to the Manager, associates of the Manager and agents of either of them:				
Manager's periodic charge		<b>58,583</b>		89,411
Other expenses:				
Administration fees		<b>17,102</b>		25,932
Total expenses		<b>75,685</b>		115,343

\* Audit fees for 2022 are £6,200 excluding VAT (30.04.21: £8,250 excluding VAT).

## 6 Taxation

	30.04.22 £	30.04.21 £
a) Analysis of charge in the year		
Overseas tax	<b>8,130</b>	14,089
Overseas withholding tax charged to capital	<b>270</b>	—
Total tax charge for the year (note 5b)	<b>8,400</b>	14,089

### 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%) (30.04.21: 20%). The differences are explained below.

	30.04.22 £	30.04.21 £
Net revenue before taxation	<b>118,408</b>	127,973
Corporation tax at 20%	<b>23,682</b>	25,595
Effects of:		
Revenue not subject to taxation	<b>(37,186)</b>	(46,286)
Excess management expenses not utilised	<b>13,504</b>	20,691
Corporate tax charge	—	—
Higher tax rates on overseas withholding tax	<b>8,130</b>	14,089
Overseas withholding tax charged to capital	<b>270</b>	—
Total tax charge for the year (note 5a)	<b>8,400</b>	14,089

### c) Deferred tax

At the year end the fund had surplus management expenses of £1,015,796 (30.04.21: £948,274). It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, a deferred tax asset of £203,159 (30.04.21: £189,655) has not been recognised in the financial statements.

## 7 Distributions

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

	<b>30.04.22</b>	30.04.21
	<b>£</b>	£
Interim	<b>88,145</b>	107,596
Final	<b>73,427</b>	60,479
	<b>161,572</b>	168,075
Add: Amounts deducted on cancellation of units	<b>9,557</b>	37,259
Deduct: Amounts received on issue of units	<b>(2,017)</b>	(1,428)
Net distribution for the year	<b>169,112</b>	203,906

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

Net distribution for the year	<b>169,112</b>	203,906
Expenses charged to capital:		
Manager's periodic charge	<b>(58,583)</b>	(89,411)
Irrecoverable withholding tax on capital special dividends	<b>(270)</b>	—
Equalisation on conversions	—	(1)
Balance brought forward	<b>(251)</b>	(861)
Balance carried forward	—	251
Net revenue after taxation	<b>110,008</b>	113,884

## 8 Debtors

	<b>30.04.22</b>	30.04.21
	<b>£</b>	£
Amounts receivable for issue of units	—	5,797
Sales awaiting settlement	—	199,828
Accrued revenue	<b>21,730</b>	10,308
Taxation recoverable	—	41,711
Total debtors	<b>21,730</b>	257,644

## 9 Other creditors

	30.04.22	30.04.21
	£	£
Amounts payable for cancellation of units	–	353,972
Purchases awaiting settlement	–	188,389
Accrued expenses	–	1,538
Accrued manager's periodic charge	–	5,301
Funds to be transferred to Rathbone Multi-Asset Strategic Growth Portfolio	<b>62,838</b>	–
<b>Total other creditors</b>	<b>62,838</b>	549,200

## 10 Reconciliation of units

	I-class income	I-class accumulation	S-class income	S-class accumulation
Opening units issued at 01.05.21	278,009	1,867,214	1,486,125	2,708,545
Unit movements 01.05.21 to 30.04.22				
Units issued	84,370	210,738	–	–
Units cancelled	(158,543)	(384,588)	(179,075)	(526,054)
Units transferred on 22.04.22 merger	(203,836)	(1,693,364)	(1,307,050)	(2,182,491)
Closing units issued at 30.04.22	–	–	–	–

## 11 Related party transactions

Management fees paid to Rathbone Unit Trust Management Limited (the Manager) are disclosed in note 5 and amounts outstanding at the year end in note 9.

Details of units created and cancelled by the Manager are shown in the Statement of Change in Net Assets Attributable to Unitholders and note 7.

There were no commissions paid to stockbroking of the Manager in respect of dealings in the investments of Rathbone Heritage Fund during the year (30.04.21: nil).

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

At the year end there were no significant unitholders (30.04.21: nil).

