

RATHBONE INCOME FUND

INTERIM REPORT FOR THE HALF YEAR ENDED 31 MARCH 2024

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RATHBONE INCOME FUND

AUTHORISED FUND MANAGER (THE MANAGER)

Rathbones Asset 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**

Effective 30 November 2023, Rathbone Unit Trust Management Limited changed its name to Rathbones Asset Management Limited.

DEALING OFFICE

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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
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St Nicholas Lane
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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
(resigned 1 December 2023)
MM Webb – Chief Executive Officer
(resigned 1 December 2023)
T Carroll – Chief Investment Officer and
Chief Executive Officer
E Renals – Chief Operating Officer
JA Rogers – Chief Distribution and Chair
of the Board (appointed 1 December 2023)
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 an annual income that is in line with or better than that of the FTSE All-Share Index over any rolling three-year period.

The fund also aims to increase income payments in line with the CPI measure of inflation over any rolling five-year period. The fund aims to generate 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 and the income we pay because we want to offer you a better income and higher returns than the UK stock market. Increasing your income payments at least in line with the CPI measure of inflation protects your future spending power.

INVESTMENT STRATEGY

To meet the objective, the fund manager will invest at least 80% of our fund in UK-listed shares, 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 invest in businesses which offer the best investment opportunities at the most attractive prices.

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 generate good earnings backed by cash over many years. A healthy cash flow gives companies the flexibility to repay debts, reinvest in their businesses, and pay a dividend that increases over time.

INVESTMENT REPORT FOR THE HALF YEAR ENDED 31 MARCH 2024

PERFORMANCE

In the six months to 31 March 2024, your fund returned 5.4% while its peer group, the IA UK Equity Income Sector, made 7.0%. Our benchmark, the FTSE All-Share Index, gained 6.9%.

After a strong start in the first three months, our portfolio underperformed in the latter part of the period. Despite a strong start to the year for most major equities markets, the UK was pretty mediocre in January and February. March then delivered a 4.8% jump in the FTSE All-Share Index, which we lagged significantly. When the dust had settled, we had, frustratingly, lagged our peers and the market.

PORTFOLIO ACTIVITY

Over the years we've traded in and out of Unilever, a business often regarded as a classic quality compounder. We sold our shares a couple of years' back because we felt it had lost its capital discipline and operational excellence seemed like an afterthought. It felt like it had become all too easy for Unilever to splash out a lot of cash to acquire headline-grabbing brands without thinking carefully about the consequences. A few recent big changes have led us to buy back into the stock. As one analyst describes it, there's "generational change" at the top of Unilever, with a new Chair, CEO and Finance Director. And with an activist investor now represented on the Board, it feels like a real revolution may be under way. A new Growth Action Plan is in place. It has three elements, but is underpinned by one simple premise: the need to do fewer things better and with greater impact. As part of our broader reallocation of funds into more 'growth' and 'defensive' parts of the market (as opposed to 'value' and 'cyclicals'), we've reintroduced Unilever into our portfolio.

We bought Tesco in the fourth quarter of 2023 as part of an increase to our exposure to defensive stocks. While we appreciate the UK's largest supermarket chain won't get many pulses racing, we're quite excited about it. Tesco ticks a lot of boxes: 'defensive' revenues that should hold up relatively well in recession, a decent return on the capital invested in the business and an attractive valuation. Moreover, private equity owned competitors Morrisons and ASDA are distracted

by their huge debt piles and soaring interest bills, meaning Tesco's competitive positioning is better than it has been for years. With savings rates falling and the lagged effects of higher interest rates starting to bite, more people are opting to 'dine in' versus eating out. This is helping Tesco sell more groceries. And it seems likely that this theme will continue. Despite these positives we are mindful that Tesco faces intense competition from discounters Aldi and Lidl, which have also grown market share. Tesco has made efforts to combat this competition by reducing prices through initiatives like 'Aldi price match', 'everyday low prices' and its Clubcard prices scheme. Higher oil prices are another risk and may feed back into food production and packaging costs in the months ahead.

