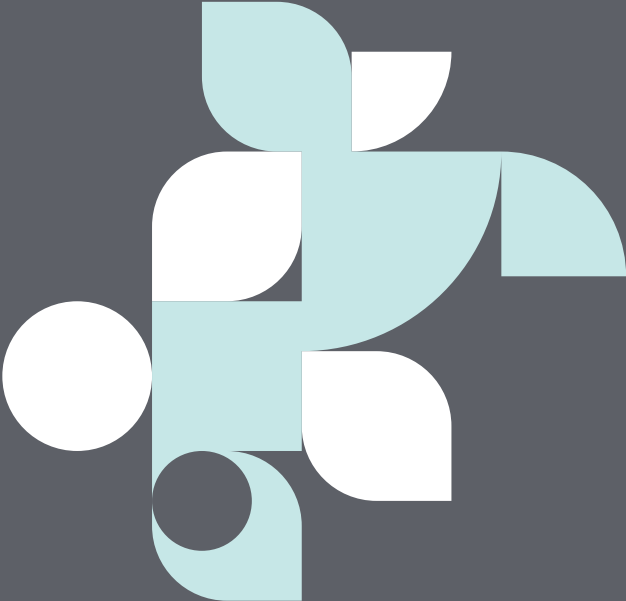


Rathbones

Look forward

Rathbone UK Opportunities Fund

Annual report for the year ended 30 September 2022



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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
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
(Retired 31 May 2022)
T Carroll – Chief Investment Officer
(Appointed 1 June 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 Depositary Services Limited
250 Bishopsgate
London EC2M 4AA
**Authorised and regulated by the
Financial Conduct Authority**

Investment objective and policy

Investment objective

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.

Investment strategy

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.

Investment policy

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.

Investment report for the year ended 30 September 2022

Performance

The Rathbone UK Opportunities Fund fell 35.7% in the 12 months to 30 September, while its FTSE All-Share Index benchmark dropped 4.0%. Meanwhile, the IA UK All Companies sector fell by 15.3%.

Market overview and portfolio activity

Investors started the period 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 (Fed) and the Bank of England (BoE) 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 moved swiftly away from growth stocks, from unprofitable stocks and from technology companies.

Stock markets recovered in July and August, leading many investors to get ahead of themselves, thinking that inflation – and therefore interest rates – were topping out. They tried to front run the Fed's expected pivot to rate *cuts* in early 2023 by buying up 'growth' stocks, pushing them to optimistic levels. That trade ended nothing short of chaotic when the fantasy of the Fed loosening anytime soon was put to bed by stubbornly high and rising inflation.

Fed Chair Jay Powell wrestled markets back into monetary tightening mode in late August, reminding us all that there is more work to be done to halt the spread of price rises. UK investors then expected the BoE to follow suit with another chunky raise. Instead, we got a relatively dovish 50-basis-point hike (how far we've come in so little time) to 2.25% followed not a day later by the new Chancellor announcing a bizarre collection of unfunded fiscal stimulus. With no plan in place to regain fiscal probity in the medium term, sterling and gilt markets took fright, ably aided by deep-pocketed speculators.

Record moves in gilts and sterling followed, and stocks hit new lows for the year. A week later and the Chancellor has rowed back on some of the more politically toxic (yet immaterial) parts of the stimulus, and acquiesced to having his homework properly marked by the Office for Budget Responsibility (OBR). The BoE demurred against an intra-meeting rate hike, but did have to intervene in the very long-dated gilt market, and postponed long-planned sales of gilts picked up in past quantitative easing programmes. Sterling had recovered its losses as we were writing, but yields are still very elevated. The benchmark 10-year UK government bond yield is 4.3%.

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 cyclical. 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 November 2021, we added to our existing holding 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 the fourth quarter of 2021 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.

We've also added to our holding in Keywords Studios, a company that is firing on all cylinders. Keywords supports triple-A video game publishers, in all areas of game development, having built out its capability in recent years. The gaming industry is outsourcing more and more aspects of building and supporting new games, and Keywords is uniquely positioned to take advantage. An ambitious, accomplished management team is delivering strong organic sales growth, taking advantage of the sweet spot they find themselves in. With Keywords we get access to the growth in video game spending without taking risks on the popularity of any individual games.

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, 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.

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 trimmed our holding in engineered wood company Accsys Technologies for risk management purposes – it's an exciting story, but there could be bumps along the way.

