

RATHBONE STRATEGIC BOND FUND

INTERIM REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2024

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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

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

T Carroll – Chief Investment Officer and
Chief Executive Officer
E Renals – Chief Operating Officer
(resigned 2 December 2024)
JA Rogers – Chief Distribution Officer and
Chair of the Board
MS Warren – Non-Executive Director
J Lowe – Non-Executive Director

ADMINISTRATOR

HSBC Securities Services
1-2 Lochside Way
Edinburgh Park
Edinburgh EH12 9DT
Authorised and regulated by the
Financial Conduct Authority

TRUSTEE

NatWest Trustee and Depositary Services Limited
250 Bishopsgate
London EC2M 4AA
Authorised and regulated by the
Financial Conduct Authority

INVESTMENT OBJECTIVE AND POLICY

INVESTMENT OBJECTIVE

The objective of the fund is to deliver a greater total return than the IA Sterling Strategic Bond sector, after fees, over any rolling five-year period. We aim to deliver this return with a lower volatility than the IA Sterling Strategic Bond sector.

There is no guarantee that this investment objective will be achieved over five years, or any other time period.

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 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 HALF YEAR ENDED 31 DECEMBER 2024

PERFORMANCE

In the six months to 31 December 2024, the Rathbone Strategic Bond Fund (I-class units) gained 2.44%, our benchmark, the IA Sterling Strategic bond sector, gained returned 3.08%.

MARKET OVERVIEW

After a long, long wait, monetary policy easing finally began in earnest in the UK and the US in August and September. Government bond yields tend to fall alongside interest rates when central banks ease monetary policy, leading to higher prices. This time around, government bond yields fell only briefly on relief that rates were heading lower as investors began to re-evaluate whether the Bank of England (BoE) or US Federal Reserve (Fed) would keep cutting at the pace they'd hoped.

At the start of August, the BoE cut rates by 0.25%, while signalling it intended to proceed cautiously. It kept rates on hold in September even as the Fed finally joined the rate-cutting club and opted for a double-strength 0.5% cut.

Big rate cutting tends to take place when central banks fear a recession is on the way. But, economic data in both the UK and the US largely proved surprisingly resilient. The UK economy was humming along quite nicely for much of the year, though it hit a rough patch towards year-end. And American GDP grew by just below 3%. That's higher than the trend of many years (barring the year of post-pandemic reopening). Yes, a rash of poor jobs data in early August fuelled a pessimistic turn in investors' views on the US economy. But some of the figures subsequently rebounded significantly, painting a very different picture.

That drove investors to row back their expectations on the size and pace of rate cuts, pushing UK government bond (gilt) and US Treasury yields higher and their prices lower. The 10-year gilt yield fell from 4.18% at the start of the period to as low as 3.76% in mid-September. But it had risen to 4.57% by year-end. The 10-year US Treasury tracked a similar path. It fell from 4.39% at the start of the period to as low as 3.66% in the first half of September, before then rising again to end the year at 4.57%.

A lot of the selling pressure that pushed yields up seemed driven by nervousness that inflation was proving so sticky that it may not fall back to central banks' targets of around 2% anytime soon. And that may force some central banks, especially the Fed, to stall further rate-cutting. The sell-off also seems to have been fuelled by increasing investor unease about global levels of government debt. Many countries already have huge fiscal deficits (gaps between government revenues from taxes and their public spending). And some big borrowers are planning to up their fiscal spending and may issue more sovereign debt to pay for it. Investors got spooked by the prospect of a big glut in the supply of government debt. When the supply of anything exceeds the demand to buy it, its price will drop. That's made some investors more price-sensitive and demanding a 'fiscal risk premium' (via higher yields) to compensate them for the risks involved in lending to heavy-borrowing governments. Pressure is most intense at the long end of the yield curve because of the extra uncertainties involved in lending very long-term.