Defence contractor BAE Systems is operating very well in an environment of increased defence expenditure. Hotter geopolitical tensions in Europe, the Middle East and the South China Sea have heightened governments' focus on military budgets. BAE's sales are growing steadily and its order book of upcoming work hit a record £69.8 billion in 2023, boosted by a slew of new governmental contracts from all over the world. The business is also returning more money to shareholders: it increased its full-year dividend by 11% and extended its share buyback programme by another £1.5bn over three years. This all sounds very encouraging for the share price, but we're vigilant. Government budgets ebb and flow and defence companies have higher risk to controversial events. Like other companies, supply chain issues and inflation are still a headwind although they are slowly abating. We have been taking profits in BAE as the share price appreciated over the period.

Following a buoyant end-of-year statement, we decided to increase our holding in wargaming model maker Games Workshop. Every year the Nottingham-based company designs, manufactures and ships tens of millions of Space Marines, Orks and other fantasy-based miniature figurines to enthusiasts all over the world. In addition to the core business, Games Workshop also owns the intellectual property to its popular fantasy game Warhammer 40,000 which it licenses to game developers and TV/film studios. The business has signed a deal with Amazon studios to produce a movie or TV series set in its Warhammer 40,000

INVESTMENT REPORT FOR THE HALF YEAR ENDED 31 MARCH 2024 (continued)

universe. We've been hugely impressed with the business from its operational execution to growing customer base and its ability to pass on higher costs.

After an initial wobble in the face of the AI explosion, RELX's share price roared back over the period. The publisher of journals and datasets for scientists, doctors and lawyers argues that AI will – far from making RELX obsolete – actually make it more useful to its customers. Its results reinforce this stance, with profits continuing to grow strongly. We thought it prudent to trim our holding as the share price rose in order to ensure that it didn't become an outsized holding in our portfolio.

Assura is a brand new holding. The group owns and manages primary healthcare properties, such as GP surgeries and pharmacies. We have observed this sector for many years, attracted by a good structural growth story, and we hope that this position allows us to tap into a sustainable and predictable earnings and dividend stream.

We bolstered our domestic UK exposure by adding to Lloyds Banking Group over the period. While the UK fell into a slight recession in the second half of 2023, the housing market has held up solidly. Meanwhile, the spread between what banks pay depositors and what they can charge on loans has increased. We know that there are a lot of moving parts here. Banks benefit from long-term bond yields rising relative to short-term ones ('steepening' of the yield curve) because they make money by borrowing short (deposits) and lending long (mortgages and business loans). But if interest rates rise too far, people and companies default, and banks start to lose money. Equally, if fears of impending recession increase and rate expectations deteriorate, this could squeeze lenders' profit margins. Yet lower rates and thereby the possibility of economic recovery are arguably positive. Whatever the driver, Lloyds pushed ahead during the period, albeit the ride has been bumpy. We've taken advantage by buying more shares.

We sold Bellway as part of our consolidation of our housebuilder exposure. We prefer the value and dividend yield offered by peers Persimmon and Taylor Wimpey.

We sold Ashtead on valuation grounds. This is a great business, providing rental equipment primarily into the US construction market. It is therefore quite economically sensitive, and feeling that the shares had moved ahead too far, we sold.

We also sold paper and packaging business Smurfit Kappa on news of its merger with WestRock – big deals make us very queasy. We've been burnt in the past when combinations prove very difficult and distracting.

MARKET OVERVIEW AND OUTLOOK

Back in 2020, when most investors were ignoring inflation risks, we were very successful in our pivot to 'value' and 'cyclical' businesses, whose profits are more sensitive to changes in economic growth. In 2023, we gradually reversed this, reflecting our view that the risk/reward balance was swayed back towards 'quality' defensive growth companies, which tend to be more insulated from economic vagaries. If the fear takes hold that disinflation may go hand in hand with economic slowdown, or even recession, we felt the reward from holding these stocks could be great indeed.

Good in theory, but in practice it has been value cyclicals that have ruled the roost so far in 2024, a situation exacerbated by increased geopolitical fears that have pushed up energy prices and maintained a degree of global inflationary pressure. This has supported the commodity-heavy FTSE 100, but has made a temporary mockery of our asset allocation decision. Still, on a medium-term basis, we remain confident that the appropriate balance within our portfolio is to tilt back towards secure earnings growth, especially at current valuations, which should be rewarded when the rate cycle turns.