In July we sold our holding in homebuilder MJ Gleeson as we became increasingly nervous about the end of Help to Buy, as well as new regulations around greener homes. For Gleeson, whose average selling price is around £150,000, these new rules are likely to squeeze its margins more than other housebuilders.

We completely sold our holding in manufacturer of electrical converters and other components XP Power. We had concerns about how much inventory it was holding going into the second half of 2022, when demand for its products may soften. There was also an intellectual property dispute in a US court that looms over the business. We like XP's end-market and positioning (it benefits directly from strong investment in semiconductor manufacturing), so it's the sort of company that's unlikely to leave our 'watch list' permanently.

After a tough six months for UK mid-caps and sterling, valuations in the market are particularly low. This has been pretty indiscriminate as well, so the premium that we typically pay for top-quality names has receded. Because of this, we added to the cash-rich, structurally growing retailer JD Sport, which we believe will have an edge over its over-spaced and over-leveraged rivals.

We exited our holding in UK and Ireland DIY, home and garden retailer Grafton as part of our work to reduce our consumer and housing market exposure. It benefited from the surge in home improvement projects during and after the COVID-19 lockdowns, meaning there are tough comparative periods for the company to cycle through. Combined with a likely sharp slowdown in household spending on homes as a result of falling confidence and the cost of living crisis, the outlook looks worse for Grafton than it has done in a while. Well-respected CEO Gavin Slark has moved on, so did we.

Another unhelpful chapter in the narrative for UK assets

When the market's time horizon compresses so rapidly, we need to expand ours. The Truss-Kwarteng-inflicted scars will take some time to fade, but a level of existential confidence is returning to UK markets. We remind ourselves too that the fourth quarter is typically more favourable for equities.

A slowdown is baked into the cake, in our view. But to a large extent this is thanks to the energy crisis, not due to cyclical excesses. As previously discussed, household and corporate balance sheets are strong, so a slowdown is unlikely to morph into another financial crisis. Especially as banks are much more rigorously capitalised and regulated these days.

At the current valuation level of 9x earnings (which of course need to come down a bit), the UK is close to its previous recession-era trough levels. This is a much-needed valuation cushion at this point in the cycle. Compared with US stocks, which are still several turns above the usual trough. More importantly, the premium that we typically pay for our top-quality names has receded.

With some cash in our pockets, we'd be ready to buy UK equities here.

Alexandra Jackson
Fund Manager
18 October 2022

Net asset value per unit and comparative tables

R-class income units

	30.09.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit
Change in net assets per unit			
Opening net asset value per unit	575.78p	432.05p	425.25p
Return before operating charges*	(192.62p)	158.93p	19.79p
Operating charges	(8.04p)	(8.56p)	(7.34p)
Return after operating charges*	(200.66p)	150.37p	12.45p
Distributions on income units	(8.57p)	(6.64p)	(5.65p)
Closing net asset value per unit	366.55p	575.78p	432.05p
*after direct transaction costs ¹ of:	0.20p	0.81p	0.49p

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

Performance

Return after charges	(34.85%)	34.80%	2.93%
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Other information

Closing net asset value	£1,140,978	£2,156,198	£1,688,139
Closing number of units	311,277	374,484	390,727
Operating charges	1.61%	1.63%	1.70%
Direct transaction costs	0.04%	0.15%	0.11%

Prices**

Highest unit price	601.33p	613.48p	504.46p
Lowest unit price	366.74p	434.61p	304.60p

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

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

R-class accumulation units

	30.09.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit
Change in net assets per unit			
Opening net asset value per unit	786.67p	583.50p	566.36p
Return before operating charges*	(264.27p)	214.76p	26.96p
Operating charges	(11.01p)	(11.59p)	(9.82p)
Return after operating charges*	(275.28p)	203.17p	17.14p
Distributions on accumulation units	(11.76p)	(8.68p)	(7.33p)
Retained distributions on accumulation units	11.76p	8.68p	7.33p
Closing net asset value per unit	511.39p	786.67p	583.50p

*after direct transaction costs¹ of: 0.28p 1.09p 0.66p

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

Performance

Return after charges (34.99%) 34.82% 3.03%

Other information

Closing net asset value	£4,155,107	£7,407,873	£5,410,358
Closing number of units	812,505	941,678	927,228
Operating charges	1.61%	1.63%	1.70%
Direct transaction costs	0.04%	0.15%	0.11%