The trend higher in yields gained extra impetus when Donald Trump won the US presidential election in November. His promises of lower taxes and higher tariffs seemed like a recipe for more government borrowing and higher US inflation. The US 10-year yield is the bedrock for global borrowing costs, regardless of where you live or invest. And when it moves, virtually all other bond yields do too.

PERFORMANCE REVIEW

We were very active in managing our exposure to duration (the sensitivity of a bond's value to changes in rates) throughout the period. We were underweight duration at the start of the year as we felt investors had priced in more rate cuts than central banks would likely deliver. As hopes of bold cuts were upended by strong US economic growth and sticky inflation, we added some duration back in spring and early summer. We then reduced it again after August's 'manic Monday' market meltdown over fears that an unexpected rise in US unemployment might signal a looming recession. We felt that investors' over-optimism about the likely scale and speed of rate cuts had driven up the prices of government bonds (especially longer-dated ones) too much.

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

As a result, we sold some of our gilts, including some UK Treasury 3.25% 2033s, 3.25% 2044s and 1.5% 2053s, ahead of the BoE and Fed rate cuts in August and September. When their prices later dipped, we added to our UK Treasury 2033s and 2044s again and also bought some 4.25% 2040s.

We bought some Australian Federal Government 3% 2033 bonds when we felt they offered good value. Towards year-end, Australian government bond yields had drifted quite a bit lower than gilt yields, and their prices were correspondingly higher. We took this opportunity to take profits on these bonds and sold some to add to our higher-yielding gilts.

At the start of 2024, there was quite a bit of scepticism about whether corporate bond markets could keep powering ahead given the volatility in government bond markets. But, bar a few short-lived blow-outs in credit spreads over the summer (around the time of France's fractious elections and August's 'manic Monday'), they narrowed for most of 2024. The iTraxx European Crossover Index, which measures those spreads, began the period at 321 basis points (bps) and had narrowed to 314bps by year-end.

Going into year end, most measures of spreads were at multi-decade lows. When spreads get this tight, they can't tighten much more. But they can widen a lot if anything goes wrong.

What happens from here largely depends on the economy. So far, it's proved surprisingly resilient, especially in the US. If that continues, then corporate bonds should continue to hold up well. But that could change if it looks like the economy is weakening.

When credit spreads widen, those of bonds with weaker credit ratings tend to widen most. As a result, we sold some of our exposure to high-yield bonds with lower credit ratings, including some units of the Pareto Nordic Corporate Bond Fund, which invests in a wide range of Nordic high-yield corporate bonds.

In September, we bought some newly issued UK insurer Just Group 6.875% 2035s. Before issuing these bonds, Just Group had 'tendered' (retired) some earlier issuance we'd owned the Just Group bonds that it bought back in this tender offer. (When issuers make tender offers, they can sweeten the deal by offering to buy the bonds in question back at premium prices).

OUTLOOK

We're expecting global bond yields to edge lower this year, but it's likely to be a bumpy ride. We think the BoE will likely proceed cautiously in rate-cutting for now, but that could change if the cracks appearing in the UK economy start to suggest a more serious slowdown is looming.

We're comfortable with our duration exposure looking ahead. If gilt yields across short to very long maturities dip below their current 4.5-5.5% level at some point, they could offer very decent capital gains.

In the meantime, gilts are paying very generous levels of income. And their juicy yields reinforce their ability to serve as a valuable counterweight if the prices of stocks and other 'risk assets' suddenly crater.