We sense a little bit of a mood change, with a few more advocates for the UK market putting their heads above the parapet. Despite the obvious cheapness of the UK market, we've written about the need for a catalyst to get people excited; well, maybe in reality there's more than one.

INVESTMENT REPORT FOR THE HALF YEAR ENDED 31 MARCH 2024 (continued)

As the global market rally begins to broaden, this value will start to attract attention, especially if US rates stay higher for longer, maybe stalling the astonishing tech boom of the last few months. And this value is encouraging more mergers and acquisitions, and making more companies see the attraction of buying back their own shares. Right now, with valuations this low in the UK, this is often a very good allocation of capital.

What if the Bank of England has greater scope to cut rates? What would it mean for relative valuations if the US Federal Reserve has to be more hawkish, as recent inflation data the other side of the pond suggests?

Our politics remains a pantomime, although that can be said elsewhere as well, but whisper it very quietly – could some sort of deal with Europe be on the cards? And there seems to be increased recognition that our listed companies need more help. If the likes of Shell are discussing where they should list to bolster their share prices, the government must listen. The British ISA, announced in the Spring Budget, is no silver bullet, but it does suggest attention has been grabbed.

If our economy recovers, inflation eases, unemployment levels remain settled, and monetary policy gets easier, this could be an interesting year for the UK market.

So, we hope we were early rather than wrong in our pivot back to growth and quality. Of course, if the UK economy does recover, we will need to have exposure to the domestic plays most exposed to that rebound. At the same time, falling rates should reward 'bond proxies' (companies with steady earnings and larger debts, which, like bonds, tend to benefit from falling rates) and quality growth businesses. The difficult geopolitical situation has kept energy prices high. There is no clear road ahead, but there are opportunities. We remain flexible, we remain balanced, and we hope that, after a difficult start to the year, we are rewarded by this approach.

Carl Stick
Fund Manager

Alan Dobbie
Fund Manager

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES

R-CLASS INCOME UNITS*

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
Change in net assets per unit				
Opening net asset value per unit	809.31p	753.53p	836.43p	681.96p
Return before operating charges*	26.08p	108.31p	(31.66p)	201.87p
Operating charges	(4.06p)	(12.86p)	(13.08p)	(12.36p)
Return after operating charges*	22.02p	95.45p	(44.74p)	189.51p
Distributions on income units	–	(39.67p)	(38.16p)	(35.04p)
Redemption price#	(831.33p)	–	–	–
Closing net asset value per unit	–	809.31p	753.53p	836.43p
*after direct transaction costs ¹ of:	0.34p	1.02p	0.71p	0.88p

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

PERFORMANCE

Return after charges	2.72%	12.67%	(5.35%)	27.79%
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OTHER INFORMATION

Closing net asset value	–	£34,597,089	£51,648,061	£62,733,316
Closing number of units	–	4,274,878	6,854,127	7,500,164
Operating charges**	–	1.53%	1.53%	1.53%
Direct transaction costs	0.04%	0.12%	0.08%	0.11%

PRICES***

Highest unit price	852.39p	895.71p	908.49p	883.85p
Lowest unit price	781.65p	751.82p	778.32p	654.63p

R-class income was merged into I-class income on 26 January 2024.

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

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

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES (continued)

R-CLASS ACCUMULATION UNITS*

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
Change in net assets per unit				
Opening net asset value per unit	1,768.33p	1,569.63p	1,661.09p	1,298.66p
Return before operating charges*	49.16p	225.67p	(65.27p)	386.14p
Operating charges	(8.86p)	(26.97p)	(26.19p)	(23.71p)
Return after operating charges*	40.30p	198.70p	(91.46p)	362.43p
Distributions on accumulation units	–	(83.45p)	(76.52p)	(67.37p)
Retained distributions on accumulation units	–	83.45p	76.52p	67.37p
Redemption price#	(1,808.63p)	–	–	–
Closing net asset value per unit	–	1,768.33p	1,569.63p	1,661.09p
*after direct transaction costs ¹ of:	0.75p	2.14p	1.42p	1.68p

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

PERFORMANCE

Return after charges	2.28%	12.66%	(5.51%)	27.91%
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OTHER INFORMATION

Closing net asset value	–	£35,112,565	£49,850,919	£60,564,424
Closing number of units	–	1,985,636	3,175,971	3,646,058
Operating charges**	–	1.53%	1.53%	1.53%
Direct transaction costs	0.04%	0.12%	0.08%	0.11%

PRICES***

Highest unit price	1,862.45p	1,865.80p	1,804.20p	1,711.00p
Lowest unit price	1,707.87p	1,566.04p	1,570.81p	1,246.62p

R-class accumulation was merged into I-class accumulation on 26 January 2024.