Prices**

Highest unit price	821.58p	831.99p	671.82p
Lowest unit price	504.39p	586.95p	405.37p

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

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

I-class income units

	30.09.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit
Change in net assets per unit			
Opening net asset value per unit	628.20p	466.45p	454.25p
Return before operating charges*	(211.55p)	171.85p	20.92p
Operating charges	(3.06p)	(3.32p)	(3.02p)
Return after operating charges*	(214.61p)	168.53p	17.90p
Distributions on income units	(9.41p)	(6.78p)	(5.70p)
Closing net asset value per unit	404.18p	628.20p	466.45p

*after direct transaction costs¹ of: 0.22p 0.88p 0.53p

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

Performance

Return after charges (34.16%) 36.13% 3.94%

Other information

Closing net asset value	£8,898,723	£16,598,556	£12,180,413
Closing number of units	2,201,661	2,642,224	2,611,297
Operating charges	0.56%	0.58%	0.65%
Direct transaction costs	0.04%	0.15%	0.11%

Prices**

Highest unit price	657.90p	668.87p	541.06p
Lowest unit price	404.37p	469.24p	326.51p

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

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

I-class accumulation units

	30.09.22 pence per unit	30.09.21 pence per unit	30.09.20 pence per unit
Change in net assets per unit			
Opening net asset value per unit	849.67p	623.87p	599.49p
Return before operating charges*	(287.35p)	230.28p	28.37p
Operating charges	(4.12p)	(4.48p)	(3.99p)
Return after operating charges*	(291.47p)	225.80p	24.38p
Distributions on accumulation units	(12.78p)	(9.09p)	(7.54p)
Retained distributions on accumulation units	12.78p	9.09p	7.54p
Closing net asset value per unit	558.20p	849.67p	623.87p

*after direct transaction costs¹ of: 0.30p 1.19p 0.70p

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

Performance

Return after charges (34.30%) 36.19% 4.07%

Other information

Closing net asset value	£30,274,265	£46,679,563	£21,647,626
Closing number of units	5,423,506	5,493,821	3,469,921
Operating charge	0.56%	0.58%	0.65%
Direct transaction costs	0.04%	0.15%	0.11%

Prices**

Highest unit price	889.84p	898.03p	714.04p
Lowest unit price	550.56p	627.59p	430.89p

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

Risk and reward profile

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



Lower potential risk/reward
(Not risk-free)

Higher potential risk/reward

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

Discrete annual performance

Quarter ending 30 September 2022

	2018	2019	2020	2021	2022
R-class units	6.30%	-11.65%	2.76%	35.84%	-36.33%
I-class units	7.27%	-10.89%	3.73%	37.19%	-35.66%
IA UK All Companies sector	5.54%	-0.03%	-12.76%	32.38%	-15.33%

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 30 September 2022

Holding (Ordinary shares unless otherwise stated)	Value (note 1e) £	Percentage of total net assets
Oil and Gas Producers (30.09.21: 1.69%)		
250,000 Volution	730,000	1.64
Chemicals (30.09.21: 2.11%)		
18,000 Croda International	1,160,280	2.61
90,000 Treatt	531,000	1.19
	1,691,280	3.80
Construction and Materials (30.09.21: 6.66%)		
1,100,000 Breedon	586,300	1.32
32,000 CRH	931,040	2.09
180,000 Marshalls	526,680	1.18
	2,044,020	4.59
Aerospace and Defence (30.09.21: 1.53%)		
330,000 Chemring	937,200	2.11
Electronic and Electrical Equipment (30.09.21: 8.69%)		
170,000 discoverIE	1,099,900	2.47
50,000 Halma	1,022,500	2.30
50,000 Oxford Instruments	892,000	2.01
300,000 Rotork	702,000	1.58
	3,716,400	8.36
Industrial Engineering (30.09.21: 5.92%)		
27,639 AB Dynamics	384,182	0.86
90,000 Ceres Power	332,190	0.75
70,000 Hill & Smith	637,700	1.43
830,000 Melrose Industries	848,260	1.91
	2,202,332	4.95
Healthcare Equipment and Services (30.09.21: 1.14%)		
270,000 Advanced Medical Solutions*	657,450	1.48
Pharmaceuticals and Biotechnology (30.09.21: 3.43%)		
1,100,000 Alliance Pharma*	610,500	1.37
30,000 Dechra Pharmaceuticals	786,600	1.77
	1,397,100	3.14

