

RATHBONE STRATEGIC BOND FUND

INTERIM REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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RATHBONE STRATEGIC BOND 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

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
(appointed 1 December 2023)
E Renals – Chief Operating Officer
(appointed 3 July 2023)
JA Rogers – Chief Distribution Officer
(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

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 31 DECEMBER 2023

FUND PERFORMANCE

In the six months ended 31 December, the Rathbone Strategic Bond Fund (I-class units) gained 7.46%, while our benchmark, the IA Sterling Strategic bond sector, gained 7.28%.

MARKET OVERVIEW

Global bond markets were staggeringly volatile during this six-month period. Between July and late October, bond yields (which run in the opposite direction to prices) soared to their highest levels in more than 16 years before plummeting by year-end. Having started the period at 3.84%, the benchmark 10-year US Treasury yield peaked at 5.0% in late October as investors grew convinced that interest rates would stay higher for longer. But then signs that price rises were slowing and the jobs market was cooling meant investors began to ramp up bets on rate cuts as soon as the first half of 2024. This drove a monster rally in government bond prices, pushing the 10-year US Treasury yield down to 3.87% by the end of the year. UK government bond (gilt) yields followed a similar trajectory. The 10-year gilt yield was 4.39% at the start of the period and then rose to a peak of 4.70% in late October before falling back to 3.54% by year-end.

Many bond investors (ourselves included) thought these huge rallies might have gone a bit too far and expected central banks to pour some cold water on hopes of looming rate cuts when they held their rate setting meetings in December. They've all been sticking with a clear 'higher for longer' message for ages so we felt they were unlikely to signal an imminent pivot to rate cutting.

In the event, the US Federal Reserve (Fed) astounded more or less everyone and delivered a very significant about turn. Fed chair Jerome Powell announced it was now starting to consider when to cut rates and was predicting 0.75% worth of cuts in 2024. Bond prices and the market for locking in future interest rates show that investors now expect the Fed to make six 25-basis-point (bps) cuts to its benchmark interest rate for overnight deposits. They would be spread throughout 2024, with the first anticipated in early spring. That's a huge shift. And it's mirrored in Europe and the UK, too: markets imply six 25bps cuts in the Europe and five in the UK.

Despite the market following the US, it's important to note that while UK markets have followed the Fed's lead, the Bank of England (BoE) and the European Central Bank (ECB) haven't. They have so far retained their more severe rhetoric on interest rates. They are still worried about inflation and are yet to shift their attention from rate hikes to rate cuts. A chorus of commentators have lambasted their stances, yet that doesn't shift the reality. And if they reaffirm that hawkishness, expect UK and European bond markets to wobble.

Corporate bonds have also rallied hard during the period as the recovery in government bond markets bled into confidence for the private sector as well. The iTraxx European Crossover Index, which measures the extra yield (or spread) that corporate debt offers relative to government bonds for taking on default risks, began the period at 411 basis points (bps) and had dropped significantly to 310bps by its end.

FUND ACTIVITY

Coming into 2023, 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 increased our duration slowly.

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 of them when yields fell. To do this, we bought and sold UK Green Gilt 0.875% 2033 and 1.5% 2053 bonds, and also UK Treasury 3.25% 2044 Gilts.

We're trying not to hold too much cash in the fund because the amount of interest you lose from being out of the market can cause quite a drag on returns. In September, for example, we felt we were holding rather too much cash so we put it to work by buying some shorter-dated UK Treasury 2% 2025 Gilts.

INVESTMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

(continued)

In November, we bought some Australian 3% 2033 government bonds because we felt they offered good value. Australia's rates cycle is slightly lagging behind that in the US, UK and Europe, which means the bonds offer an attractive yield with the chance of capital gains if the Reserve Bank of Australia pivots to cutting interest rates in the future.