## 12 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (30.04.21: nil).

## 13 Risk disclosures on financial instruments

No investments were held by the Rathbone Heritage Fund as at 30 April 2022.

Prior to the fund's merger with the Rathbone Multi-Asset Strategic Growth Portfolio on 22 April 2022, in pursuing the investment objective a number of financial instruments were held which comprised securities and other investments, cash balances and debtors and creditors that arose directly from operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for liquidations and debtors for accrued revenue.

There was little exposure to credit or cash flow risk. There were no net borrowings and little exposure to liquidity risk because assets could be readily realised to meet redemptions.

The fund did not make use of derivatives.

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>30.04.22</b>	30.04.21
	<b>£</b>	£
Currency:		
Danish krone	—	157,995
Euro	—	1,336,909
Hong Kong dollar	—	847,607
Swiss franc	—	574,756
US dollar	<b>2,077</b>	3,847,352
Pound sterling	<b>60,761</b>	4,940,786
	<b>62,838</b>	11,705,405
Other net (liabilities)/assets not categorised as financial instruments	<b>(62,838)</b>	41,711
Net assets	—	11,747,116

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 £nil (30.04.21: £618,757). 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 £nil (30.04.21: £756,259). These calculations assume all other variables remain constant.

## Notes to the financial statements *(continued)*

### 13 Risk disclosures on financial instruments *(continued)*

(ii) Interest rate risk, being the risk that the value of investments will fluctuate as a result of interest rate changes.

The table below shows the interest rate risk profile at the balance sheet date:

	30.04.22 £	30.04.21 £
Fixed rate assets:		
Pound sterling	—	999,940
Floating rate assets:		
US dollar	—	1,238
Pound sterling	<b>59,821</b>	2,216,842
	<b>59,821</b>	2,218,080
Assets on which no interest is paid:		
Danish krone	—	157,995
Euro	—	1,336,909
Hong Kong dollar	—	847,607
Swiss franc	—	574,756
US dollar	<b>2,077</b>	3,846,114
Pound sterling	<b>19,653</b>	2,288,673
	<b>21,730</b>	9,052,054
Liabilities on which no interest is paid:		
Pound sterling	<b>(18,713)</b>	(564,669)
Other net (liabilities)/assets not categorised as financial instruments	<b>(62,838)</b>	41,711
Net assets	—	11,747,116

Due to the proportion of interest bearing assets held within the portfolio, no sensitivity analysis has been prepared illustrating the impact changes in yields would have on the value of the fund's portfolio.

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

	30.04.22		30.04.21	
	Value (note 1e) £	Percentage of total net assets	Value (note 1e) £	Percentage of total net assets
<b>Bond credit ratings</b>				
Investment grade	—	—	999,940	8.51
Total Bonds	—	—	999,940	8.51

There are no material amounts of non-interest bearing financial assets and liabilities.

### 13 Risk disclosures on financial instruments *(continued)*

(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 fund disposed of all its investments during the period through the merger with the Rathbone Multi-Asset Strategic Growth Portfolio and did not hold any investments as at 30 April 2022.

The investment portfolio was exposed to market price fluctuations which were 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 £nil (30.04.21: £983,606). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £nil (30.04.21: £983,606). These calculations assume all other variables remain constant.

(iv) **Counterparty risk**, is where the counterparty will not fulfil its obligations or commitments to deliver the investments for a purchase or the cash for a sale after the fund has fulfilled its responsibilities. In order to manage the risk, the fund only bought and sold investments through brokers which have been approved by the Manager as an acceptable counterparty. Brokers were monitored for suitability and creditworthiness.

(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**. There is no significant leverage in Rathbone Heritage Fund which would increase its exposure.

