

RATHBONE STRATEGIC BOND FUND

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RATHBONE STRATEGIC BOND FUND

AUTHORISED FUND MANAGER (THE MANAGER)

Rathbones Asset Management Limited
30 Gresham Street
London EC2V 7QN
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.

Prior to 15 July 2024 the registered address for Rathbones Asset Management Limited was:
8 Finsbury Circus
London EC2M 7AZ

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
(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
(appointed 3 July 2023)
JA Rogers – Chief Distribution Officer 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 Depository Services Limited
250 Bishopsgate
London EC2M 4AA
**Authorised and regulated by the
Financial Conduct Authority**

INVESTMENT OBJECTIVE AND POLICY

INVESTMENT OBJECTIVE

We aim to deliver a greater total return than the Investment Association (IA) Sterling Strategic Bond sector, after fees, over any rolling five-year period. Total return means the return we receive from the value of our investments increasing (capital growth) plus the income we receive from our investments (interest payments). We use the IA Sterling Strategic Bond sector as a target for our fund's return because we aim to achieve a better return than the average of funds that are similar to ours.

We aim to deliver this return with a lower volatility than the IA Sterling Strategic Bond sector. As an indication, the value of our fund should be expected to fluctuate less than the sector. Because we measure volatility over a five-year period, some falls may be larger or smaller over shorter periods of time. We aim to limit the amount of volatility risk our fund can take because we want our investors to understand the risk they are taking compared to funds similar to ours.

INVESTMENT STRATEGY

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

Character: Whether a company's managers have integrity and competence; **Capacity:** Ensuring a company isn't over-borrowing and has the cash to pay its debts; **Collateral:** Are there assets backing the loan, which reduces the risk of a loan; **Covenants:** These loan agreements set out the terms of the bond and restrictions on the company; **Conviction:** The Plus: We think differently to the market; sometimes contrarian, sometimes sceptical of orthodox thinking, but always opinionated.

INVESTMENT POLICY

To meet the objective, the fund manager will invest in government and corporate bonds, with no restriction on their credit quality. Up to 10% of the fund can be invested directly in contingent convertible bonds. The fund will also use a mixture of specialist funds and direct investment in bonds, with no limits on either.

The fund manager defines restrictions on how much of the fund can be invested in different types of bonds. The restrictions are set at the discretion of the fund manager and will change over time. The restrictions are reviewed annually and in response to market events. Further details in relation to the current restrictions may be obtained by contacting Rathbones Asset Management Limited.

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

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

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

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2024

PERFORMANCE

In the 12 months ended 30 June, the Rathbone Strategic Bond Fund (I-class units) gained 10.27%, while our benchmark, the IA Sterling Strategic bond sector, gained 8.84%.

MARKET OVERVIEW

For well over two years, global bond markets have borne the brunt of one of the most aggressive interest rate-rising cycles on record as the world's biggest central banks hiked rates from near-zero in a bid to tame persistently high inflation. Central banks made it very clear that they'd keep hiking rates until increases in the prices of goods and services began to moderate, even if that meant engineering an economic slowdown and higher unemployment.

Higher rates and high inflation erode the value of bonds' fixed returns so global government bond markets have sold off very sharply. That has sent their yields, which move in the opposite direction to bond prices, soaring to their highest levels in many years. At the start of the period, the benchmark 10-year US Treasury yield stood at 3.84% and it had risen to 4.39% by its end. Those figures in isolation don't show just how hugely volatile the 10-year yield has been over the last year. It was within touching distance of 5.0% at the end of October, for example, before plunging to as low as 3.79% in late December. That's about as high-octane action as you're likely to see in bond markets!

Likewise, the 10-year UK government bond (gilt) yield has swung wildly and often. After starting the period at 4.39%, it rose erratically for most of the second half of 2023 before plunging in the last few weeks of the year. Although the yield has risen again this year, it nevertheless ended the 12-month period lower (at 4.18%) than at its start.

By and large, the broader global economy has proved remarkably resilient in the face of high interest rates. The US economy, in particular, has defied gloomy predictions of a looming recession driven by much higher borrowing costs that squeezed away at businesses and consumers' spending power. There was other good news too. US consumer price inflation fell sharply during 2023, dropping from 6.4% last January to a little more than half that rate (3.4%) by December.

Things have been trickier this side of the pond. The UK dipped into a shallow recession in the second half of 2023, while inflation was both higher than elsewhere and fell less quickly. It wasn't until the middle of 2023 that British inflation dropped below 8%. That improvement encouraged the Bank of England (BoE) to stop hiking rates in September after 14 successive rate rises. At around the same time, the US Federal Reserve (Fed) and the European Central Bank (ECB) also opted to pause hiking. Nevertheless, all three central banks forcefully signalled that rates could well stay close to their current peaks for some time.

That 'higher for longer' messaging, together with concerns about just how much the US government was spending and whether investors would be willing to fund it by buying more US Treasuries, drove a very aggressive sell-off in US government debt in particular from September onwards. Things began to turn around from late October, helped by the announcement that the US government's extra bond issuance would be skewed towards shorter-term debt, taking some pressure off longer-dated US Treasury yields.

Investors began to buy up government bonds in the hope that yields might have crested. Many bond investors (ourselves included) thought the resulting spike in government bond prices might have gone too far. But the Fed astounded more or less everyone and delivered a very significant about-turn after its December rate-setting meeting. Fed chairman Jerome Powell announced the central bank was now starting to consider when to cut rates and was predicting 0.75% worth of cuts in 2024.

The Fed's announcement drove a monster rally in government bond markets. In the final few weeks of 2023, investors were expecting as many as five or six rate cuts from Fed this year.

But persistently sticky US inflation, alongside a roaring US jobs market, subsequently forced them to scale back these bets very aggressively. When March's US inflation data showed prices rising again for the third month in a row, a significant minority of interest rate traders assumed there was a reasonable chance that the Fed's next move might be a rate hike. By the second quarter, it looked as if US inflation might finally be dipping decisively as it fell for three successive months. Here in the UK,

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2024

(continued)

April's inflation data (released in May) was a touch higher than expected, but the figure released in June finally dropped to the BoE's 2% target. That marked the first time it had hit target in three years.

Notwithstanding evidence that inflation might finally be crawling back into its box, investors have remained twitchy. By the end of the period, they were anticipating only a couple of rate cuts from both the Fed and the BoE at best this year even as other central banks (most notably, the ECB) got cautious rate-trimming under way.

Although government bond markets have proved exceptionally volatile, credit markets have, by and large, held up much better than some feared given steep increases in borrowing costs. Credit investors seem to have grown confident that central banks can pull off a 'soft landing' and slow the economy down enough to cool inflation without tipping it into the kind of harsh recession that might result in a deluge of corporate defaults and downgrades.