From around the mid-year point, we got increasingly concerned about the outlook for corporate borrowers in emerging Asian markets as China's post-pandemic economic recovery looked to be fizzling out. China is the region's economic powerhouse so its slowdown could hit smaller Asian countries hard. Many count China as their biggest export market, but the value of Chinese exports has been falling for several months as demand weakened from its pandemic highs. As a result, in August we sold some of our units in the Muzinich Asia Credit Opportunities Fund, which focuses on investment grade Asian corporate bonds.

We bought units in the Pacific Capital G10 Macro Rates Fund back when bond yields were much lower. The fund buys and sells derivatives, government bonds and foreign currencies to make money from changes in inflation, interest rates and fluctuations in exchange rates. The strategy has a low correlation to bond markets, i.e. its returns are very different to those of bond markets. This allowed us to reduce our exposure to bonds while yields were low. As bond prices kept falling last year, raising yields and making them more attractive, we no longer needed this fund, so we began to sell our units in early 2023 and sold more in July.

OUTLOOK

When central banks have ended a period of rate hikes in the past, that's tended to provide a runway for stock markets and corporate bonds to make decent gains for a while. But history shows that they can come under pressure later on because it can take a long time for the full effect of rate hikes to feed through and start slowing economic growth.

For now, lots of investors seem confident that central banks will pull off the rare feat of taming inflation without strangling economic growth. We're not so sure, though we think we could be looking at mid to late 2024 before we see the lagged impact of the last couple of years of hikes really come home to roost. A recession could drive credit spreads wider, but we feel we feel we are being compensated for this risk given the attractive yields on offer from many corporate bonds.

Bryn Jones
Fund Manager
18 January 2024

Stuart Chilvers
Fund Manager

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES

I-CLASS INCOME UNITS

	31.12.23 pence per unit	30.06.23 pence per unit	30.06.22 pence per unit	30.06.21 pence per unit
Change in net assets per unit				
Opening net asset value per unit	94.20p	100.02p	117.50p	113.23p
Return before operating charges*	7.24p	(0.17p)	(12.58p)	9.49p
Operating charges	(0.28p)	(0.55p)	(0.64p)	(0.66p)
Return after operating charges*	6.96p	(0.72p)	(13.22p)	8.83p
Distributions on income units	(2.56p)	(5.10p)	(4.26p)	(4.56p)
Closing net asset value per unit	98.60p	94.20p	100.02p	117.50p
*after direct transaction costs ¹ of:	0.00p	0.00p	0.00p	0.00p

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

PERFORMANCE

Return after charges	7.39%	(0.72%)	(11.25%)	7.80%
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OTHER INFORMATION

Closing net asset value	£44,095,986	£44,799,916	£56,238,433	£96,102,477
Closing number of units	44,721,175	47,558,573	56,225,669	81,789,803
Operating charges**	0.58%	0.64%	0.75%	0.80%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

PRICES***

Highest unit price	100.47p	103.07p	119.17p	120.20p
Lowest unit price	92.98p	90.43p	101.55p	113.64p

** 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

	31.12.23 pence per unit	30.06.23 pence per unit	30.06.22 pence per unit	30.06.21 pence per unit
Change in net assets per unit				
Opening net asset value per unit	143.21p	144.12p	162.89p	151.03p
Return before operating charges*	11.12p	(0.10p)	(17.88p)	12.75p
Operating charges	(0.42p)	(0.81p)	(0.89p)	(0.89p)
Return after operating charges*	10.70p	(0.91p)	(18.77p)	11.86p
Distributions on accumulation units	(3.91p)	(7.50p)	(5.99p)	(6.17p)
Retained distributions on accumulation units	3.91p	7.50p	5.99p	6.17p
Closing net asset value per unit	153.91p	143.21p	144.12p	162.89p
*after direct transaction costs ¹ of:	0.00p	0.00p	0.00p	0.00p

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

PERFORMANCE

Return after charges	7.47%	(0.63%)	(11.52%)	7.85%
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OTHER INFORMATION

Closing net asset value	£74,073,623	£78,108,819	£90,164,654	£112,046,504
Closing number of units	48,127,130	54,541,226	62,560,699	68,785,577
Operating charges**	0.58%	0.64%	0.75%	0.80%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