Portfolio and net other assets as at 30 September 2022 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value (note 1e) £	Percentage of total net assets
Food and Drug Retailers (30.09.21: 6.70%)		
32,000 Diageo	1,215,040	2.73
55,000 Fevertree Drinks	460,350	1.04
40,000 Greggs	684,800	1.54
400,000 Tesco	826,800	1.86
	3,186,990	7.17
Food Producers (30.09.21: 1.62%)		
35,000 Cranswick	937,300	2.11
General Retailers (30.09.21: 4.74%)		
800,000 JD Sports Fashion	801,200	1.80
115,000 Keystone Law	506,000	1.14
70,000 WH Smith	835,450	1.88
	2,142,650	4.82
Leisure Goods (30.09.21: 1.41%)		
11,000 Games Workshop	636,900	1.43
Travel and Leisure (30.09.21: 1.52%)		
900,000 Patisserie	–	–
450,000 SSP	854,100	1.92
	854,100	1.92
Life Insurance (30.09.21: 1.51%)		
160,000 Phoenix	842,560	1.89
Non-Life Insurance (30.09.21: 1.20%)		
240,000 Beazley	1,353,600	3.04
Real Estate (30.09.21: 9.47%)		
400,000 Grainger	916,800	2.07
100,000 Safestore	839,500	1.89
100,000 Segro REIT	753,000	1.69
900,000 Sirius Real Estate	633,600	1.42
100,000 Unite	858,500	1.93
800,000 Warehouse REIT	862,400	1.94
	4,863,800	10.94

Portfolio and net other assets as at 30 September 2022 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value (note 1e) £	Percentage of total net assets
General Financial (30.09.21: 6.38%)		
200,000 AJ Bell	538,400	1.21
60,000 Intermediate Capital	589,560	1.34
145,000 JTC	996,150	2.24
170,000 Molten Ventures	516,120	1.16
9,892 Thomas Murray Network*	17,806	0.04
942 Thomas Murray Network Bonus shares*	—	—
	2,658,036	5.99
Support Services (30.09.21: 9.57%)		
24,000 Ashtead	980,400	2.20
44,000 Diploma	1,020,800	2.30
160,000 Howdens Joinery	808,000	1.82
45,000 Keywords Studios	1,034,100	2.33
	3,843,300	8.65
Software and Computer Services (30.09.21: 17.30%)		
26,000 Aveva	816,920	1.84
240,000 Bytes Technology	1,007,520	2.27
110,000 FDM	687,500	1.55
70,000 Gamma Communications	739,200	1.66
180,000 GB+	1,095,300	2.46
110,000 Kainos	1,415,700	3.18
180,000 Rightmove	867,780	1.95
60,000 Softcat	713,400	1.60
170,000 Team17*	629,000	1.41
	7,972,320	17.92
Media (30.09.21: 2.53%)		
50,000 Future	659,000	1.48
Total value of investments (30.09.21: 95.12%)	43,326,338	97.43
Net other assets (30.09.21: 4.88%)	1,142,735	2.57
Total value of the fund as at 30 September 2022	44,469,073	100.00

All investments are ordinary shares unless otherwise stated and admitted to official stock exchange listings.

* Unquoted security

+ Quoted on the Alternative Investment Market

Statement of total return for the year ended 30 September 2022

	Note	30.09.22 £	30.09.22 £	30.09.21 £	30.09.21 £
Income					
Net capital (losses)/gains	3		(25,772,952)		15,731,995
Revenue	4	1,161,375		768,041	
Expenses	5	(434,093)		(418,956)	
Net revenue before taxation		727,282		349,085	
Taxation	6	—		—	
Net revenue after taxation			727,282		349,085
Total return before distributions			(25,045,670)		16,081,080
Distributions	7		(1,093,858)		(694,700)
Change in net assets attributable to unitholders from investment activities			(26,139,528)		15,386,380

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

	30.09.22 £	30.09.22 £	30.09.21 £	30.09.21 £
Opening net assets attributable to unitholders		72,842,190		40,926,536
Amounts receivable on issue of units	8,323,059		19,984,546	
Amounts payable on cancellation of units	(11,381,670)		(4,020,143)	
		(3,058,611)		15,964,403
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		(26,139,528)		15,386,380
Retained distributions on accumulation units		814,291		555,654
Unclaimed distributions		10,731		9,217
Closing net assets attributable to unitholders		44,469,073		72,842,190