With investors seeming to buy fully into hopes of a 'soft landing', the extra yield (or spread) that corporate debt offers over government bonds to compensate for default risks has narrowed significantly, even despite a couple of spikes in April and June. The iTraxx European Crossover Index, which measures that credit spread, began the period at 400 basis points (bps) and it had tightened to 321bps by its end. After month-end, the spread fell further below 300bps.

FUND ACTIVITY

At the start of last year, the value of our portfolio was significantly less sensitive to changes in prevailing yields than our peers. This 'shorter duration' positioning meant our bonds, generally, had less time before they matured and paid relatively more in coupons when compared with the capital received at maturity. But from early spring onwards, we gradually increased our duration (interest rate risk) exposure.

We felt that the end of central banks' hiking cycle was approaching and the last rate hike in a cycle has historically been the point after which long-dated government bonds tend to start performing well.

We traded gilts throughout the period, buying more when yields rose and selling some when yields fell. To do this, we traded UK Green Gilt 0.875% 2033 and 1.5% 2053 and also UK Treasury 0.875% 2033, 3.25% 2033 and 3.25% 2044 Gilts.

Also, we sold some US Treasury Inflation-Protected Securities (TIPS) 0.125% 2025 (whose coupons and capital repaid at maturity increase with inflation) and bought some slightly longer-dated US Treasury Inflation-Protected Securities 1.25% 2028 instead. TIPS perform better than conventional government bonds if inflation overshoots expectations, so we felt lengthening their maturity should help shelter us from sticky inflation.

In November, we bought some Australian Federal Government 3% 2033 bonds because we felt they offered good value. By the second quarter, Australian bond yields had fallen by more than UK government bonds, despite Australian inflation proving so painfully stubborn that the Reserve Bank of Australia has all but ruled out a rate cut this year. With prices higher and risks higher, we took the opportunity to take profit and reduce our holding.

INCOME YIELDS AT MULTI-YEAR HIGHS

The stickiness of inflation in the first half of this year is a salutary reminder that financial markets and big economies rarely glide along entirely smoothly. There are likely to be plenty more bumps in the road towards lower inflation and lower rates.

But the yields now available on both interest-rate sensitive government debt and more growth-sensitive investment grade credit are a lot more attractive than they've been for many years. That huge reset means bond yields offer very decent buffers against any further volatility in bond prices, while also offering investors a way to achieve their long term return objectives through income yields alone.

Bryn Jones
Fund Manager

Stuart Chilvers
Fund Manager

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES

I-CLASS INCOME UNITS

	30.06.24 pence per unit	30.06.23 pence per unit	30.06.22 pence per unit
Change in net assets per unit			
Opening net asset value per unit	94.20p	100.02p	117.50p
Return before operating charges*	9.97p	(0.17p)	(12.58p)
Operating charges	(0.57p)	(0.55p)	(0.64p)
Return after operating charges*	9.40p	(0.72p)	(13.22p)
Distributions on income units	(5.35p)	(5.10p)	(4.26p)
Closing net asset value per unit	98.25p	94.20p	100.02p
*after direct transaction costs ¹ of:	0.01p	0.00p	0.00p

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

PERFORMANCE

Return after charges	9.98%	(0.72%)	(11.25%)
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OTHER INFORMATION

Closing net asset value	£43,685,895	£44,799,916	£56,238,433
Closing number of units	44,465,387	47,558,573	56,225,669
Operating charges**	0.58%	0.64%	0.75%
Direct transaction costs	0.01%	0.00%	0.00%

PRICES***

Highest unit price	100.72p	103.07p	119.17p
Lowest unit price	92.98p	90.43p	101.55p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP and includes a synthetic element relating to the expenses paid by any investment funds which the fund holds.

*** 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

	30.06.24 pence per unit	30.06.23 pence per unit	30.06.22 pence per unit
Change in net assets per unit			
Opening net asset value per unit	143.21p	144.12p	162.89p
Return before operating charges*	15.38p	(0.10p)	(17.88p)
Operating charges	(0.88p)	(0.81p)	(0.89p)
Return after operating charges*	14.50p	(0.91p)	(18.77p)
Distributions on accumulation units	(8.29p)	(7.50p)	(5.99p)
Retained distributions on accumulation units	8.29p	7.50p	5.99p
Closing net asset value per unit	157.71p	143.21p	144.12p
*after direct transaction costs ¹ of:	0.02p	0.00p	0.00p

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

PERFORMANCE

Return after charges	10.12%	(0.63%)	(11.52%)
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OTHER INFORMATION

Closing net asset value	£74,761,120	£78,108,819	£90,164,654
Closing number of units	47,404,274	54,541,226	62,560,699
Operating charges**	0.58%	0.64%	0.75%
Direct transaction costs	0.01%	0.00%	0.00%

PRICES***

Highest unit price	158.81p	148.44p	165.20p
Lowest unit price	142.22p	131.90p	144.52p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP and includes a synthetic element relating to the expenses paid by any investment funds which the fund holds.

*** 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 30 JUNE 2024

	2020	2021	2022	2023	2024
I-class units	2.83%	7.86%	-11.53%	-0.73%	10.27%
IA Sterling Strategic Bond Sector	3.79%	6.13%	-10.20%	-0.19%	8.84%

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 30 JUNE 2024

Holding		Value £	Percentage of total net assets
United Kingdom (30.06.23: 58.65%)			
Government Bonds (30.06.23: 15.05%)			
£3,400,000	UK Treasury 3.25% 31/01/2033	3,186,990	2.69
£10,684,000	UK Treasury 1.5% 31/07/2053	5,383,668	4.54
£2,850,000	UK Treasury 0.5% 22/10/2061	845,082	0.71
£1,200,000	UK Treasury 4.25% 2040	1,162,764	0.98
£14,900,000	UK Treasury 3.25% 22/01/2044	12,296,523	10.38
		22,875,027	19.30
Government Index-Linked Bonds (30.06.23: 4.69%)			
£2,100,000	UK Treasury 0.125% IL 22/03/2029	3,353,665	2.83
Corporate Bonds (30.06.23: 38.78%)			
£200,000	Abrdn 5.25% VRN Perp	168,887	0.14
\$500,000	Abrdn 4.25% 30/06/2028	363,800	0.31
£800,000	Admiral 8.5% 06/01/2034	885,699	0.75
£452,000	Aviva 4% VRN 03/06/2055	366,465	0.31
£300,000	Aviva 4.375% VRN 12/09/2049	276,498	0.23
£500,000	Aviva 6.875% VRN 27/11/2053	516,483	0.44
£200,000	Barclays 8.5% VRN Perp	199,140	0.17
£200,000	Barclays 9.625% VRN Perp	171,520	0.15
€1,400,000	Barclays 4.75% VRN Perp	1,121,925	0.95
€500,000	BP Capital Markets 3.625% VRN Perp	404,903	0.34
£800,000	Brit Insurance 6.625% VRN 09/12/2030	620,000	0.52
£514,000	Bruntwood Bond 2 6% 25/02/2025	503,427	0.43
£227,000	BUPA Finance 4.125% 14/06/2035	185,012	0.16
£500,000	Channel Link FRN 30/12/2050	382,799	0.32
£480,000	Cooperative Bank L 11.75% VRN 22/05/2034	571,502	0.48
£401,000	Coventry Building Society 5.875% VRN Perp	402,579	0.34
£306,000	Coventry Building Society 8.75% VRN Perp	308,046	0.26
£338,000	Coventry Building Society 12.125% Perp	606,710	0.51
£300,000	Direct Line Insurance 4% 05/06/2032	248,162	0.21
£400,000	Finance For Residential Soc Housing 8.569% 04/10/1958	225,718	0.19
£45,000	HBOS 5.75% VRN Perp	44,332	0.04
£400,000	Heathrow Finance 3.875% 01/03/2027 Step	376,000	0.32
\$500,000	HSBC 6% VRN Prep	381,931	0.32
€1,600,000	Investec 1.25% VRN 11/08/2026	1,309,166	1.11
£949,000	Investec 1.875% VRN 16/07/2028	839,152	0.71
£933,000	Investec 2.625% VRN 04/01/2032	830,749	0.70
£386,000	Investec 9.125% VRN 06/03/2033	408,941	0.35