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

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

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES (continued)

I-CLASS INCOME UNITS

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
Change in net assets per unit				
Opening net asset value per unit	896.72p	828.60p	912.85p	738.64p
Return before operating charges*	58.58p	119.17p	(35.09p)	219.18p
Operating charges	(3.60p)	(7.22p)	(7.32p)	(6.86p)
Return after operating charges*	54.98p	111.95p	(42.41p)	212.32p
Distributions on income units	(15.00p)	(43.83p)	(41.84p)	(38.11p)
Closing net asset value per unit	936.70p	896.72p	828.60p	912.85p
*after direct transaction costs ¹ of:	0.38p	1.13p	0.78p	0.95p

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

PERFORMANCE

Return after charges	6.13%	13.51%	(4.65%)	28.74%
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OTHER INFORMATION

Closing net asset value	£212,588,397	£181,942,749	£180,876,590	£220,172,087
Closing number of units	22,695,353	20,289,852	21,829,078	24,119,084
Operating charges**	0.78%	0.78%	0.78%	0.78%
Direct transaction costs	0.04%	0.12%	0.08%	0.11%

PRICES***

Highest unit price	950.30p	987.76p	993.72p	964.32p
Lowest unit price	866.64p	826.94p	856.24p	709.47p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

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

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES (continued)

I-CLASS ACCUMULATION UNITS

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
Change in net assets per unit				
Opening net asset value per unit	1,915.52p	1,687.56p	1,772.54p	1,375.45p
Return before operating charges*	125.13p	242.78p	(70.67p)	409.97p
Operating charges	(7.69p)	(14.82p)	(14.31p)	(12.88p)
Return after operating charges*	117.44p	227.96p	(84.98p)	397.09p
Distributions on accumulation units	(25.60p)	(90.09p)	(82.01p)	(71.65p)
Retained distributions on accumulation units	25.60p	90.09p	82.01p	71.65p
Closing net asset value per unit	2,032.96p	1,915.52p	1,687.56p	1,772.54p

*after direct transaction costs¹ of: **0.82p** 2.31p 1.52p 1.79p

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

PERFORMANCE

Return after charges **6.13%** 13.51% (4.79%) 28.87%

OTHER INFORMATION

Closing net asset value	£280,205,230	£249,704,905	£265,848,000	£310,014,886
Closing number of units	13,783,100	13,035,868	15,753,431	17,489,879
Operating charges**	0.78%	0.78%	0.78%	0.78%
Direct transaction costs	0.04%	0.12%	0.08%	0.11%

PRICES***

Highest unit price	2,029.98p	2,011.71p	1,929.56p	1,824.78p
Lowest unit price	1,851.25p	1,684.15p	1,688.83p	1,321.12p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

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

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES (continued)

S-CLASS INCOME UNITS

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
Change in net assets per unit				
Opening net asset value per unit	926.71p	854.07p	938.45p	757.36p
Return before operating charges*	60.60p	122.85p	(36.27p)	224.94p
Operating charges	(2.49p)	(4.96p)	(5.03p)	(4.71p)
Return after operating charges*	58.11p	117.89p	(41.30p)	220.23p
Distributions on income units	(15.23p)	(45.25p)	(43.08p)	(39.14p)
Closing net asset value per unit	969.59p	926.71p	854.07p	938.45p
*after direct transaction costs ¹ of:	0.40p	1.16p	0.80p	0.98p

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

PERFORMANCE

Return after charges	6.27%	13.80%	(4.40%)	29.08%
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OTHER INFORMATION