Balance sheet as at 30 September 2022

	Note	30.09.22 £	30.09.22 £	30.09.21 £	30.09.21 £
Assets					
Fixed assets:					
Investments			43,326,338		69,290,040
Current assets:					
Debtors	8	140,931		224,052	
Cash and bank balances		1,281,208		5,262,654	
Total current assets			1,422,139		5,486,706
Total assets			44,748,477		74,776,746
Liabilities					
Creditors:					
Other creditors	9	(135,272)		(1,795,590)	
Distribution payable on income units		(144,132)		(138,966)	
Total liabilities			(279,404)		(1,934,556)
Net assets attributable to unitholders			44,469,073		72,842,190

Notes to the financial statements

1 Accounting policies

a) Basis of accounting

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

As stated in the Statement of the Manager's responsibilities in relation to the report and accounts of the Company on page 30, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the fund.

There are no significant judgments or sources of estimation uncertainty.

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.

c) Treatment of scrip and special dividends

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

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

d) Treatment of expenses

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

e) Basis of valuation of investments

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

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

All assets are recognised and derecognised on trade date. Any trades occurring between valuation point and close of business are included in the financial statements.

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.

A reconciliation of the net distribution to the net revenue of the fund as reported total return is shown in note 7.

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 (losses)/gains

	30.09.22	30.09.21
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(25,772,371)	15,529,384
Capital special dividends	—	203,720
Currency gains	1	—
Transaction charges	(582)	(1,109)
Net capital (losses)/gains	(25,772,952)	15,731,995

4 Revenue

	30.09.22	30.09.21
	£	£
Dividends – UK Ordinary	899,970	573,928
– Overseas	135,997	102,613
– Property income distributions	115,050	91,500
Bank interest	10,358	—
Total revenue	1,161,375	768,041

5 Expenses

	30.09.22	30.09.22	30.09.21	30.09.21
	£	£	£	£
Payable to the Manager, associates of the Manager and agents of either of them:				
Manager's periodic charge		366,589		345,655
Payable to the Trustee, associates of the Trustee and agents of either of them:				
Trustee's fees	13,070		11,929	
Safe custody and other bank charges	5,420		4,953	
		18,490		16,882
Other expenses:				
Administration fees	7,223		7,147	
Audit fee*	10,200		10,200	
Printing and publication costs	(4,563)		5,892	
Registration fees	36,154		33,180	
		49,014		56,419
Total expenses		434,093		418,956

* Audit fees for 2022 are £9,100 excluding VAT (30.09.21: £8,500 excluding VAT).

6 Taxation

	30.09.22	30.09.21
	£	£
a) Analysis of charge in the year		
Total tax charge for the year (note 5b)	—	—
b) Factors affecting current tax charge for the year		
The tax assessed for the year is higher/lower than the standard rate of corporation tax in the UK for an Authorised Unit Trust (20%) (30.09.21: 20%). The differences are explained below.		
	30.09.22	30.09.21
	£	£
Net revenue before taxation	727,282	349,085
Corporation tax at 20%	145,456	69,817
Effects of:		
Revenue not subject to taxation	(207,193)	(135,308)
Current year expenses not utilised	61,737	65,491
Corporate tax charge	—	—
Total tax charge for the year (note 5a)	—	—

c) Deferred tax

At the year end the fund had surplus management expenses of £15,248,298 (30.09.21: £14,939,613). 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 £3,049,659 (30.09.21: £2,987,922) 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:

	30.09.22 £	30.09.21 £
Interim	431,621	221,795
Final	631,577	537,041
	1,063,198	758,836
Add: Amounts deducted on cancellation of units	53,803	12,231
Deduct: Amounts received on issue of units	(23,143)	(76,367)
Net distribution for the year	1,093,858	694,700

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

Net distribution for the year	1,093,858	694,700
Expenses charged to capital:		
Manager's periodic charge	(366,589)	(345,655)
Equalisation on conversions	—	(2)
Balance brought forward	(443)	(401)
Balance carried forward	456	443
Net revenue after taxation	727,282	349,085

8 Debtors

	30.09.22 £	30.09.21 £
Amounts receivable for issue of units	44,165	116,041
Accrued revenue	96,766	108,011
Total debtors	140,931	224,052