Bryn Jones
Fund Manager

Stuart Chilvers
Fund Manager

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES

I-CLASS INCOME UNITS

	31.12.24 pence per unit	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	98.25p	94.20p	100.02p	117.50p
Return before operating charges*	2.75p	9.97p	(0.17p)	(12.58p)
Operating charges	(0.27p)	(0.57p)	(0.55p)	(0.64p)
Return after operating charges*	2.48p	9.40p	(0.72p)	(13.22p)
Distributions on income units	(2.80p)	(5.35p)	(5.10p)	(4.26p)
Closing net asset value per unit	97.93p	98.25p	94.20p	100.02p
*after direct transaction costs ¹ of:	0.01p	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	2.52%	9.98%	(0.72%)	(11.25%)
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OTHER INFORMATION

Closing net asset value	£36,989,870	£43,685,895	£44,799,916	£56,238,433
Closing number of units	37,772,106	44,465,387	47,558,573	56,225,669
Operating charges**	0.58%	0.58%	0.64%	0.75%
Direct transaction costs	0.01%	0.01%	0.00%	0.00%

PRICES***

Highest unit price	102.37p	100.72p	103.07p	119.17p
Lowest unit price	98.22p	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.

*** 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

	31.12.24 pence per unit	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	157.71p	143.21p	144.12p	162.89p
Return before operating charges*	4.40p	15.38p	(0.10p)	(17.88p)
Operating charges	(0.44p)	(0.88p)	(0.81p)	(0.89p)
Return after operating charges*	3.96p	14.50p	(0.91p)	(18.77p)
Distributions on accumulation units	(4.53p)	(8.29p)	(7.50p)	(5.99p)
Retained distributions on accumulation units	4.53p	8.29p	7.50p	5.99p
Closing net asset value per unit	161.67p	157.71p	143.21p	144.12p
*after direct transaction costs ¹ of:	0.01p	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	2.51%	10.12%	(0.63%)	(11.52%)
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OTHER INFORMATION

Closing net asset value	£72,298,679	£74,761,120	£78,108,819	£90,164,654
Closing number of units	44,719,173	47,404,274	54,541,226	62,560,699
Operating charges**	0.58%	0.58%	0.64%	0.75%
Direct transaction costs	0.01%	0.01%	0.00%	0.00%

PRICES***

Highest unit price	164.34p	158.81p	148.44p	165.20p
Lowest unit price	157.66p	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.

*** 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 2024

	2024	2023	2022	2021	2020
I-class units	5.12%	9.89%	-14.09%	0.84%	7.50%
IA Sterling Strategic Bond Sector	4.58%	7.83%	-11.01%	0.77%	6.55%

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 2024

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
United Kingdom (30.06.24: 59.55%)		
Government Bonds (30.06.24: 19.30%)		
£1,600,000 UK Treasury 3.25% 31/01/33	1,463,360	1.34
£9,384,000 UK Treasury 1.5% 31/07/53	4,372,136	4.00
£4,450,000 UK Treasury 0.5% 22/10/61	1,250,131	1.14
£4,500,000 UK Treasury 4.25% 07/12/40	4,162,577	3.81
£12,300,000 UK Treasury 3.25% 22/01/44	9,591,994	8.78
£3,800,000 UK Treasury 0.875% 31/07/33	2,824,350	2.58
	23,664,548	21.65
Government Index-Linked Bonds (30.06.24: 2.83%)		
£2,100,000 UK Treasury 0.125% IL 22/03/29	3,377,845	3.09
Corporate Bonds (30.06.24: 37.26%)		
£200,000 Abrdn 5.25% VRN Perp	184,800	0.17
\$500,000 Abrdn 4.25% 30/06/28	379,821	0.35
£800,000 Admiral 8.5% 06/01/34	893,087	0.82
£452,000 Aviva 4% VRN 03/06/55	370,123	0.34
£300,000 Aviva 4.375% VRN 12/09/49	283,068	0.26
£500,000 Aviva 6.875% VRN 27/11/53	516,719	0.47
£301,000 Aviva 6.125% VRN 12/09/54	295,434	0.27
€1,400,000 Barclays 4.75% VRN Perp	1,133,262	1.04
\$950,000 Barclays 6.278% VRN Perp	784,038	0.72
€500,000 BP Capital Markets 3.625% VRN Perp	406,084	0.37
£800,000 Brit Insurance 6.625% VRN 09/12/30	671,971	0.61
£514,000 Bruntwood Bond 2 6% 25/02/25	510,660	0.47
£227,000 BUPA Finance 4.125% 14/06/35	190,994	0.17
£500,000 Channel Link FRN 30/12/50	380,021	0.35
£780,000 Cooperative Bank L 11.75% VRN 22/05/34	939,132	0.86
£300,000 Cooperative Bank P 5.579% VRN 19/09/28	301,040	0.27
£401,000 Coventry Building Society 5.875% VRN Perp	407,944	0.37
£306,000 Coventry Building Society 8.75% VRN Perp	315,027	0.29
£338,000 Coventry Building Society 12.125% Perp	570,318	0.52
£300,000 Direct Line Insurance 4% 05/06/32	261,801	0.24
£400,000 Finance For Residential Soc Housing 8.569% 04/10/58	225,501	0.21
£45,000 HBOS 5.75% VRN Perp	44,332	0.04
£400,000 Heathrow Finance 3.875% 01/03/27 Step	381,400	0.35
\$500,000 HSBC 6% VRN Prep	390,342	0.36