Closing net asset value	£84,956,393	£80,066,970	£63,876,466	£75,814,263
Closing number of units	8,762,138	8,639,939	7,479,089	8,078,639
Operating charges**	0.52%	0.52%	0.52%	0.52%
Direct transaction costs	0.04%	0.12%	0.08%	0.11%

PRICES***

Highest unit price	983.34p	1,019.13p	1,022.38p	991.32p
Lowest unit price	895.83p	852.43p	882.73p	727.61p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

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

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES (continued)

S-CLASS ACCUMULATION UNITS

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
Change in net assets per unit				
Opening net asset value per unit	1,964.23p	1,725.97p	1,808.17p	1,399.46p
Return before operating charges*	128.43p	248.36p	(72.44p)	417.48p
Operating charges	(5.27p)	(10.10p)	(9.76p)	(8.77p)
Return after operating charges*	123.16p	238.26p	(82.20p)	408.71p
Distributions on accumulation units	(25.77p)	(92.29p)	(83.77p)	(73.01p)
Retained distributions on accumulation units	25.77p	92.29p	83.77p	73.01p
Closing net asset value per unit	2,087.39p	1,964.23p	1,725.97p	1,808.17p

*after direct transaction costs¹ of: **0.84p** 2.37p 1.55p 1.82p

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

PERFORMANCE

Return after charges **6.27%** 13.80% (4.55%) 29.20%

OTHER INFORMATION

Closing net asset value	£87,955,003	£85,882,103	£67,919,363	£77,908,239
Closing number of units	4,213,626	4,372,299	3,935,145	4,308,672
Operating charges**	0.52%	0.52%	0.52%	0.52%
Direct transaction costs	0.04%	0.12%	0.08%	0.11%

PRICES***

Highest unit price	2,084.26p	2,059.54p	1,969.88p	1,861.11p
Lowest unit price	1,898.76p	1,722.64p	1,727.27p	1,344.47p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

*** 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.

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 31 MARCH 2024

	2020	2021	2022	2023	2024
R-class units	-20.28%	29.16%	10.78%	1.81%	n/a
I-class units	-19.68%	30.08%	11.59%	2.58%	6.04%
S-class units	-19.47%	30.42%	11.88%	2.85%	6.31%
IA UK Equity Income sector	-20.64%	32.62%	10.84%	0.23%	7.62%

Source performance data Financial Express, bid to bid, net income re-invested.

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

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

PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024

Holding		Value £	Percentage of total net assets
Oil and Gas (30.09.23: 8.27%)			
5,600,000	BP	27,759,200	4.17
1,250,000	Shell	32,812,500	4.93
		60,571,700	9.10
Mining (30.09.23: 5.63%)			
700,000	BHP	15,925,000	2.39
410,000	Rio Tinto	20,569,700	3.09
		36,494,700	5.48
Aerospace and Defence (30.09.23: 3.74%)			
1,550,000	BAE Systems	20,917,250	3.14
Industrial Engineering (30.09.23: 2.07%)			
270,000	DCC	15,546,600	2.34
Real Estate (30.09.23: 1.97%)			
1,400,000	Big Yellow	14,882,000	2.24
13,000,000	Assura	5,501,600	0.83
		20,383,600	3.07
Support Services (30.09.23: 5.59%)			
500,000	Experian	17,270,000	2.59
6,400,000	Hays	6,044,800	0.91
2,100,000	Page	9,416,400	1.41
		32,731,200	4.91
Household Goods (30.09.23: 5.90%)			
950,000	Persimmon	12,502,000	1.88
350,000	Reckitt Benckiser	15,788,500	2.37
9,300,000	Taylor Wimpey	12,745,650	1.91
		41,036,150	6.16
Tobacco (30.09.23: 6.27%)			
600,000	Altria	20,713,240	3.11
820,000	British American Tobacco	19,725,100	2.96
		40,438,340	6.07

PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024

(continued)