9 Other creditors

	30.09.22 £	30.09.21 £
Amounts payable for cancellation of units	82,388	48,315
Purchases awaiting settlement	—	1,675,658
Accrued expenses	29,661	35,277
Accrued manager's periodic charge	23,223	36,340
Total other creditors	135,272	1,795,590

10 Reconciliation of units

	R-class income	R-class accumulation	I-class income	I-class accumulation
Opening units issued at 01.10.21	374,484	941,678	2,642,224	5,493,821
Unit movements 01.10.21 to 30.09.22				
Units issued	3,099	44,680	148,800	921,736
Units cancelled	(59,597)	(170,629)	(595,508)	(995,032)
Units converted	(6,709)	(3,224)	6,145	2,981
Closing units issued at 30.09.22	311,277	812,505	2,201,661	5,423,506

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 UK Opportunities Fund during the year (30.09.21: 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 (30.09.21: nil).

12 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (30.09.21: nil).

13 Risk disclosures on financial instruments

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for liquidations and debtors for accrued revenue.

There is little exposure to credit or cash flow risk. There are no net borrowings and little exposure to liquidity risk because assets can be readily realised to meet redemptions.

The fund does not make use of derivatives.

13 Risk disclosures on financial instruments *(continued)*

The main risks arising from the financial instruments are:

(i) **Foreign currency risk**, being the risk that the value of investments will fluctuate as a result of exchange rate movements. The value of the fund's underlying investments will be affected by movements in exchange rate against sterling, in respect of non-sterling denominated rates.

The table below shows the foreign currency risk profile at the balance sheet date:

	30.09.22	30.09.21
	£	£
Currency:		
US dollar	6,880	5,117
Pound sterling	44,462,193	72,837,073
Net assets	44,469,073	72,842,190

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 £688 (30.09.21: £512). 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 £688 (30.09.21: £512). These calculations assume all other variables remain constant.

(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:

	30.09.22	30.09.21
	£	£
Floating rate assets:		
Pound sterling	1,281,208	5,262,654
Assets on which no interest is paid:		
US dollar	6,880	5,117
Pound sterling	43,460,389	69,508,975
	43,467,269	69,514,092
Liabilities on which no interest is paid:		
Pound sterling	(279,404)	(1,934,556)
	(279,404)	(1,934,556)
Net assets	44,469,073	72,842,190

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.

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 investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy set out in the Prospectus. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed and Prospectus and the rules of the FCA's Collective Investment Scheme Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices had increased by 10% as at the balance sheet date the net asset value of the fund would have increased by £4,332,634 (30.09.21: £6,929,004). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £4,332,634 (30.09.21: £6,929,004). 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 will only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty. Brokers are monitored on an on-going basis 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**. In accordance with the IA SORP issued in May 2014 we are required to disclose any leverage of the fund. There is no significant leverage in Rathbone UK Opportunities which would increase its exposure.

14 Portfolio transaction cost

For the year ended 30 September 2022

Analysis of total purchase costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	4,760,027	2,835	0.06	19,461	0.41
Corporate actions	65,000	—	—	—	—
Total purchases before transaction costs	4,825,027	2,835		19,461	
Total purchases including commission and taxes	4,847,323				

14 Portfolio transaction cost *(continued)*

Analysis of total sales costs

	Value £	Commissions £	%	Taxes £	%
Equity transactions	5,040,814	3,438	0.07	37	—
Total sales including transaction costs	5,040,814	3,438		37	
Total sales net of commission and taxes	5,037,339				

Commissions and taxes as % of average net assets

Commissions	0.00%
Taxes	0.04%

For the year ended 30 September 2021

Analysis of total purchase costs

	Value £	Commissions £	%	Taxes £	%
Equity transactions	19,750,303	11,089	0.06	72,961	0.37
Corporate actions	229,167	—	—	—	—
Total purchases before transaction costs	19,979,470	11,089		72,961	
Total purchases including commission and taxes	20,063,520				

Analysis of total sales costs

	Value £	Commissions £	%	Taxes £	%
Equity transactions	5,818,819	3,329	0.06	37	—
Corporate actions	292,680	—	—	—	—
Total sales including transaction costs	6,111,499	3,329		37	
Total sales net of commission and taxes	6,108,133				

Commissions and taxes as % of average net assets

Commissions	0.02%
Taxes	0.13%

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 0.21% (30.09.21: 0.32%).