### 14 Portfolio transaction cost

**For the year ended 30 April 2022**

#### Analysis of total purchase costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	3,504,821	1,517	0.04	10,062	0.29
Bond transactions	5,749,753	—	—	—	—
Total purchases before transaction costs	9,254,574	1,517		10,062	
Total purchases including commission and taxes	9,266,153				

**14 Portfolio transaction cost** *(continued)*

**For the year ended 30 April 2022** *(continued)*

**Analysis of total sales costs**

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	6,152,762	2,545	0.04	102	—
In specie transactions	8,048,808	—	—	—	—
Corporate actions	5,250,003	—	—	—	—
Total sales including transaction costs	19,451,573	2,545		102	
Total sales net of commission and taxes	19,448,926				
Commissions and taxes as % of average net assets					
Commissions	0.04%				
Taxes	0.08%				

**For the year ended 30 April 2021**

**Analysis of total purchase costs**

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	1,624,420	839	0.05	1,886	0.12
Bond transactions	5,000,344	—	—	—	—
Total purchases before transaction costs	6,624,764	839		1,886	
Total purchases including commission and taxes	6,627,489				

**Analysis of total sales costs**

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	12,155,618	6,012	0.05	1,591	0.01
Bond transactions	4,500,000	—	—	—	—
Total sales including transaction costs	16,655,618	6,012		1,591	
Total sales net of commission and taxes	16,648,015				
Commissions and taxes as % of average net assets					
Commissions	0.04%				
Taxes	0.02%				

## Notes to the financial statements *(continued)*

### 14 Portfolio transaction cost *(continued)*

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 nil (30.04.21: 0.06%).

### 15 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 April 2022

Category	1	2	3	Total
Investment assets	£	£	£	£
Equities	–	–	–	–
Bonds	–	–	–	–
	–	–	–	–

#### For the year ended 30 April 2021

Category	1	2	3	Total
Investment assets	£	£	£	£
Equities	8,836,121	–	–	8,836,121
Bonds	–	999,940	–	999,940
	8,836,121	999,940	–	9,836,061

## Distribution tables for the year ended 30 April 2022

### Distribution tables (pence per unit)

#### Interim

Group 1 – Units purchased prior to 1 May 2021

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

I-class income units	Income	Equalisation	Paid 31.12.21	Paid 31.12.20
Group 1	1.33	–	1.33	0.95
Group 2	0.27	1.06	1.33	0.95

I-class accumulation units	Income	Equalisation	Accumulated 31.12.21	Accumulated 31.12.20
Group 1	1.53	–	1.53	1.08
Group 2	0.52	1.01	1.53	1.08

S-class income units	Income	Equalisation	Paid 31.12.21	Paid 31.12.20
Group 1	1.38	–	1.38	0.97
Group 2	1.38	0.00	1.38	0.97

S-class accumulation units	Income	Equalisation	Accumulated 31.12.21	Accumulated 31.12.20
Group 1	1.56	–	1.56	1.10
Group 2	1.56	0.00	1.56	1.10

#### Final

Group 1 – Units purchased prior to 1 November 2021

Group 2 – Units purchased on or after 1 November 2021 and on or before 22 April 2022

I-class income units	Income	Equalisation	Payable 22.06.22	Paid 30.06.21
Group 1	1.212151	–	1.212151	0.86
Group 2	0.771164	0.440987	1.212151	0.86

I-class accumulation units	Income	Equalisation	Allocated 22.06.22	Accumulated 30.06.21
Group 1	1.383137	–	1.383137	0.96
Group 2	0.775006	0.608131	1.383137	0.96

## Distribution tables for the year ended 30 April 2021 *(continued)*

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

<b>S-class income units</b>	<b>Income</b>	<b>Equalisation</b>	<b>Payable 22.06.22</b>	<b>Paid 30.06.21</b>
Group 1	1.242691	—	1.242691	0.88
Group 2	1.242691	0.000000	1.242691	0.88

  

<b>S-class accumulation units</b>	<b>Income</b>	<b>Equalisation</b>	<b>Allocated 22.06.22</b>	<b>Accumulated 30.06.21</b>
Group 1	1.433774	—	1.433774	1.00
Group 2	1.433774	0.000000	1.433774	1.00

### 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                      T Carroll  
for Rathbone Unit Trust Management Limited  
Manager of Rathbone Heritage Fund  
27 June 2022

## Statement of the Manager's responsibilities in relation to the report and accounts of the Rathbone Heritage 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 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 the going concern basis unless it is inappropriate to presume that the fund will continue in operation; and
6. keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme and which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The Manager is responsible for the management of the scheme in accordance with its Trust Deed, Prospectus and the Financial Conduct Authority's Collective Investment Schemes Sourcebook, 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;
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. following the merger of the Rathbone Heritage Fund into the Rathbone Multi-Asset Strategic Growth Portfolio, the Manager is of the opinion that it is not appropriate to continue to adopt the going concern basis in the preparation of the financial statements, therefore the financial statements have been prepared on a basis other than going concern.