PRICES***

Highest unit price	154.80p	148.44p	165.20p	163.36p
Lowest unit price	142.22p	131.90p	144.52p	151.37p

** 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 31 DECEMBER 2023

	2019	2020	2021	2022	2023
I-class units	6.47%	7.50%	0.84%	-14.09%	9.89%
IA Sterling Strategic Bond Sector	9.26%	6.55%	0.77%	11.01%	7.83%

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 DECEMBER 2023

Holding (Bonds unless otherwise stated)		Value £	Percentage of total net assets
United Kingdom (30.06.23: 58.65%)			
Government Bonds (30.06.23: 15.05%)			
£12,184,000	United Kingdom Gilt 1.5% 31/07/2053	6,782,102	5.74
£3,000,000	UK Treasury Gilt 2% 07/09/2025	2,908,740	2.46
£9,100,000	UK Treasury Gilt 3.25% 22/01/2044	8,016,463	6.78
		17,707,305	14.98
Government Index-Linked Bonds (30.06.23: 4.69%)			
£900,000	UK Treasury Gilt 0.125% IL 22/03/2026	1,310,721	1.11
£3,000,000	UK Treasury 0.125% IL 22/03/2029	4,816,194	4.07
		6,126,915	5.18
Corporate Bonds (30.06.23: 38.78%)			
\$200,000	Abrdn 4.25% 30/06/2028	138,168	0.12
£800,000	Admiral 8.5% 06/01/2034	876,608	0.74
£452,000	Aviva 4% VRN 03/06/2055	371,035	0.31
£300,000	Aviva 4.375% VRN 12/09/2049	280,003	0.24
£522,000	Aviva 6.875% VRN Perp	474,394	0.40
£200,000	Barclays 9.625% VRN Perp	162,967	0.14
€1,400,000	Barclays Bank 4.75% VRN Perp	1,122,153	0.95
€500,000	BP Capital Markets 3.625% VRN Perp	404,432	0.34
£500,000	Brit Insurance 6.625% VRN 09/12/2030	375,000	0.32
£514,000	Bruntwood Bond 2 6% 25/02/2025	488,300	0.41
£727,000	BUPA Finance 4.125% 14/06/2035	588,444	0.50
£500,000	Channel Link FRN 30/12/2050	388,095	0.33
£773,000	Close Brothers 2% VRN 11/09/2031	665,643	0.56
£180,000	Cooperative Bank Holdings L 11.75% VRN 22/05/2034	201,276	0.17
€1,050,000	Coventry Building Society 6.875% VRN Perp	1,029,063	0.87
£181,000	Coventry Building Society 7% VRN 07/11/2027	187,595	0.16
£300,000	Direct Line Insurance 4% 05/06/2032	242,593	0.21
£400,000	Finance For Residential Soc Housing 8.569% 4/10/58	238,532	0.20
€1,300,000	HBOS 4.5% VRN 18/03/2030	1,125,549	0.95
£45,000	HBOS 5.75% VRN Perp	44,089	0.04
£400,000	Heathrow Finance 3.875% 01/03/2027 Step	368,500	0.31
£100,000	Iceland Bondco 10.875% 15/12/2027	104,144	0.09
€1,600,000	Investec Bank 1.25% VRN 11/08/2026	1,299,642	1.10

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2023

(continued)