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2024

(continued)

Holding (Bonds unless otherwise stated)		Value £	Percentage of total net assets
€1,600,000	Investec 1.25% VRN 11/08/26	1,305,049	1.19
£949,000	Investec 1.875% VRN 16/07/28	863,665	0.79
£933,000	Investec 2.625% VRN 04/01/32	867,578	0.79
£386,000	Investec 9.125% VRN 06/03/33	414,865	0.38
£200,000	Investec 10.5% VRN Perp	216,542	0.20
£500,000	JRP 9% 26/10/26	533,321	0.49
£445,000	Jupiter Fund Management 8.875% VRN 27/07/30	447,233	0.41
£200,000	Just 5% VRN Perp	165,106	0.15
£100,000	Just 8.125% 26/10/29	107,430	0.10
£1,272,000	Just 6.875% 30/03/35	1,268,010	1.16
£599,000	Legal and General 3.75% VRN 26/11/49	548,965	0.50
£245,000	Legal and General 4.5% VRN 01/11/50	228,320	0.21
\$400,000	Legal and General 5.25% VRN 21/03/47	316,689	0.29
£225,000	Legal and General 5.375% VRN 27/10/45	224,690	0.21
£940,000	Liverpool Victoria Friendly Soc 6.5% VRN 22/05/43	954,100	0.87
£800,000	Lloyds Bank 2.707% VRN 03/12/35	673,026	0.62
AUD 390,000	LL 5.3906% VRN 10/06/27	194,430	0.18
£300,000	M&G 5% VRN 20/07/55	272,674	0.25
£378,000	M&G 5.625% VRN 20/10/51	361,693	0.33
£213,000	National Grid Electricity Distribution 5.35% 10/07/39	202,613	0.18
£560,000	Nationwide BS 5.769% Perp	554,453	0.51
£300,000	Nationwide BS 7.859% VRN Perp	297,000	0.27
€450,000	NatWest 1.043% VRN 14/09/32	349,286	0.32
£221,000	NatWest 2.105% VRN 28/11/31	208,311	0.19
£1,000,000	NatWest 6.625% 22/06/26	1,022,631	0.94
£710,000	NatWest 5% 18/11/29	706,662	0.65
£200,000	Newday Bondco 13.25% 15/12/26	191,430	0.17
£625,000	Paragon Banking 4.375% VRN 25/09/31	608,513	0.56
£1,350,000	Pension Insurance Corp 4.625% 07/05/31	1,226,485	1.12
£900,000	Pension Insurance Corp 5.625% 20/09/30	868,088	0.79
£491,000	Pension Insurance Corp 6.875% 15/11/34	489,708	0.45
£250,000	Pension Insurance Corp 8% 13/11/33	267,202	0.24
£750,000	Principality Building Society 8.625% 12/07/28	807,746	0.74
£200,000	Quilter 8.625% VRN 18/04/33	214,630	0.20
£300,000	Reassure 5.867% 13/06/29	298,329	0.27
£341,000	RL Finance Bonds NO 6 10.125% VRN Perp	385,422	0.35
£2,864,000	RL Finance Bonds NO 4 4.875% VRN 07/10/49	2,303,075	2.11
£700,000	RL Finance Bonds NO 3 6.125% 13/11/28	709,815	0.65