Additionally, the Manager monitors developments in Ukraine, making adjustments to investments where deemed appropriate and they also monitor sanctions and their implications on individual holdings. Also, the investment processes and risk and compliance procedures continue to operate as normal.

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 27 June 2022.

# Statement of the Trustee's responsibilities and report of the Trustee to the unitholders of Rathbone Heritage Fund (the Scheme) for the year ended 30 April 2022

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 are calculated in accordance with the Regulations;
4. any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
5. the Scheme's income is applied in accordance with the Regulations; and
6. the instructions of the Authorised Fund Manager ('the AFM') are carried out (unless they conflict with the Regulations).

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

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

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

**NatWest Trustee and Depositary Services Limited**  
Trustee of Rathbone Heritage Fund  
*27 June 2022*

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

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the financial position of the fund as at 30 April 2022 and of the net revenue and the net capital gains on the property of the fund for the year ended 30 April 2022; 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 which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the distribution tables; and
- Individual notes 1 to 15.

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 company 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.

## Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1a in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

## Other information

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

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

## **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 has 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.

## **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the fund's industry and its control environment, and reviewed the fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Collective Investment Schemes Sourcebook and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reviewing correspondence with HMRC and the FCA

## 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 April 2022 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

## Use of our report

This report is made solely to the company'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 company'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  
27 June 2022

## 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	1,604	4,428	6,032	9
Risk takers	1,779	2,386	4,165	16
Control functions	281	31	312	3
Other	125	121	246	1
Total remuneration code staff	3,789	6,966	10,755	29
Non-remuneration code staff	846	240	1,086	21
<b>Total for the Manager</b>	<b>4,635</b>	<b>7,206</b>	<b>11,841</b>	<b>50</b>

The variable remuneration disclosed in the table above is for the financial year ended 31 December 2021, 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.

### **Authorised status**

Rathbone Heritage Fund is an authorised unit trust scheme constituted by a Trust Deed, authorised by the FCA on 29 June 2012 and launched on 25 March 2013.

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

The objective of the fund is to deliver a greater total return than the Consumer Price Index (CPI) measure of inflation +3%, after fees, over any rolling 10-year period by investing with our valuation-linked cash management mechanism. Total return means the return we receive from the value of our investments increasing (capital growth) plus the income we receive from our investments (dividend payments). We use the CPI +3% as a target for our fund's return because we aim to grow your investment above inflation. There is no guarantee that this investment objective will be achieved over 10 years, or any other time period. We also compare our fund against the FTSE World Index so that you can see how global stock market share performed.

To meet the objective, the fund manager will invest at least 70% of the fund in global shares, with the remainder in cash, short-term deposits and UK government debt. The fund manager defines target cash weightings based on a valuation-linked cash management mechanism. The weightings are set at the discretion of the fund manager and will change over time. The weightings are reviewed annually and in response to market events. Further details in relation to the current weightings may be obtained by contacting Rathbone Unit Trust Management. 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 global stocks. We specialise in choosing good companies rather than making broad bets on which industries or countries will offer better returns. When choosing investments we use our own trinity of risk framework: price, business and financial. We look for businesses that offer good value and make strong and consistent profits with high quality earnings – those that are backed by real cash rather than accounting contrivance. Companies shouldn't have more debt than they can handle. We buy these companies because we believe they should grow steadily over many years. A healthy cash flow – earnings backed by cash – allows them to invest back into their businesses driving this future growth, and any cash left after this can be returned to shareholders so they can invest in opportunities elsewhere.

### **Fund Merger**

Following approval from the Financial Conduct Authority (FCA) on 24 September 2021, we merged the Rathbone Heritage Fund into the Rathbone Multi-Asset Strategic Growth Portfolio. Unitholders were notified on 15 December 2021 and the merger was completed 22 April 2022.

### **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)

### Statements

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

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](http://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](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 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.

## General information *(continued)*

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)

### 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 Income Fund  
Rathbone Strategic Bond Fund  
Rathbone UK Opportunities 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](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 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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Financial Conduct Authority

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