Holding (Bonds unless otherwise stated)		Value £	Percentage of total net assets
£949,000	Investec 1.875% VRN 16/07/2028	812,590	0.69
£933,000	Investec 2.625% VRN 04/01/2032	790,740	0.67
£386,000	Investec 9.125% VRN 06/03/2033	404,527	0.34
£629,000	Jupiter Fund Management 8.875% VRN 27/07/2030	624,282	0.53
£1,557,000	Just 7% VRN 15/04/2031	1,542,664	1.31
£100,000	Just 8.125% 26/10/2029	100,612	0.08
£700,000	JRP 9% 26/10/2026	752,690	0.64
£599,000	Legal & General 3.75% VRN 26/11/2049	537,828	0.45
£245,000	Legal & General 4.5% VRN 01/11/2050	225,178	0.19
\$400,000	Legal & General 5.25% VRN 21/03/2047	302,473	0.26
£225,000	Legal & General 5.375% VRN 27/10/2045	223,444	0.19
£555,000	Legal & General 5.625% VRN Perp	469,409	0.40
£940,000	Liverpool Victoria Friendly Soc 6.5% VRN 22/05/43	914,541	0.77
£1,600,000	Lloyds Banking 2.707% VRN 03/12/2035	1,286,335	1.09
AUD390,000	LL 5.3906% VRN 10/06/2027	209,034	0.18
\$400,000	Lloyds Banking 7.5% VRN Perp	310,606	0.26
£557,000	M&G 3.875% VRN 20/07/2049	548,272	0.46
£300,000	M&G 5% VRN 20/07/2055	273,522	0.23
£378,000	M&G 5.625% VRN 20/10/2051	358,190	0.30
£560,000	Nationwide BS 5.769% Perp	527,492	0.45
£300,000	Nationwide BS 7.859% VRN Perp	258,900	0.22
€450,000	NatWest 1.043% VRN 14/09/2032	344,271	0.29
€747,000	NatWest 3.619% VRN 29/03/2029	699,440	0.59
£1,000,000	NatWest Markets 6.625% 2026	1,035,654	0.88
£625,000	Paragon Banking 4.375% VRN 25/09/2031	531,575	0.45
£1,686,000	Paragon Banking 6% 28/08/2024	1,664,267	1.41
£500,000	Pension Insurance Corp 4.625% 07/05/2031	441,755	0.37
£900,000	Pension Insurance Corp 5.625% 20/09/2030	857,017	0.72
£750,000	Pension Insurance Corp 7.375% VRN Perp	701,250	0.59
£250,000	Pension Insurance Corp 8% 13/11/2033	267,578	0.23
\$400,000	Pinnacle Bidco 10% 11/10/2028	414,944	0.35
£750,000	Principality Building Society 8.625% 12/07/2028	811,006	0.69
£200,000	Quilter 8.625% VRN 18/04/2033	202,805	0.17
£600,000	Reassure 5.867% 13/06/2029	587,492	0.50
£341,000	RL Finance Bonds NO 6 10.125% VRN Perp	361,460	0.31
£2,864,000	RL Finance Bonds NO 4 4.875% VRN 07/10/2049	2,293,185	1.94
£700,000	RL Finance Bonds NO3 6.125% 13/11/2028	714,018	0.60

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2023

(continued)

Holding (Bonds unless otherwise stated)		Value £	Percentage of total net assets
\$1,147,000	Rothesay Life 4.875% VRN Perp	720,897	0.61
£1,400,000	Rothesay Life 5% VRN Perp	987,952	0.84
£605,000	Rothesay Life 5.5% VRN 2029	598,333	0.51
£879,000	Royal Bank of Scotland 3.622% VRN 14/08/2030	840,876	0.71
£861,000	Scottish Widows 7% 16/06/2043	934,986	0.79
£500,000	Shawbrook 9% VRN 10/10/2030	482,500	0.41
£598,000	Skipton Building Society 6.25% VRN 25/04/2029	603,950	0.51
\$300,000	Standard Chartered 6.409% VRN Perp	225,433	0.19
\$1,000,000	Standard Chartered 7.014% VRN Perp	795,354	0.67
\$250,000	TP ICAP Finance 7.875% 17/04/2030	264,582	0.22
£800,000	Utmost 4% 15/12/2031	610,000	0.52
£635,000	Virgin Money UK 5.125% VRN 11/12/2030	608,808	0.51
£200,000	Yorkshire Building Society 6.375% VRN 15/11/2028	203,876	0.17
£500,000	Yorkshire Building Society 7.375% VRN 12/09/2027	517,709	0.44
		42,972,527	36.36
Equities (30.06.23: 0.13%)			
125,000	Santander UK 10.375% preference perp	173,750	0.15
Total United Kingdom		66,980,497	56.67
Australia (30.06.23: 2.36%)			
Government Bonds (30.06.23: 0.00%)			
AUD8,000,000	Australia Government Bond 3% 21/11/2033	3,946,701	3.34
Belgium (30.06.2023: 0.00%)			
Corporate Convertibles (30.06.23: 0.00%)			
£250,000	BNP Paribas Fortis SA CV FRN Perp	184,444	0.16
Bermuda (30.06.23: 0.93%)			
Corporate Bonds (30.06.23: 0.92%)			
£500,000	Aegon Ltd 5.625% VRN Perp	401,085	0.34
£780,000	Hiscox Ltd 6.125% VRN 24/11/2045	765,043	0.65
\$600,000	Lancashire Holdings Ltd 5.625% VRN 18/09/2041	401,828	0.34
		1,567,956	1.33