PORTFOLIO AND NET OTHER ASSETS AS AT 30 JUNE 2024

(continued)

Holding		Value £	Percentage of total net assets
£200,000	Investec 10.5% VRN Perp	210,680	0.18
£500,000	JRP 9% 26/10/2026	535,164	0.45
£445,000	Jupiter Fund Management 8.875% VRN 27/07/2030	446,113	0.38
£200,000	Just 5% VRN Perp	150,244	0.13
£1,557,000	Just 7% VRN 15/04/2031	1,570,954	1.33
£100,000	Just 8.125% 26/10/2029	105,264	0.09
£300,000	Kier 9% 15/02/2029	307,125	0.26
£599,000	Legal & General 3.75% VRN 26/11/2049	535,201	0.45
£245,000	Legal & General 4.5% VRN 01/11/2050	222,698	0.19
\$400,000	Legal & General 5.25% VRN 21/03/2047	306,625	0.26
£225,000	Legal & General 5.375% VRN 27/10/2045	222,687	0.19
£940,000	Liverpool Victoria Friendly Soc 6.5% VRN 22/05/43	949,776	0.80
£1,600,000	Lloyds Banking 2.707% VRN 03/12/2035	1,302,982	1.10
AUD390,000	LL 5.3906% VRN 10/06/2027	205,891	0.17
£557,000	M&G 3.875% VRN 20/07/2049	556,310	0.47
£300,000	M&G 5% VRN 20/07/2055	271,616	0.23
£378,000	M&G 5.625% VRN 20/10/2051	358,616	0.30
£200,000	Metro Bank 12% VRN 30/04/2029	168,125	0.14
£213,000	National Grid Electricity Distribution 5.35% 10/07/2039	206,394	0.17
£560,000	Nationwide BS 5.769% Perp	550,200	0.46
£300,000	Nationwide BS 7.859% VRN Perp	297,450	0.25
€450,000	NatWest 1.043% VRN 14/09/2032	343,350	0.29
£221,000	NatWest 2.105% VRN 28/11/2031	202,627	0.17
£747,000	NatWest 3.619% VRN 29/03/2029	700,472	0.59
£1,000,000	NatWest Markets 6.625% 22/06/2026	1,025,482	0.87
£200,000	Newday Bondco 13.25% 15/12/2026	215,040	0.18
£625,000	Paragon Banking 4.375% VRN 25/09/2031	588,281	0.50
£1,686,000	Paragon Banking 6% 28/08/2024	1,681,431	1.42
£600,000	Pension Insurance Corp 4.625% 07/05/2031	533,849	0.45
£900,000	Pension Insurance Corp 5.625% 20/09/2030	857,158	0.72
£491,000	Pension Insurance Corp 6.875% 15/11/2034	486,686	0.41
£750,000	Pension Insurance Corp 7.375% VRN Perp	724,650	0.61
£250,000	Pension Insurance Corp 8% 13/11/2033	267,139	0.23
£400,000	Pinnacle Bidco 10% 11/10/2028	424,500	0.36
£750,000	Principality Building Society 8.625% 12/07/2028	810,974	0.68
£200,000	Quilter 8.625% VRN 18/04/2033	209,634	0.18
£300,000	Reassure 5.867% 13/06/2029	293,067	0.25
£341,000	RL Finance Bonds NO 6 10.125% VRN Perp	371,052	0.31
£2,864,000	RL Finance Bonds NO 4 4.875% VRN 07/10/2049	2,297,848	1.94
£700,000	RL Finance Bonds NO 3 6.125% 13/11/2028	705,744	0.60
\$1,147,000	Rothsay Life 4.875% VRN Perp	799,722	0.68

PORTFOLIO AND NET OTHER ASSETS AS AT 30 JUNE 2024

(continued)

Holding		Value £	Percentage of total net assets
£1,400,000	Rothesay Life 5% VRN Perp	1,072,575	0.91
£355,000	Rothesay Life 5.5% VRN 2029	354,218	0.30
£491,000	Rothesay Life 7.019% 10/12/2034	490,086	0.41
£879,000	Royal Bank of Scotland 3.622% VRN 14/08/2030	859,926	0.73
£200,000	Saffron Building Society 12.5% VRN 19/10/2034	200,000	0.17
£393,000	Schroders 6.346% VRN 18/07/2034	394,532	0.33
£861,000	Scottish Widows 7% 16/06/2043	909,522	0.77
£300,000	Severn Trent Utilities Finance 2.625% 22/02/2033	242,061	0.20
£500,000	Shawbrook 9% VRN 10/10/2030	501,888	0.42
£598,000	Skipton Building Society 6.25% VRN 25/04/2029	606,656	0.51
\$300,000	Standard Chartered 6.409% VRN Perp	224,562	0.19
\$1,000,000	Standard Chartered 7.014% VRN Perp	796,640	0.67
£150,000	TP ICAP Finance 7.875% 17/04/2030	160,612	0.14
£800,000	Utmost 4% 15/12/2031	638,357	0.54
£193,000	Virgin Money UK 5.125% VRN 11/12/2030	189,892	0.16
£200,000	Yorkshire Building Society 6.375% VRN 15/11/2028	205,381	0.17
£500,000	Yorkshire Building Society 7.375% VRN 12/09/2027	517,237	0.44
		44,102,512	37.26
Equities (30.06.23: 0.13%)			
125,000	Santander UK 10.375% Preference Perp	186,625	0.16
Total United Kingdom		70,517,829	59.55
Australia (30.06.23: 2.36%)			
Government Bonds (30.06.23: 0.00%)			
AUD 3,000,000	Australian Government Bond 3% 21/11/2033	1,426,330	1.20
Total Australia		1,426,330	1.20
Belgium (30.06.23: 0.00%)			
Corporate Convertibles (30.06.23: 0.00%)			
€400,000	Ageas 3.875% VRN Perp	287,715	0.24
€250,000	BNP Paribas Fortis SA CV FRN Perp	193,372	0.16
		481,087	0.40
Corporate Bonds (30.06.23: 0.00%)			
£500,000	KBC 6.151% VRN 2034	499,955	0.42
Total Belgium		981,042	0.82