Holding	Value £	Percentage of total net assets
Consumer Goods (30.09.2023: 3.04%)		
670,000 Unilever	26,632,500	4.00
Pharmaceuticals and Biotechnology (30.09.23: 10.33%)		
270,000 AstraZeneca	28,830,600	4.33
1,400,000 GSK	23,920,400	3.59
135,000 Novartis	10,365,184	1.56
40,000 Roche	8,073,411	1.21
	71,189,595	10.69
Food Producers (30.09.2023: 1.04%)		
3,500,000 Tesco	10,381,000	1.56
	10,381,000	1.56
General Retailers (30.09.23: 3.83%)		
3,100,000 B&M European Value Retail	16,913,600	2.54
5,455,000 Halfords	8,755,275	1.32
	25,668,875	3.86
Software & Computer Services (30.09.2023: 1.14%)		
375,000 Computacenter	10,110,000	1.52
Media (30.09.23: 6.08%)		
400,000 Relx	13,696,000	2.06
1,600,000 WPP	12,057,600	1.81
	25,753,600	3.87
Electricity (30.09.23: 3.62%)		
1,200,000 SSE	19,800,000	2.97
Gas, Water and Multiutilities (30.09.23: 3.67%)		
2,500,000 National Grid	26,637,500	4.00
Banks (30.09.23: 7.91%)		
1,900,000 Close Brothers	7,942,000	1.19
60,000,000 Lloyds Banking	31,056,000	4.67
7,000,000 NatWest	18,578,000	2.79
	57,576,000	8.65
Non-Life Insurance (30.09.23: 1.99%)		
1,320,000 Hiscox	16,368,000	2.46

PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024

(continued)

Holding	Value £	Percentage of total net assets
General Financial (30.09.23: 3.00%)		
9,000,000 Legal & General	22,887,000	3.44
Travel & Leisure (30.09.23: 1.95%)		
650,000 Compass	15,099,500	2.27
General Industrials (30.09.23: 4.06%)		
3,200,000 Vesuvius	15,846,400	2.38
Leisure Goods (30.09.23: 2.06%)		
170,000 Games Workshop	17,051,000	2.56
Financials (30.09.23: 2.09%)		
1,500,000 IG	10,942,500	1.65
2,300,000 One Savings Bank	8,675,600	1.30
	19,618,100	2.95
Total value of investments (30.09.23: 96.79%)	648,738,610	97.45
Net other assets (30.09.23: 3.21%)	16,966,413	2.55
Total value of the fund as at 31 March 2024	665,705,023	100.00

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

Sectors eliminated since the beginning of the period:

Construction and Materials 1.54%

STATEMENT OF TOTAL RETURN FOR THE HALF YEAR ENDED 31 MARCH 2024

	31.03.24 £	31.03.24 £	31.03.23 £	31.03.23 £
Income				
Net capital gains		28,335,297		79,224,846
Revenue	14,087,474		15,120,556	
Expenses	(2,563,105)		(3,098,577)	
Net revenue before taxation	11,524,369		12,021,979	
Taxation	(353,928)		(324,365)	
Net revenue after taxation		11,170,441		11,697,614
Total return before distributions		39,505,738		90,922,460
Distributions		(9,707,922)		(10,950,464)
Change in net assets attributable to unitholders from investment activities		29,797,816		79,971,996

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE HALF YEAR ENDED 31 MARCH 2024

	31.03.24 £	31.03.24 £	31.03.23 £	31.03.23 £
Opening net assets attributable to unitholders		667,306,381		680,019,399
Amounts receivable on issue of units	13,701,222		7,048,632	
Amounts payable on cancellation of units	(49,725,017)		(41,330,016)	
		(36,023,795)		(34,281,384)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		29,797,816		79,971,996
Retained distributions on accumulation units		4,614,325		5,560,583
Unclaimed distributions		10,296		6,450
Closing net assets attributable to unitholders		665,705,023		731,277,044

The comparatives used within the Statement of change in net assets attributable to unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 30 September 2023 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 31 March 2023.

BALANCE SHEET AS AT 31 MARCH 2024

	31.03.24 £	31.03.24 £	30.09.23 £	30.09.23 £
Assets				
Fixed assets:				
Investments		648,738,610		645,860,052
Current assets:				
Debtors	5,972,850		5,861,596	
Cash and bank balances	18,140,068		32,804,960	
Total current assets		24,112,918		38,666,556
Total assets		672,851,528		684,526,608
Liabilities				
Creditors:				
Other creditors	(2,407,728)			(7,683,867)
Distribution payable on income units	(4,738,777)			(9,536,360)
Total liabilities		(7,146,505)		(17,220,227)
Net assets attributable to unitholders		665,705,023		667,306,381

NOTES TO THE INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The interim financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 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).