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2023

(continued)

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
Non-Equity Invest Instruments (30.06.23 : 0.01%)		
126 CATCo Reinsurance Opportunities Fund	12,849	0.01
Total Bermuda	1,580,805	1.34
Canada (30.06.23: 0.75%)		
Corporate Bonds (30.06.2023: 0.75%)		
CAD 1,500,000 Scotiabank Capital Trust 5.65% VRN 31/12/2056	955,548	0.81
Cayman Islands (30.06.23: 0.14%)		
Corporate Bonds (30.06.23: 0.14%)		
£200,000 Phoenix Holdings 5.625% 28/04/2031	188,710	0.16
Channel Islands (30.06.23: 5.16%)		
Corporate Bonds (30.06.23: 3.66%)		
£437,900 Burford Capital Ltd 5% 01/12/2026	407,378	0.34
£1,550,000 HSBC Bank Fund 5.844% VRN Perp	1,612,233	1.36
\$1,000,000 HSBC Capital Funding Lp 10.176% VRN Perp	1,000,595	0.85
£1,567,000 Rothschild Contn Fin 9% Perp	1,567,000	1.33
	4,587,206	3.88
Non-Equity Investment Trusts (30.06.23: 1.50%)		
£566,645 KKV Secured Loan Fund	20,116	0.02
	20,116	0.02
Total Channel Islands	4,607,322	3.90
Chile (30.06.2023 - 0.00%)		
Corporate Bonds (30.06.23: 0.00%)		
£300,000 Latam Airlines SA 13.375% 15/10/2029	269,460	0.23
Czech Republic (30.06.23: 0.24%)		
Corporate Bonds (30.06.23: 0.24%)		
\$200,000 EnergoPro AS 11% 02/11/2028	161,861	0.14

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2023

(continued)

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
Denmark (30.06.23: 0.20%)		
Corporate Bonds (30.06.23: 0.20%)		
€300,000 European Energy AS FRN 16/09/2025	246,960	0.21
France (30.06.23: 4.95%)		
Corporate Bonds (30.06.23: 4.95%)		
€200,000 AXA SA 0% VRN Perp	136,105	0.12
\$2,200,000 AXA SA 6.379% VRN Perp	1,872,209	1.58
\$1,510,000 BNP Paribas FRN perp	1,172,655	0.99
£300,000 BPCE SA 2.5% VRN 30/11/2032	262,411	0.22
AUD500,000 BPCE SA 4.5% 26/04/2028	251,288	0.21
AUD870,000 BPCE SA 6.3424% VRN 29/09/2028	470,392	0.40
£600,000 Credit Agricole SA 1.874% VRN 09/12/2031	534,501	0.45
\$300,000 Societe Generale SA 8% VRN Perp	235,156	0.20
Total France	4,934,717	4.17
Germany (30.06.23: 0.56%)		
Corporate Bonds (30.06.23: 0.56%)		
£200,000 Commerzbank AG 8.625% VRN 28/02/2033	212,450	0.18
Ireland (30.06.23: 7.69%)		
Corporate Bonds (30.06.23: 3.73%)		
\$2,320,000 Beazley Re Ltd 5.875% 04/11/2026	1,749,372	1.48
\$1,882,000 Beazley Insurance DAC 5.5% 10/09/2029	1,327,817	1.12
\$1,000,000 Cloverie 4.5% VRN 11/9/2044	773,188	0.65
\$1,382,000 Zurich Finance Ireland Designated 3% VRN 2051	882,035	0.75
Total Ireland	4,732,412	4.00