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2024

(continued)

Holding (Bonds unless otherwise stated)		Value £	Percentage of total net assets
\$1,147,000	Rothesay Life 4.875% VRN Perp	851,678	0.78
£1,400,000	Rothesay Life 5% VRN Perp	1,158,514	1.06
£491,000	Rothesay Life 7.019% 10/12/34	500,709	0.46
£879,000	Royal Bank of Scotland 3.622% VRN 14/08/30	871,342	0.80
£200,000	Saffron Building Society 12.5% VRN 19/10/34	200,730	0.18
£500,000	Santander UK FRN 12/07/27	501,128	0.46
£393,000	Schroders 6.346% VRN 18/07/34	395,458	0.36
£861,000	Scottish Widows 7% 16/06/43	885,180	0.81
£300,000	Severn Trent Utilities Finance 2.625% 22/02/33	245,070	0.22
£500,000	Shawbrook 9% VRN 10/10/30	503,894	0.46
£598,000	Skipton Building Society 6.25% VRN 25/04/29	611,959	0.56
\$300,000	Standard Chartered 6.409% VRN Perp	222,820	0.20
£150,000	TP ICAP Finance 7.875% 17/04/30	159,871	0.15
£800,000	Utmost 4% 15/12/31	662,440	0.61
£193,000	Virgin Money UK 5.125% VRN 11/12/30	191,994	0.18
\$300,000	WE Soda Investments 9.5% 06/10/28	245,768	0.22
£200,000	Yorkshire Building Society 6.375% VRN 15/11/28	205,788	0.19
£500,000	Yorkshire Building Society 7.375% VRN 12/09/27	516,029	0.47
		41,442,076	37.92
Equities (30.06.24: 0.16%)			
125,000	Santander UK 10.375% Preference Perp	192,750	0.18
Total United Kingdom		68,677,219	62.84
Belgium (30.06.24: 0.82%)			
Corporate Convertibles (30.06.24: 0.40%)			
€400,000	Ageas 3.875% VRN Perp	308,639	0.28
€500,000	BNP Paribas Fortis SA CV FRN Perp	394,803	0.36
Total Belgium		703,442	0.64

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2024

(continued)

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
Bermuda (30.06.24: 1.69%)		
Corporate Bonds (30.06.24: 1.68%)		
€300,000 Aegon FRN Perp	199,058	0.18
€300,000 Aegon 5.625% VRN Perp	250,152	0.23
€400,000 Aegon 1.506% VRN Perp	130,549	0.12
€400,000 Athora 5.875% 10/09/34	341,886	0.31
£780,000 Hiscox 6.125% VRN 24/11/45	781,736	0.72
	1,703,381	1.56
Non Equity Invest Instruments (30.06.24: 0.01%)		
6 CATCo Reinsurance Opportunities Fund	1,054	—
Total Bermuda	1,704,435	1.56
Canada (30.06.24: 0.77%)		
Corporate Bonds (30.06.24: 0.77%)		
CAD 1,500,000 Scotiabank Capital Trust 5.65% VRN 31/12/56	895,202	0.82
Cayman Islands (30.06.24: 0.16%)		
Corporate Bonds (30.06.24: 0.16%)		
£200,000 Phoenix 5.625% 28/04/31	192,529	0.18
Channel Islands (30.06.24: 2.53%)		
Corporate Bonds (30.06.24: 2.52%)		
£1,550,000 HSBC Bank Fund 5.844% VRN Perp	1,599,846	1.46
Non-Equity Investment Trusts (30.06.24: 0.01%)		
Total Channel Islands	1,599,846	1.46
Czech Republic (30.06.24: 0.14%)		
Corporate Bonds (30.06.24: 0.14%)		
€300,000 Ceska Sporitelna AS 4.824% VRN 15/01/30	259,555	0.24
\$200,000 EnergoPro AS 11% 02/11/28	171,200	0.16
Total Czech Republic	430,755	0.40