All accounting policies applied are consistent with those of the annual report for the year ended 30 September 2023 and are detailed in full in those financial statements.

PORTFOLIO TRANSACTIONS

Total purchases and sales transactions for the half year ended 31 March 2024 were £52,913,334 (31 March 2023: £88,327,019) and £78,412,012 (31 March 2023: £118,868,984) respectively.

DISTRIBUTION TABLES FOR THE HALF YEAR ENDED 31 MARCH 2024

DISTRIBUTION TABLES (PENCE PER UNIT)

Interim

Group 1 – Units purchased prior to 1 October 2023

Group 2 – Units purchased on or after 1 October 2023 and on or before 31 March 2024

R-class income* units	Income	Equalisation	Payable 31.05.24	Paid 31.05.23
Group 1	n/a	–	n/a	14.10
Group 2	n/a	n/a	n/a	14.10
R-class accumulation** units	Income	Equalisation	Allocated 31.05.24	Accumulated 31.05.23
Group 1	n/a	–	n/a	24.69
Group 2	n/a	n/a	n/a	24.69
I-class income units	Income	Equalisation	Payable 31.05.24	Paid 31.05.23
Group 1	15.00	–	15.00	15.00
Group 2	6.99	8.01	15.00	15.00
I-class accumulation units	Income	Equalisation	Allocated 31.05.24	Accumulated 31.05.23
Group 1	25.60	–	25.60	25.60
Group 2	6.75	18.85	25.60	25.60
S-class income units	Income	Equalisation	Payable 31.05.24	Paid 31.05.23
Group 1	15.23	–	15.23	15.23
Group 2	2.21	13.02	15.23	15.23
S-class accumulation units	Income	Equalisation	Allocated 31.05.24	Accumulated 31.05.23
Group 1	25.77	–	25.77	25.77
Group 2	–	25.77	25.77	25.77

* R-class income was merged into I-class income on 26 January 2024.

** R-class accumulation was merged into I-class accumulation on 26 January 2024.

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.

JA Rogers T Carroll
for Rathbones Asset Management Limited
Manager of Rathbone Income Fund
30 May 2024

GENERAL INFORMATION

MANAGER NAME

Effective 30 November 2023, Rathbone Unit Trust Management Limited changed its name to Rathbones Asset Management Limited.

R-CLASS UNITS

On 26 January 2024, the R-class Income Units merged into the I-class Income Units and the R-class Accumulation Units merged into the I-class Accumulation Units.

AUTHORISED STATUS

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

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

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

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

The Manager received 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 0.75%.

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

GENERAL INFORMATION (continued)

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 rathbonesam.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, Rathbones Asset 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, Rathbones Asset 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. Where periodic charge is wholly or partly taken out of the fund's capital, distributable income will be increased at the expense of capital which will either be eroded or future growth restrained.

GENERAL INFORMATION (continued)

OTHER FUNDS

Rathbones Asset Management Limited is also the Manager of the following funds:

Rathbone Active Income and Growth Fund
Rathbone Core Investment Fund for Charities Fund
Rathbone Ethical Bond Fund
Rathbone Global Opportunities 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 Global Sustainable Bond 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 Rathbones Asset 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
Rathbones Asset Management Limited
8 Finsbury Circus
London EC2M 7AZ

All literature is available free of charge. Information is also available on our website: rathbonesam.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 Rathbones Asset 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
Rathbones Asset Management Limited
8 Finsbury Circus
London EC2M 7AZ



Rathbones Asset Management

8 Finsbury Circus
London EC2M 7AZ
+44 (0)20 7399 0000
Information line:
+44 (0)20 7399 0399
ram@rathbones.com
rathbonesam.com

Rathbones Asset Management Limited is authorised and regulated by the Financial Conduct Authority and a member of The Investment Association. A member of the Rathbones Group Plc. Registered office: 8 Finsbury Circus, London EC2M 7AZ. Registered in England No. 02376568.