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2023

(continued)

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
Italy (30.06.23: 1.33%)		
Corporate Bonds (30.06.23: 1.33%)		
€400,000 Almaviva The Italian Innovation 4.875% 30/10/2026	341,463	0.29
€318,000 Assicurazioni Generali SpA 5.8% 06/07/2032	296,541	0.25
£650,000 Assicurazioni Generali 6.269% Perp	647,562	0.55
£400,000 Intesa Sanpaolo SpA 7.7% VRN Perp	308,318	0.26
€600,000 Poste Italiane SpA 2.625% VRN Perp	426,951	0.36
Total Italy	2,020,835	1.71
Luxembourg (30.06.23: 3.85%)		
Collective Investment Schemes (30.06.23: 3.20%)		
27,500 Pareto SICAV – Pareto Nordic Corporate Bond*	3,605,449	3.05
Corporate Bonds (30.06.23: 0.00%)		
€300,000 BK LC Lux Finco1 Sarl 5.25% 30/04/2029	257,406	0.22
Corporate Convertibles (30.06.23: 0.65%)		
€2,000,000 Mitsubishi UFJ Investor Serv FRN CV 15/12/2050	838,356	0.71
Total Luxembourg	4,701,211	3.98
Mauritius (30.06.23: 0.29%)		
Corporate Bonds (30.06.23: 0.29%)		
\$500,000 Axian Telecom 7.375% 16/02/2027	366,724	0.31
Netherlands (30.06.23: 0.97%)		
Corporate Bonds (30.06.23: 0.97%)		
\$400,000 Athora Netherlands NV 2.25% VRN 15/07/2031	307,631	0.26

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2023

(continued)

Holding (Bonds unless otherwise stated)		Value £	Percentage of total net assets
Norway (30.06.23: 0.21%)			
Corporate Bonds (30.06.23: 0.21%)			
€300,000	B2Holding ASA FRN 28/05/2024	259,958	0.22
€400,000	B2Holding ASA FRN 22/09/2026	351,810	0.30
€100,000	Fiven ASA FRN 11/12/2026	87,086	0.07
€1,500,000	Remarkable Invest AS FRN 12/10/2027	115,862	0.10
Total Norway		814,716	0.69
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	926,146	0.78
€1,117,100	Banco Santander SA 1% VRN Perp	918,185	0.78
£800,000	Banco Santander SA 2.25% VRN 04/10/2032	690,818	0.58
€450,000	Banco Santander SA FRN Perp	298,527	0.25
Total Spain		2,833,676	2.39
United States (30.06.23: 6.27%)			
Government Index-linked (30.06.23: 3.65%)			
\$5,100,000	US Treasury 0.125% IL 15/04/2025	4,595,220	3.89
\$2,800,000	US Treasury 1.25% IL 15/04/2028	2,194,197	1.86
		6,789,417	5.75
Corporate Bonds (30.06.23: 2.62%)			
\$300,000	BAC Capital Trust XIV 4% VRN PERP	190,618	0.16
\$200,000	Burford Capital Global Finance L 6.25% 15/04/2028	150,445	0.13
\$500,000	CAT FIN 5.72% 17/08/2026	516,967	0.44
\$1,500,000	Dresdner Funding Trust 8.151% 30/06/2031	1,297,262	1.10
\$1,000,000	HSBC USA Inc 7.2% 15/07/2097	959,424	0.81
\$957,000	WK Kellogg Foundation Trust 2.443% 01/10/2050	477,503	0.40
		3,592,219	3.04
Total United States		10,381,636	8.79

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2023

(continued)