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 September 2022

Category	1	2	3	Total
	£	£	£	£
Investment assets				
Equities	43,308,532	–	17,806	43,326,338
	43,308,532	–	17,806	43,326,338

For the year ended 30 September 2021

Category	1	2	3	Total
	£	£	£	£
Investment assets				
Equities	69,272,234	–	17,806	69,290,040
	69,272,234	–	17,806	69,290,040

The level 3 Thomas Murray assets are priced by Rathbones and updated with the last known price. These assets are reviewed on a quarterly basis.

Distribution tables for the year ended 30 September 2022

Distribution tables (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	Paid 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	Accumulated 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	Paid 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	Accumulated 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

Final

Group 1 – Units purchased prior to 1 April 2022

Group 2 – Units purchased on or after 1 April 2022 and on or before 30 September 2022

R-class income units	Income	Equalisation	Payable 30.11.22	Paid 30.11.21
Group 1	5.28	–	5.28	4.30
Group 2	3.98	1.30	5.28	4.30
R-class accumulation units	Income	Equalisation	Allocated 30.11.22	Accumulated 30.11.21
Group 1	7.26	–	7.26	5.81
Group 2	5.04	2.22	7.26	5.81
I-class income units	Income	Equalisation	Payable 30.11.22	Paid 30.11.21
Group 1	5.80	–	5.80	4.65
Group 2	3.71	2.09	5.80	4.65

Distribution tables for the year ended 30 September 2022 *(continued)*

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

Final *(continued)*

I-class accumulation units	Income	Equalisation	Allocated 30.11.22	Accumulated 30.11.21
Group 1	7.90	—	7.90	6.25
Group 2	4.54	3.36	7.90	6.25

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 UK Opportunities Fund
17 January 2023

Statement of the Manager's responsibilities in relation to the annual report and financial statements of the scheme

The Financial Conduct Authority's Collective Investment Schemes Sourcebook requires the Manager to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the fund and of the net revenue and of the net capital gains or losses on the property of the fund for that year. In preparing those financial statements, the Manager is required to:

1. select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. comply with the disclosure requirements of the SORP relating to financial statements of UK authorised funds issued by The Investment Association;
4. follow UK generally accepted accounting principles, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: 'Financial Statements of UK Authorised Funds' issued by The Investment Association in May 2014;
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in operation; and
6. keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme and which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

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

In so far as the Manager is aware:

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

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 17 January 2023.

Statement of the Trustee's responsibilities and report of the Trustee to the unitholders of Rathbone UK Opportunities Fund for the year ended 30 September 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 is calculated in accordance with the Regulations;
4. any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
5. the Scheme's income is applied in accordance with the Regulations; and
6. the instructions of the Authorised Fund Manager ('the AFM') are carried out (unless they conflict with the Regulations).

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

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

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

NatWest Trustee and Depositary Services Limited
Trustee and Depositary Services
Trustee of Rathbone UK Opportunities Fund
17 January 2023

Independent Auditor's Report to the unitholders of Rathbone UK Opportunities Fund

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Rathbone UK Opportunities Fund (the "fund"):

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

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- 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 fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the manager with respect to going concern are described in the relevant sections of this report.

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 manager 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 UK Opportunities 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. 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 fund 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 fund'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 UK Opportunities 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

Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the Fund and its sub-fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 30 September 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 fund's unitholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
17 January 2023

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 pound sterling.

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.

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.

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 Ethical Bond Fund
Rathbone Global Opportunities 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 Strategic Growth Portfolio
Rathbone Strategic Income Portfolio
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

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	1,934	4,428	6,362	9
Risk takers	2,103	2,386	4,489	16
Control functions	287	31	318	3
Other	140	121	261	1
Total remuneration code staff	4,464	6,966	11,430	29
Non-remuneration code staff	946	240	1,186	21
Total for the Manager	5,410	7,206	12,616	50

The variable remuneration disclosed in the table above is for the financial year ended 31 December 2022, 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.

Rathbones

Look forward

Rathbone Unit Trust Management Limited

8 Finsbury Circus, London EC2M 7AZ
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Information line

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Authorised and regulated by the
Financial Conduct Authority

A member of The
Investment Association

A member of the Rathbones Group.
Registered No. 02376568