PORTFOLIO AND NET OTHER ASSETS AS AT 30 JUNE 2024

(continued)

Holding	Value £	Percentage of total net assets
Bermuda (30.06.23: 0.93%)		
Corporate Bonds (30.06.23: 0.92%)		
€300,000 Aegon FRN Perp	210,011	0.18
€300,000 Aegon 5.625% VRN Perp	245,445	0.21
€400,000 Athora 5.875% 10/09/2034	333,342	0.28
£780,000 Hiscox 6.125% VRN 24/11/2045	772,883	0.65
\$600,000 Lancashire 5.625% VRN 18/09/2041	428,491	0.36
	1,990,172	1.68
Non Equity Invest Instruments (30.06.23: 0.01%)		
126 CATCo Reinsurance Opportunities Fund	15,948	0.01
Total Bermuda	2,006,120	1.69
Canada (30.06.23: 0.75%)		
Corporate Bonds (30.06.23: 0.75%)		
CAD 1,500,000 Scotiabank Capital Trust 5.65% VRN 31/12/2056	909,905	0.77
Cayman Islands (30.06.23: 0.14%)		
Corporate Bonds (30.06.23: 0.14%)		
£200,000 Phoenix 5.625% 28/04/2031	189,188	0.16
Channel Islands (30.06.23: 5.16%)		
Corporate Bonds (30.06.23: 3.66%)		
£437,900 Burford Capital 5% 01/12/2026	422,574	0.36
£1,550,000 HSBC Bank Fund 5.844% VRN Perp	1,596,398	1.35
\$1,000,000 HSBC Capital Funding LP 10.176% VRN Perp	957,302	0.81
	2,976,274	2.52
Non-Equity Investment Trusts (30.06.23: 1.50%)		
£566,645 KKV Secured Loan Fund	15,979	0.01
Total Channel Islands	2,992,253	2.53

PORTFOLIO AND NET OTHER ASSETS AS AT 30 JUNE 2024

(continued)

Holding	Value £	Percentage of total net assets
Chile (30.06.23: 0.00%)		
Corporate Bonds (30.06.23: 0.00%)		
£300,000 Latam Airlines SA 13.375% 15/10/2029	272,790	0.23
Czech Republic (30.06.23: 0.24%)		
Corporate Bonds (30.06.23: 0.24%)		
\$200,000 EnergoPro AS 11% 02/11/2028	167,748	0.14
Denmark (30.06.23: 0.20%)		
Corporate Bonds (30.06.23: 0.20%)		
€195,000 European Energy AS FRN 16/09/2025	167,229	0.14
€100,000 SGL ApS FRN 22/04/30	85,630	0.07
Total Denmark	252,859	0.21
France (30.06.23: 4.95%)		
Corporate Bonds (30.06.23: 4.95%)		
€600,000 AXA FRN Perp	462,766	0.39
\$1,035,000 AXA FRN Perp	740,982	0.63
€200,000 AXA SA 0% VRN Perp	156,129	0.13
\$400,000 AXA SA 4.5% VRN Perp	280,041	0.24
\$2,200,000 AXA SA 6.379% VRN Perp	1,879,361	1.59
€500,000 BNP Paribas FRN Perp	401,662	0.34
£300,000 BPCE SA 2.5% VRN 30/11/2032	264,988	0.22
AUD 500,000 BPCE SA 4.5% 26/04/2028	249,655	0.21
AUD 870,000 BPCE SA 6.3424% VRN 29/09/2028	461,749	0.39
€1,000,000 CNP Assurances FRN Perp	759,171	0.64
£600,000 Credit Agricole SA 1.874% VRN 09/12/2031	543,462	0.46
\$800,000 La Mondiale 4.8% VRN 18/01/2048	586,808	0.50
€300,000 SCOR 3.25% VRN 05/06/2047	244,660	0.21
Total France	7,031,434	5.95

PORTFOLIO AND NET OTHER ASSETS AS AT 30 JUNE 2024

(continued)

Holding	Value £	Percentage of total net assets
Germany (30.06.23: 0.56%)		
Corporate Bonds (30.06.23: 0.56%)		
€300,000 Adler Pelzer 9.5% 01/04/2027	253,272	0.21
€100,000 Booster Precision Components FRN 28/11/2026	86,691	0.07
£200,000 Commerzbank AG 8.625% VRN 28/02/2033	211,940	0.18
\$600,000 Deutsche Bank 7.5% VRN Perp	467,097	0.39
€100,000 Mutares SE Co FRN 31/03/2027	90,699	0.08
€100,000 SLR FRN 09/10/2027	85,208	0.07
Total Germany	1,194,907	1.00
Greece (30.06.23: 0.17%)		
Corporate Bonds (30.06.23: 0.17%)		
€500,000 Piraeus Financial 7.25% VRN 17/04/2034	439,730	0.37
Ireland (30.06.23: 7.69%)		
Corporate Bonds (30.06.23: 3.73%)		
\$2,320,000 Beazley Re 5.875% 04/11/2026	1,809,604	1.53
\$1,882,000 Beazley Insurance DAC 5.5% 10/09/2029	1,421,810	1.20
\$1,000,000 Cloverie 4.5% VRN 11/9/44	785,199	0.66
\$1,382,000 Zurich Finance Ireland Designated 3% VRN 2051	899,233	0.76
Total Ireland	4,915,846	4.15
Italy (30.06.23: 1.33%)		
Corporate Bonds (30.06.23: 1.33%)		
€300,000 Alperia SpA 5.701% 05/07/2028	264,736	0.22
£650,000 Assicurazioni Generali 6.269% Perp	650,599	0.55
£800,000 Intesa Sanpaolo SpA 7.7% VRN Perp	631,230	0.53
Total Italy	1,546,565	1.30

PORTFOLIO AND NET OTHER ASSETS AS AT 30 JUNE 2024

(continued)