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
Forward Foreign Exchange Contracts (30.06.23: 0.26%)		
Buy £4,616,621, Sell AUD8,794,783	(99,512)	(0.08)
Buy £911,519, Sell CAD1,551,621	(12,140)	(0.01)
Buy £107,122, Sell NOK1,455,000	(5,404)	-
Buy £9,205,928, Sell €10,667,009	(61,982)	(0.05)
Buy £23,277,071, Sell \$29,199,433	380,201	0.32
Buy \$807,645, Sell £639,365	(6,046)	(0.01)
Total Forward Foreign Exchange Contracts	195,117	0.17
Total value of investments (30.06.23: 98.40%)	110,623,433	93.61
Net other assets (30.06.23: 1.60%)	7,546,176	6.39
Total value of the fund as at 31 December 2023	118,169,609	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%
Greece	0.17%
Hong Kong	0.35%

Ireland:

Collective Investment Schemes	3.81%
Equities	0.15%
South Africa	0.13%
Sweden	0.37%
Alternative Investments	0.01%

SUMMARY OF PORTFOLIO INVESTMENTS

	Value £	Percentage of total net assets
Debt Securities	106,616,152	90.21
Equity Securities	173,750	0.15
Pooled Investment Vehicles	3,638,414	3.08
Derivatives	195,117	0.17
Total value of investments	110,623,433	93.61

STATEMENT OF TOTAL RETURN FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	31.12.23 £	31.12.23 £	31.12.22 £	31.12.22 £
Income				
Net capital gains/(losses)		5,682,875		(7,902,263)
Revenue	3,191,558		3,601,272	
Expenses	(343,841)		(413,519)	
Interest payable and similar charges	—		(210)	
Net revenue before taxation	2,847,717		3,187,543	
Taxation	(11,018)		(11,467)	
Net revenue after taxation		2,836,699		3,176,076
Total return before distributions		8,519,574		(4,726,187)
Distributions		(3,182,404)		(3,590,767)
Change in net assets attributable to unitholders from investment activities		5,337,170		(8,316,954)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	31.12.23 £	31.12.23 £	31.12.22 £	31.12.22 £
Opening net assets attributable to unitholders		122,908,735		146,403,087
Amounts receivable on issue of units	3,651,636		11,895,275	
Amounts payable on cancellation of units	(15,686,605)		(15,826,308)	
		(12,034,969)		(3,931,033)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		5,337,170		(8,316,954)
Retained distributions on accumulation units		1,958,673		2,261,056
Closing net assets attributable to unitholders		118,169,609		136,416,156

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 shareholders for the current year are at 1 July 2023 whilst the figure disclosed in the comparatives' closing Net Assets Attributable to Unitholders is at 31 December 2022.

BALANCE SHEET AS AT 31 DECEMBER 2023

	31.12.23 £	31.12.23 £	30.06.23 £	30.06.23 £
Assets				
Fixed assets:				
Investments		110,808,517		120,944,283
Current assets:				
Debtors	2,037,053		1,692,144	
Cash and bank balances	6,216,408		2,478,920	
Total current assets		8,253,461		4,171,064
Total assets		119,061,978		125,115,347
Liabilities				
Investment liabilities	(185,084)		–	
Creditors:				
Bank overdrafts	–		(26)	
Other creditors	(130,382)		(1,483,696)	
Distribution payable on income units	(576,903)		(722,890)	
Total liabilities		(892,369)		(2,206,612)
Net assets attributable to unitholders		118,169,609		122,908,735

NOTES TO THE INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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

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

PORTFOLIO TRANSACTIONS

Total purchases and sales transactions for the half year ended 31 December 2023 were £44,441,386 and £60,629,533 respectively.

DISTRIBUTION TABLES FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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	Payable 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	Allocated 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

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
21 February 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 Management Limited fully supports the UK Stewardship Code sponsored by the Financial Reporting Council.

BUYING AND SELLING OF UNITS

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

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

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

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

The minimum initial investment for 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, 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 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 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

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
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.