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2024

(continued)

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
France (30.06.24: 5.95%)		
Corporate Bonds (30.06.24: 5.95%)		
€600,000 AXA FRN Perp*	464,983	0.42
\$1,035,000 AXA FRN Perp*	785,093	0.72
€200,000 AXA SA 0% VRN Perp	156,268	0.14
\$400,000 AXA SA 4.5% VRN Perp	287,512	0.26
\$2,200,000 AXA SA 6.379% VRN Perp	1,890,341	1.73
€500,000 BNP Paribas FRN Perp	380,334	0.35
£300,000 BPCE SA 2.5% VRN 30/11/32	273,034	0.25
AUD 500,000 BPCE SA 4.5% 26/04/28	239,617	0.22
AUD 870,000 BPCE SA 6.3424% VRN 29/09/28	440,231	0.40
€1,000,000 CNP Assurances FRN Perp	782,888	0.72
£600,000 Credit Agricole SA 1.874% VRN 09/12/31	557,567	0.51
\$1,181,000 La Mondiale 4.8% VRN 18/01/48	903,610	0.83
Total France	7,161,478	6.55
Germany (30.06.24: 1.00%)		
Corporate Bonds (30.06.24: 1.00%)		
£200,000 Commerzbank AG 8.625% VRN 28/02/33	214,267	0.20
Ireland (30.06.24: 4.15%)		
Corporate Bonds (30.06.24: 4.15%)		
\$2,320,000 Beazley Re 5.875% 04/11/26	1,854,222	1.70
\$1,682,000 Beazley Insurance DAC 5.5% 10/09/29	1,312,803	1.20
\$1,382,000 Zurich Finance Ireland Designat 3% VRN 19/04/51	942,265	0.86
Total Ireland	4,109,290	3.76
Italy (30.06.24: 1.30%)		
Corporate Bonds (30.06.24: 1.30%)		
£650,000 Assicurazioni Generali 6.269% Perp	653,212	0.60
€200,000 Castello BC Bidco SpA FRN 14/11/31	165,980	0.15
€200,000 Cassa di Risparmio di Asti SpA 9.25% VRN Perp	165,513	0.15
€200,000 Omnia Della Toffola SpA FRN 05/11/31	161,890	0.15
\$800,000 Intesa Sanpaolo SpA 7.7% VRN Perp	638,787	0.58
Total Italy	1,785,382	1.63

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2024

(continued)

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
Luxembourg (30.06.24: 3.71%)		
Collective Investment Schemes (30.06.24: 2.39%)		
10,500 Pareto SICAV – Pareto Nordic Corporate Bond*	1,509,516	1.38
Corporate Bonds (30.06.24: 0.53%)		
\$400,000 Swiss RE Finance 5% VRN 02/04/49	317,363	0.29
Corporate Convertibles (30.06.24: 0.79%)		
€2,000,000 Mitsubishi UFJ Investor Serv FRN CV 15/12/50	905,360	0.83
Total Luxembourg	2,732,239	2.50
Netherlands (30.06.24: 0.58%)		
Corporate Bonds (30.06.24: 0.58%)		
\$1,000,000 Argentum Netherlands BV 5.75% VRN 15/08/50	796,571	0.73
\$400,000 ARG SWI 4.625% VRN Perp	316,267	0.29
€500,000 Athora Netherlands NV 6.75% VRN Perp	421,191	0.39
€450,000 Lifetri Groep BV 5.25% VRN 01/06/32	362,990	0.33
€414,000 NN 6% VRN 03/11/43	384,018	0.35
Total Netherlands	2,281,037	2.09
Norway (30.06.24: 0.72%)		
Corporate Bonds (30.06.24: 0.72%)		
NOK 1,500,000 Norlandia Health & Care FRN 04/07/28	107,296	0.10
Portugal (30.06.24: 0.00%)		
Corporate Bonds (30.06.24: 0.00%)		
€500,000 EDP Energias de Portugal S 1.875% VRN 14/03/82	377,853	0.35
South Africa (30.06.24: 0.00%)		
Government Bonds (30.06.24: 0.00%)		
\$200,000 Republic of South Africa 7.950% 19/11/54	153,192	0.14