Holding	Value £	Percentage of total net assets
Luxembourg (30.06.23: 3.85%)		
Collective Investment Schemes (30.06.23: 3.20%)		
20,500 Pareto SICAV – Pareto Nordic Corporate Bond*	2,826,266	2.39
Corporate Bonds (30.06.23: 0.00%)		
\$400,000 Swiss RE 4.25% VRN Perp	314,057	0.27
\$400,000 Swiss RE Finance 5% VRN 04/49	305,282	0.26
	619,339	0.53
Corporate Convertibles (30.06.23: 0.65%)		
€2,000,000 Mitsubishi UFJ Investor Serv FRN CV 15/12/2050	932,620	0.79
Total Luxembourg	4,378,225	3.71
Mauritius (30.06.23: 0.29%)		
Corporate Bonds (30.06.23: 0.29%)		
\$500,000 Axian Telecom 7.375% 16/02/2027	388,652	0.33
Netherlands (30.06.23: 0.97%)		
Corporate Bonds (30.06.23: 0.97%)		
\$400,000 ARG SWI 4.625% VRN Perp	307,729	0.26
€414,000 NN 6% VRN 03/11/2043	377,906	0.32
Total Netherlands	685,635	0.58
Norway (30.06.23: 0.21%)		
Corporate Bonds (30.06.23: 0.21%)		
€400,000 B2Holding ASA FRN 22/09/2026	357,940	0.30
€100,000 B2 Impact ASA FRN 30/01/2028	86,320	0.07
€100,000 Fiven ASA FRN 11/12/2026	87,497	0.07
NOK 1,500,000 Norlandia Health and Care FRN 04/07/2028	111,445	0.09
NOK 1,500,000 Ocean Yield FRN 19/09/2028	115,067	0.10
€1,500,000 Remarkable Invest AS FRN 12/10/2027	110,198	0.09
Total Norway	868,467	0.72

PORTFOLIO AND NET OTHER ASSETS AS AT 30 JUNE 2024

(continued)

Holding	Value £	Percentage of total net assets
Spain (30.06.23: 2.24%)		
Corporate Bonds (30.06.23: 2.24%)		
£1,000,000 Banco Bilbao Vizcaya Argent 3.104% VRN 15/07/2031	938,808	0.79
€1,117,100 Banco Santander SA 1% VRN Perp	923,099	0.78
\$600,000 Banco Santander SA 4.75% VRN Perp	424,240	0.36
£800,000 Banco Santander SA 2.25% VRN 04/10/2032	709,550	0.60
€650,000 Banco Santander SA FRN Perp	462,952	0.39
€100,000 Fertiberia Corporate FRN 08/05/2028	87,327	0.07
Total Spain	3,545,976	2.99
Sweden (30.06.23: 0.37%)		
Corporate Bonds (30.06.23: 0.37%)		
SEK 1,250,000 B3 Consulting FRN 24/06/2027	93,374	0.08
United States (30.06.23: 6.27%)		
Government Index-linked (30.06.23: 3.65%)		
\$600,000 US Treasury 3.375% 15/05/2033	439,882	0.37
\$560,000 US Treasury 4.625% 15/05/2044	442,172	0.37
\$7,600,000 US Treasury 1.25% IL 15/04/2028	6,067,410	5.12
	6,949,464	5.86
Corporate Bonds (30.06.23: 2.62%)		
\$300,000 Adams Homes 9.25% 15/10/2028	243,402	0.21
\$300,000 BAC Capital Trust XIV 4% VRN Perp	203,340	0.17
\$200,000 Burford Capital Global Finance L 6.25% 15/04/2028	152,937	0.13
\$1,500,000 Dresdner Funding Trust 8.151% 30/06/2031	1,285,791	1.09
£500,000 Ford Motor Credit Co LLC 5.625% 09/10/2028	499,824	0.42
\$1,000,000 HSBC USA Inc 7.2% 15/07/2097	945,375	0.80
\$957,000 WK Kellogg Foundation Trust 2.443% 01/10/2050	465,461	0.39
	3,796,130	3.21
Total United States	10,745,594	9.07

PORTFOLIO AND NET OTHER ASSETS AS AT 30 JUNE 2024

(continued)

Holding	Value £	Percentage of total net assets
Structured Products (30.06.23: 0.01%)		
360 iTraxx Warrants 2024 JPM	25,893	0.02
Forward Foreign Exchange Contracts (30.06.23: 0.26%)		
Buy £2,233,285, Sell AUD4,301,842	(42,462)	(0.04)
Buy £875,293, Sell CAD1,532,703	(11,888)	(0.01)
Buy £216,482, Sell NOK2,940,599	(2,274)	–
Buy £109,059, Sell NOK1,455,217	803	–
Buy £91,042, Sell SEK1,212,500	405	–
Buy £11,383,418, Sell €13,458,981	(62,428)	(0.05)
Buy £26,150,130, Sell \$33,406,085	(262,096)	(0.22)
Buy €557,152, Sell £472,717	1,099	–
Buy \$736,084, Sell £581,691	287	–
Total Forward Foreign Exchange Contracts	(378,554)	(0.32)
Total value of investments (30.06.23: 98.40%)	115,197,808	97.25
Net other assets (30.06.23: 1.60%)	3,249,207	2.75
Total value of the fund as at 30 June 2024	118,447,015	100.00

* Collective Investment Schemes

VRN = Variable Rate Note

Perp = Perpetual

FRN = Floating Rate Note

Sectors/Countries eliminated since the beginning of the year:

Australia:

Corporate Bonds 0.78%

Public Authorities 1.58%

Finland 0.32%

Hong Kong 0.35%

Ireland:

Collective Investment Schemes 3.81%

Equities 0.15%

South Africa 0.13%

Alternative Investments 0.01%

SUMMARY OF PORTFOLIO INVESTMENTS

	Value £	Percentage of total net assets
Debt Securities	112,505,651	94.98
Equity Securities	186,625	0.16
Pooled Investment Vehicles	2,858,193	2.41
Structured Products	25,893	0.02
Derivatives	(378,554)	(0.32)
Total value of investments	115,197,808	97.25

STATEMENT OF TOTAL RETURN FOR THE YEAR ENDED 30 JUNE 2024

	Note	30.06.24 £	30.06.24 £	30.06.23 £	30.06.23 £
Income					
Net capital gains/(losses)	3		5,452,025		(7,712,446)
Revenue	4	6,529,774		7,243,835	
Expenses	5	(683,968)		(786,753)	
Net revenue before taxation		5,845,806		6,457,082	
Taxation	6	(22,504)		(11,938)	
Net revenue after taxation			5,823,302		6,445,144
Total return before distributions			11,275,327		(1,267,302)
Distributions	7		(6,511,594)		(7,234,650)
Change in net assets attributable to unitholders from investment activities			4,763,733		(8,501,952)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED 30 JUNE 2024

	30.06.24 £	30.06.24 £	30.06.23 £	30.06.23 £
Opening net assets attributable to unitholders		122,908,735		146,403,087
Amounts receivable on issue of units	22,514,190		20,097,010	
Amounts payable on cancellation of units	(35,847,542)		(39,563,817)	
		(13,333,352)		(19,466,807)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		4,763,733		(8,501,952)
Retained distributions on accumulation units		4,107,899		4,474,407
Closing net assets attributable to unitholders		118,447,015		122,908,735

BALANCE SHEET AS AT 30 JUNE 2024

	Note	30.06.24 £	30.06.24 £	30.06.23 £	30.06.23 £
Assets					
Fixed assets:					
Investments			115,578,956		120,944,283
Current assets:					
Debtors	8	2,081,147		1,692,144	
Cash and bank balances		2,455,241		2,478,920	
Total current assets			4,536,388		4,171,064
Total assets			120,115,344		125,115,347
Liabilities					
Investment liabilities		(381,148)		–	
Creditors:					
Bank overdrafts		–		(26)	
Other creditors	9	(678,005)		(1,483,696)	
Distribution payable on income units		(609,176)		(722,890)	
Total liabilities			(1,668,329)		(2,206,612)
Net assets attributable to unitholders			118,447,015		122,908,735

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 fund on page 36, 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 including distributions from collective investment schemes on investments marked ex-dividend up to the accounting date are included in revenue inclusive of any tax deducted at source and net of attributable tax credits. Bank and other interest receivable is accrued up to the accounting date, and this forms part of the distribution.

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

Revenue received from investments in authorised collective investment schemes, which are purchased during the financial year, will include an element of equalisation which represents the average amount of revenue included in the price paid for shares or units. The equalisation is treated as capital and deducted from the cost of the investment.

Management fee rebates arising from the holding of units or shares in underlying funds are recognised on an accrual basis. Where the policy of the underlying fund is to charge its management fee to capital, in determining its distributions, then the management fee rebates are recognised in capital. Otherwise, the management fee rebates are recognised in revenue.

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 are charged against capital.

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.

Authorised collective investment schemes are valued at the bid price for dual price funds and at the quoted price for single price funds.

Level 1 structured products are valued daily based upon available market data. For level 2 and level 3 structured products where no market price is readily available, daily valuations are obtained from the issuer of the product, via consulting brokers Atlantic House or Fortum Capital. These prices are issuers' quotes and are not resulting from active trading activity. These structures are bespoke to Rathbones Asset Management. We use Markit Valuations Limited as an independent provider to verify the issuer price on a daily basis. Valuations are verified utilising the agreed pricing models within the relevant structured product's prospectus and where applicable pricing supplements. Where prices are outside our accepted tolerance, they are verified with Atlantic House/ Fortem Capital and Markit Valuations Limited. On a quarterly basis Rathbone Asset Management Fair Value Pricing Committee review the daily checks that were performed during the previous quarter to ensure the prices used reflected fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

e) Basis of valuation of investments (*continued*)

During the year the fund entered into derivative transactions in the form of forward foreign currency contracts. For forward foreign currency contracts, market value is determined by reference to forward currency exchange rates at the year end.

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

Unquoted investments are valued at fair value, which represents the Manager's view of the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that its current shareholders have an intention to sell their holding in the near future.

The unquoted investments are valued by the Manager based upon information from an independent valuation firm, taking into account, where appropriate, latest dealing prices, achievement or not of key milestones, valuations from reliable sources, financial performance, and other relevant factors.

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.

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, all expenses are charged to capital, offsetting expenses against capital may constrain future growth in revenue and capital.

For the purpose of calculating the distribution available to unitholders, revenue on debt securities is computed as the higher of the amount determined on an accrual of coupon basis and on an effective yield basis.

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

Distributions to shareholders unclaimed after 6 years are returned to the fund.

There may be instances where marginal tax relief is due to/from revenue for the utilisation of allowable expense.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 NET CAPITAL GAINS/(LOSSES)

	30.06.24	30.06.23
	£	£
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	5,543,275	(8,524,919)
Currency losses	(8,300)	(64,994)
Forward currency contracts	(73,829)	882,920
Transaction charges	(9,121)	(5,453)
Net capital gains/(losses)	5,452,025	(7,712,446)

4 REVENUE

	30.06.24	30.06.23
	£	£
Dividends — UK Ordinary	12,969	12,969
— Overseas	90,186	442,994
Interest on debt securities	6,278,722	6,547,954
Rebates on annual management charges on underlying investments	1,333	18,347
Bank interest	146,564	221,571
Total revenue	6,529,774	7,243,835

5 EXPENSES

	30.06.24	30.06.24	30.06.23	30.06.23
	£	£	£	£
Payable to the Manager, associates of the Manager and agents of either of them:				
Manager's periodic charge		595,378		694,607
Payable to the Trustee, associates of the Trustee and agents of either of them:				
Trustee's fees	19,624		22,238	
Safe custody and other bank charges	16,303		16,663	
		35,927		38,901
Other expenses:				
Administration fees	27,003		27,267	
Audit fee*	13,838		12,972	
Printing and publication costs	1,728		4,024	
Registration fees	9,794		8,772	
Bank interest payable	300		210	
		52,663		53,245
Total expenses		683,968		786,753

* Audit fees for 2024 are £11,500 excluding VAT (30.06.23: £10,810 excluding VAT).

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 TAXATION

	30.06.24 £	30.06.23 £
a) Analysis of charge in the year		
Overseas tax	22,504	11,938
Total tax charge for the year (note 6b)	22,504	11,938
b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an Authorised Unit Trust (20%) (30.06.23: 20%). The differences are explained below.		
	30.06.24 £	30.06.23 £
Net revenue before taxation	5,845,806	6,457,082
Corporation tax at 20%	1,169,161	1,291,416
Effects of:		
Revenue not subject to taxation	(20,631)	(91,193)
Tax deductible interest distributions	(1,122,629)	(1,087,282)
Tax relief on Index Linked Gilts	(25,901)	(112,941)
Corporate tax charge	—	—
Overseas tax	22,504	11,938
Total tax charge for the year (note 6a)	22,504	11,938

c) Deferred tax

At the year end the fund had no surplus management expenses (30.06.23: £nil) and no deferred tax asset has been recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 DISTRIBUTIONS

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

	30.06.24 £	30.06.23 £
First Interim	1,573,558	1,699,773
Second Interim	1,534,633	1,843,287
Third Interim	1,769,535	1,570,935
Final	1,633,108	1,966,430
	6,510,834	7,080,425
Add: Amounts deducted on cancellation of units	227,891	271,154
Deduct: Amounts received on issue of units	(227,131)	(116,929)
Net distribution for the year	6,511,594	7,234,650
Reconciliation of net distribution for the year to net revenue after tax:		
Net distribution for the year	6,511,594	7,234,650
Expenses allocated to capital:		
AMC	(595,378)	(694,607)
All other fees	(88,290)	(91,936)
Balance brought forward	(4,898)	(7,861)
Balance carried forward	274	4,898
Net revenue after taxation	5,823,302	6,445,144

8 DEBTORS

	30.06.24 £	30.06.23 £
Amounts receivable for issue of units	273,328	71,979
Sales awaiting settlement	8,500	74,971
Accrued revenue	1,789,139	1,544,968
Prepaid expenses	9,957	—
Taxation recoverable	223	226
Total debtors	2,081,147	1,692,144

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 OTHER CREDITORS

	30.06.24 £	30.06.23 £
Amounts payable for cancellation of units	435,587	561,653
Purchases awaiting settlement	137,389	815,189
Accrued expenses	55,665	55,560
Accrued manager's periodic charge	49,364	51,294
Total other creditors	678,005	1,483,696

10 RECONCILIATION OF UNITS

	I-class income	I-class accumulation
Opening units issued at 01.07.23	47,558,573	54,541,226
Unit movements 01.07.23 to 30.06.24		
Units issued	7,788,321	9,666,406
Units cancelled	(10,881,507)	(16,803,358)
Closing units issued at 30.06.24	44,465,387	47,404,274

11 RELATED PARTY TRANSACTIONS

Management fees paid to Rathbones Asset 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 10.