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2024

(continued)

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
Spain (30.06.24: 2.99%)		
Corporate Bonds (30.06.24: 2.99%)		
£1,000,000 Banco Bilbao Vizcaya Argent 3.104% VRN 15/07/31	960,935	0.88
\$600,000 Banco Santander SA 4.75% VRN Perp	455,731	0.42
£800,000 Banco Santander SA 2.25% VRN 04/10/32	733,245	0.67
€650,000 Banco Santander SA FRN Perp	482,073	0.44
€400,000 Unicaja Banco SA 4.875% VRN Perp	319,966	0.29
Total Spain	2,951,950	2.70
Supranational (30.06.24: 0.00%)		
Supranational Bonds (30.06.24: 0.00%)		
£200,000 European Investment Bank 0% 07/12/28	167,766	0.15
Sweden (30.06.24: 0.08%)		
Corporate Bonds (30.06.24: 0.08%)		
SEK 1,250,000 B3 Consulting FRN 24/06/27	91,008	0.08
United States (30.06.24: 9.07%)		
Government Index-linked (30.06.24: 5.86%)		
\$1,850,000 US Treasury 3.375% 15/05/33	1,357,480	1.24
\$260,000 US Treasury 4.625% 15/05/44	201,261	0.19
\$6,600,000 US Treasury 1.25% IL 15/04/28	5,403,138	4.94
	6,961,879	6.37
Corporate Bonds (30.06.24: 3.21%)		
\$300,000 BAC Capital Trust XIV 4% VRN Prep	203,487	0.19
\$1,500,000 Dresdner Funding Trust 8.151% 30/06/31	1,311,715	1.20
\$200,000 Gran Tierra Energy Inc 7.75% 23/05/27	140,331	0.13
\$1,000,000 HSBC USA Inc 7.2% 15/07/97	942,045	0.86
\$957,000 WK Kellogg Foundation Trust 2.443% 01/10/50	450,356	0.41
	3,047,934	2.79
Total United States	10,009,813	9.16

PORTFOLIO AND NET OTHER ASSETS AS AT 31 DECEMBER 2024

(continued)

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
Structured Products (30.06.24: 0.02%)		
€1,000 iTraxx Warrants 2025 JPM	9,798	0.01
Forward Foreign Exchange Contracts (30.06.24: (0.32%))		
Buy £87,842 Sell SEK1,221,570	(837)	—
Buy £880,702 Sell CAD1,585,316	(2,327)	—
Buy £104,443 Sell NOK1,484,147	64	—
Buy £23,380,785 Sell \$29,784,641	(414,520)	(0.38)
Buy £858,436 Sell AUD1,719,593	7,745	0.01
Buy £11,180,350 Sell €13,500,930	(25,668)	(0.03)
Buy €1,079,878 Sell £898,865	(2,546)	—
Total Forward Foreign Exchange Contracts	(438,089)	(0.40)
Total value of investments (30.06.24: 97.25%)	105,917,708	96.92
Net other assets (30.06.24: 2.75%)	3,370,841	3.08
Total value of the fund as at 31 December 2024	109,288,549	100.00

* Collective Investment Schemes

* These two securities are different with respect to interest rate and hence disclosed separately

VRN = Variable Rate Note

Perp = Perpetual

FRN = Floating Rate Note

Sectors/Countries eliminated since the beginning of the year:

Australia:

Government Bonds 1.20%

Channel Islands 0.01%

Chile 0.23%

Denmark 0.21%

Greece 0.37%

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

	31.12.24 £	31.12.24 £	31.12.23 £	31.12.23 £
Income				
Net capital gains		89,584		5,682,875
Revenue	3,178,880		3,191,558	
Expenses	(285,146)		(343,841)	
Net revenue before taxation	2,893,734		2,847,717	
Taxation	(7,134)		(11,018)	
Net revenue after taxation		2,886,600		2,836,699
Total return before distributions		2,976,184		8,519,574
Distributions		(3,165,022)		(3,182,404)
Change in net assets attributable to unitholders from investment activities		(188,838)		5,337,170

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

	31.12.24 £	31.12.24 £	31.12.23 £	31.12.23 £
Opening net assets attributable to unitholders		118,447,015		122,908,735
Amounts receivable on issue of units	6,640,966		3,651,636	
Amounts payable on cancellation of units	(17,633,129)		(15,686,605)	
		(10,992,163)		(12,034,969)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		(188,838)		5,337,170
Retained distributions on accumulation units		2,022,378		1,958,673
Unclaimed distributions		157		–
Closing net assets attributable to unitholders		109,288,549		118,169,609

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 2024 whilst the figure disclosed in the comparatives' closing Net Assets Attributable to Unitholders is at 31 December 2023.

BALANCE SHEET AS AT 31 DECEMBER 2024

	31.12.24 £	31.12.24 £	30.06.24 £	30.06.24 £
Assets				
Fixed assets:				
Investments		106,363,606		115,578,956
Current assets:				
Debtors	1,516,377		2,081,147	
Cash and bank balances	2,686,319		2,455,241	
Total current assets		4,202,696		4,536,388
Total assets		110,566,302		120,115,344
Liabilities				
Investment liabilities		(445,898)		(381,148)
Creditors:				
Other creditors		(265,274)		(678,005)
Distribution payable on income units		(566,581)		(609,176)
Total liabilities		(1,277,753)		(1,668,329)
Net assets attributable to unitholders		109,288,549		118,447,015

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 2024 and are detailed in full in those financial statements.

PORTFOLIO TRANSACTIONS

Total purchases and sales transactions for the half year ended 31 December 2024 were £23,944,536 (31 December 2023: £44,441,386) and £33,501,981 (31 December 2023: £60,629,533) respectively.

DISTRIBUTION TABLES FOR THE HALF YEAR ENDED 31 DECEMBER 2024

INTEREST DISTRIBUTION (PENCE PER UNIT)

First Interim

Group 1 – Units purchased prior to 1 July 2024

Group 2 – Units purchased on or after 1 July 2024 and on or before 30 September 2024

I-class income units	Income	Equalisation	Paid 29.11.24	Paid 30.11.23
Group 1	1.30	—	1.30	1.27
Group 2	0.69	0.61	1.30	1.27

I-class accumulation units	Income	Equalisation	Accumulated 29.11.24	Accumulated 30.11.23
Group 1	2.09	—	2.09	1.92
Group 2	1.06	1.03	2.09	1.92

Second Interim

Group 1 – Units purchased prior to 1 October 2024

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

I-class income units	Income	Equalisation	Payable 28.02.25	Paid 29.02.24
Group 1	1.50	—	1.50	1.29
Group 2	0.78	0.72	1.50	1.29

I-class accumulation units	Income	Equalisation	Allocated 28.02.25	Accumulated 29.02.24
Group 1	2.44	—	2.44	1.99
Group 2	1.29	1.15	2.44	1.99

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 2025

GENERAL INFORMATION

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

SUSTAINABILITY

The Financial Conduct Authority has asked for organisations to make climate-related disclosures, consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). These reports aim to promote transparency on climate-related risks and opportunities and to enable clients to make considered choices.

<https://www.rathbonesam.com/Strategic-Bond-Fund-TCFD-Product-Report>



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.