There were no commissions paid to stockbroking of the Manager in respect of dealings in the investments of Rathbone Strategic Bond Fund during the year (30.06.23: 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 significant unitholders. Rathbone Nominees Limited held a total of 11.55% (30.06.23: 14.47%), FNZ (UK) Nominees Limited held a total of 24.47% (30.06.23: 33.21%) and Fil Nominee (Shareholdings) Limited held a total of 10.95% (30.06.23: 9.29%).

12 CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (30.06.23: nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 holds a limited number of Collective Investment Schemes. The fund has indirect exposure to foreign currency risk, interest rate risk and credit risk as a result of these holdings (see the portfolio statement on page 9).

The main risks arising from the financial instruments are:

(i) **Foreign currency risk**, being the risk that the value of assets and liabilities 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:

	30.06.24	30.06.23
	£	£
Currency:		
Australian dollar	83,131	88,583
Canadian dollar	47,223	42,035
Euro	404,213	255,271
Norwegian krone	12,855	–
Swedish krona	2,872	–
US dollar	930,130	1,091,519
Pound sterling	116,956,411	121,431,101
	118,436,835	122,908,509
Other net assets not categorised as financial instruments	10,180	226
Net assets	118,447,015	122,908,735

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 £134,584 (30.06.23: £134,310). 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 £164,492 (30.06.23: £164,158). These calculations assume all other variables remain constant.

The comparative figures have been restated to better reflect the currency hedging which reduces the currency exposure.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 RISK DISCLOSURES ON FINANCIAL INSTRUMENTS (continued)

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

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

	30.06.24 £	30.06.23 £
Fixed rate assets:	53,175,512	61,766,573
Floating rate assets:	61,673,934	50,501,347
Floating rate liabilities:	—	(26)
Assets on which no interest is paid:	5,255,718	12,847,201
Liabilities on which no interest is paid:	(1,668,329)	(2,206,586)
	118,436,835	122,908,509
Other net assets not categorised as financial instruments	10,180	226
Net assets	118,447,015	122,908,735

If interest rates had increased by 1% as at the balance sheet date, the net asset value of the fund would have decreased by £10,271,917 (30.06.23: £4,779,912). If interest rates had decreased by 1% as at the balance sheet date, the net asset value of the fund would have increased by £10,271,917 (30.06.23: £4,779,912). These calculations assume all other variables remain constant.

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

	30.06.24		30.06.23	
	Value (note 1e) £	Percentage of total net assets	Value (note 1e) £	Percentage of total net assets
Bond credit ratings				
Investment grade	75,513,459	63.75	71,369,732	58.07
Below investment grade	36,992,192	31.23	38,419,269	31.26
Total Bonds	112,505,651	94.98	109,789,001	89.33

There are no material amounts of non-interest bearing financial assets and liabilities, other than equities and collective investment schemes, which do not have maturity dates.

(iii) **Market price risk**, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than currency or interest rate movements.

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

If market prices had increased by 10% as at the balance sheet date the net asset value of the fund would have increased by £11,519,781 (30.06.23: £12,094,428). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £11,519,781 (30.06.23: £12,094,428). These calculations assume all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 RISK DISCLOSURES ON FINANCIAL INSTRUMENTS (continued)

(iv) **Credit risk/Counterparty risk.** Credit risk arises firstly from the issuer of a security not being able to pay interest and principal in a timely manner and also from counterparty risk, 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. In addition, the fund is subject to investment limits for issuers of securities and issuer credit ratings are evaluated periodically.

(v) **Fair value.** There is no material difference between the carrying value and fair value of the financial instruments disclosed in the balance sheet.

(vi) **Leverage.** There is no significant leverage in the fund which would increase its exposure.

14 PORTFOLIO TRANSACTION COST

For the year ended 30 June 2024

Analysis of total purchase costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	247,532	—	—	—	—
Bond transactions	95,855,310	8,978	0.01	—	—
Total purchases before transaction costs	96,102,842	8,978		—	
Total purchases including commission and taxes	96,111,820				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	2,041,568	817	0.04	13	—
Bond transactions	84,705,454	7,532	0.01	—	—
Fund transactions	6,098,446	—	—	—	—
Corporate actions	14,407,541	—	—	—	—
Total sales including transaction costs	107,253,009	8,349		13	
Total sales net of commission and taxes	107,244,647				

The fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 30 June 2024.

Commissions and taxes as % of average net assets	
Commissions	0.01%
Taxes	0.00%

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 PORTFOLIO TRANSACTION COST (continued)

For the year ended 30 June 2023

Analysis of total purchase costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	15,192	—	—	—	—
Bond transactions	102,132,940	—	—	—	—
Fund transactions	9,832,091	—	—	—	—
Corporate actions	40,163	—	—	—	—
Total purchases before transaction costs	112,020,386	—		—	
Total purchases including commission and taxes	112,020,386				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	1,034,630	434	0.04	11	—
Bond transactions	65,488,536	—	—	—	—
Fund transactions	33,301,244	1,077	—	—	—
Corporate actions	24,253,357	—	—	—	—
Total sales including transaction costs	124,077,767	1,511		11	
Total sales net of commission and taxes	124,076,245				

The fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 30 June 2023.

Commissions and taxes as % of average net assets

Commissions	0.00%
Taxes	0.00%

In the case of shares, commissions and taxes are paid by the fund on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 0.46% (30.06.23: 0.69%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 June 2024

Category	1	2	3	Total
	£	£	£	£
Investment assets				
Equities	186,625	–	–	186,625
Bonds	34,604,486	77,292,648	608,517	112,505,651
Pooled investment vehicles	31,928	2,826,265	–	2,858,193
Structured Products	25,893	–	–	25,893
Derivatives	–	2,594	–	2,594
	34,848,932	80,121,507	608,517	115,578,956

Category	1	2	3	Total
	£	£	£	£
Investment liabilities				
Derivatives	–	(381,148)	–	(381,148)
	–	(381,148)	–	(381,148)

For the year ended 30 June 2023

Category	1	2	3	Total
	£	£	£	£
Investment assets				
Equities	158,125	–	–	158,125
Bonds	28,742,098	81,046,903	–	109,789,001
Pooled investment vehicles	2,047,811	8,612,259	–	10,660,070
Structured Products	15,189	–	–	15,189
Derivatives	–	321,898	–	321,898
	30,963,223	89,981,060	–	120,944,283

DISTRIBUTION TABLES FOR THE YEAR ENDED 30 JUNE 2024

DISTRIBUTION TABLES (PENCE PER UNIT)

First Interim

Group 1 – Units purchased prior to 1 July 2023

Group 2 – Units purchased on or after 1 July 2023 and on or before 30 September 2023

I-class income units	Income	Equalisation	Paid 30.11.23	Paid 30.11.22
Group 1	1.27	–	1.27	1.13
Group 2	0.71	0.56	1.27	1.13

I-class accumulation units

	Income	Equalisation	Accumulated 30.11.23	Accumulated 30.11.22
Group 1	1.92	–	1.92	1.62
Group 2	0.89	1.03	1.92	1.62

Second 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 December 2023

I-class income units	Income	Equalisation	Paid 29.02.24	Paid 28.02.23
Group 1	1.29	–	1.29	1.29
Group 2	0.67	0.62	1.29	1.29

I-class accumulation units

	Income	Equalisation	Accumulated 29.02.24	Accumulated 28.02.23
Group 1	1.99	–	1.99	1.88
Group 2	0.87	1.12	1.99	1.88

Third Interim

Group 1 – Units purchased prior to 1 January 2024

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

I-class income units	Income	Equalisation	Paid 31.05.24	Paid 31.05.23
Group 1	1.42	–	1.42	1.16
Group 2	0.41	1.01	1.42	1.16

I-class accumulation units

	Income	Equalisation	Accumulated 31.05.24	Accumulated 31.05.23
Group 1	2.22	–	2.22	1.72
Group 2	0.54	1.68	2.22	1.72

DISTRIBUTION TABLES FOR THE YEAR ENDED 30 JUNE 2024

(continued)

DISTRIBUTION TABLES (PENCE PER UNIT) (continued)

Final

Group 1 – Units purchased prior to 1 April 2024

Group 2 – Units purchased on or after 1 April 2024 and on or before 30 June 2024

I-class income units	Income	Equalisation	Payable 31.08.24	Paid 31.08.23
Group 1	1.37	—	1.37	1.52
Group 2	0.64	0.73	1.37	1.52

I-class accumulation units	Income	Equalisation	Allocated 31.08.24	Accumulated 31.08.23
Group 1	2.16	—	2.16	2.28
Group 2	1.16	1.00	2.16	2.28

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 Strategic Bond Fund
30 August 2024

STATEMENT OF THE MANAGER'S RESPONSIBILITIES IN RELATION TO THE ANNUAL REPORT AND ACCOUNTS OF THE RATHBONE STRATEGIC BOND FUND

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

1. select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. comply with the disclosure requirements of the SORP relating to financial statements of 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 the assets of the Scheme. The Manager has general responsibility for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Manager is aware:

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

The Manager has considered the activities of the fund together with the factors likely to affect its future development, including those related to the COVID-19 pandemic. The assets of the Rathbone Strategic Bond Fund consist predominantly of cash and liquid securities that are readily realisable and therefore has adequate resources to continue in operational existence for the foreseeable future. The Manager has also considered the impact of the COVID-19 pandemic on the operations of the AFM and material third party service providers which continue to be maintained and fully functioning. Accordingly, the Manager continues to adopt the going concern basis in the preparation of the financial statements.

In accordance with COLL 4.5.8 R, the Annual Report and the audited financial statements were approved by the board of directors of the Manager of the Scheme and authorised for issue on 30 August 2024.

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF RATHBONE STRATEGIC BOND FUND (THE SCHEME) FOR THE YEAR ENDED 30 JUNE 2024

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:

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

NatWest Trustee and Depositary Services Limited
Trustee of Rathbone Strategic Bond Fund
30 August 2024

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RATHBONE STRATEGIC BOND FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

- give a true and fair view of the financial position of the fund as at 30 June 2024 and of the net revenue and the net capital gains on the property of the fund for the year ended 30 June 2024; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Trust Deed.

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the distribution table; and
- the notes 1 to 16

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, as amended in June 2017, 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 STRATEGIC BOND 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 and the Authorised Fund Manager about their own identification and assessment of the risks of irregularities, including those that are specific to funds.

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RATHBONE STRATEGIC BOND FUND (continued)

We discussed among the audit engagement teams regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments. There is an incentive to manipulate holdings and prices used in closing value of investments due to their significance to the net asset values of the sub-funds. 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 source.

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 and those charged with governance concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 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 June 2024 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
30 August 2024

GENERAL INFORMATION

MANAGER NAME

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

AUTHORISED STATUS

The Rathbone Strategic Bond Fund is an authorised unit trust scheme, authorised by the Financial Conduct Authority on 20 June 2007 and launched on 3 October 2011.

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 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 units at present is to the value of £1,000 which may be varied by the Manager. 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 units.

The Manager currently receives an annual remuneration for managing the I-class property of the fund at the rate of 0.50%.

STATEMENTS

A distribution statement showing the rate per unit and your unit holding will be sent half yearly on the 28 February and 31 August.

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 the last day in February and 31 August, unitholders will receive a consolidated statement showing, where applicable, their unit trust, ICVC and ISA holdings for each fund held.

GENERAL INFORMATION (continued)

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, 30 Gresham Street, London EC2V 7QN.

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, 30 Gresham Street, London EC2V 7QN. 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 revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance should not be seen as an indication of future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

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
Rathbone Ethical Bond Fund
Rathbone Global Opportunities Fund
Rathbone Income 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 Global Sustainability Fund
Rathbone Greenbank Global Sustainable Bond Fund
Rathbone Greenbank Defensive Growth Portfolio
Rathbone Greenbank Dynamic Growth Portfolio
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

GENERAL INFORMATION (continued)

FURTHER DETAILS

Should you require 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
30 Gresham Street
London EC2V 7QN

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
30 Gresham Street
London EC2V 7QN

GENERAL INFORMATION

UCITS REMUNERATION

In line with the requirements of the UCITS Directive, Rathbones Asset 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	1,885	4,091	5,976	7
Risk takers	2,396	3,767	6,163	18
Other	159	198	356	1
Total remuneration code staff	4,440	8,055	12,495	26
Non-remuneration code staff	1,624	895	2,519	28
Total for the Manager	6,064	8,950	15,014	54

The variable remuneration disclosed in the table above is for the financial year ended 31 December 2024, 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 Asset Management

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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: 30 Gresham Street, London EC2V 7QN. Registered in England No. 02376568.