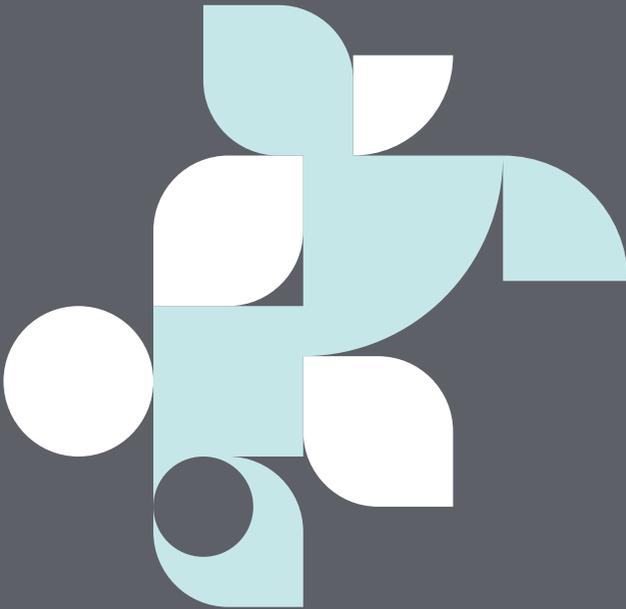


Rathbones

Look forward

# Rathbone UK Opportunities Fund

Annual report for the year ended 30 September 2021



# Rathbone UK Opportunities Fund

## **Authorised Fund Manager (the Manager)**

Rathbone Unit Trust Management Limited  
8 Finsbury Circus  
London EC2M 7AZ  
Telephone 020 7399 0399  
Facsimile 020 7399 0057

**A member of the Rathbones Group  
Authorised and regulated by the  
Financial Conduct Authority and member  
of The Investment Association**

## **Dealing office**

SS&C Financial Services Europe Limited  
SS&C House  
St Nicholas Lane  
Basildon  
Essex SS15 5FS  
Telephone 0330 123 3810  
Facsimile 0330 123 3812

## **Registrar**

SS&C Financial Services International Limited  
SS&C House  
St Nicholas Lane  
Basildon  
Essex SS15 5FS  
Telephone 0330 123 3810  
Facsimile 0330 123 3812  
**Authorised and regulated by the  
Financial Conduct Authority**

## **Independent Auditor**

Deloitte LLP  
Statutory Auditor  
110 Queen Street  
Glasgow G1 3BX

## **Directors of the Manager**

**RP Stockton** – Chairman  
**MM Webb** – Chief Executive Officer  
**JR Chillingworth** – Chief Investment Officer  
**JM Ardouin** – Finance Director  
**MS Warren** – Non-Executive Director  
**J Lowe** – Non-Executive Director

## **Administrator**

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

## **Trustee**

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

# Manager's report for the year ended 30 September 2021

The Rathbone UK Opportunities Fund gained 37.2% in the 12 months to 30 September, while its FTSE All-Share Index benchmark rose 27.9%. Meanwhile, the IA UK All Companies sector increased 32.4%.

The past year has proved something of a roller-coaster ride. Stock markets have posted strong gains, but there's been a fair bit of angst and volatility along the way.

Throughout the period, investors have wrestled with the implications of post-pandemic reopening in terms of inflation, monetary policy and stock market leadership. Would GDP expansion continue to accelerate, benefitting the 'value' companies that have lagged significantly in recent years? Or would the initial reopening boom moderate, creating an environment where investors craved the reliability of 'growth' businesses.

This has led to a tug-of-war in equity markets, from week-to-week – and often day-to-day – markets have pitched and heaved between different parts of the market based mostly on economic data and noises from central bankers. Growth rallying at value's expense, then vice versa. All the while, however, stock markets have steadily marched higher.

Against this backdrop, the fund has largely enjoyed very strong outperformance over the period, thanks to extremely resilient and impressive numbers from our portfolio holdings, as well as a largely supportive style bias. That said, when value stocks have been in the ascendant over their 'growthier' counterparts, this has weighed on the short-term performance of this midcap growth fund. We think that our long-term focus on stocks that we believe offer consistent and reliable growth potential will prove more attractive on a medium-term view than buying into more fundamentally challenged businesses that may enjoy short-term boosts.

Meanwhile, we are pleased to report that several of your holdings have continued to display the operational resilience that we regard so highly when picking investment opportunities.

## Adding to high-quality cyclicals

Early in the year, we added more stocks to our bucket of higher beta, more cyclical names. But we focused only on those stocks that demonstrate the quality factors we require, and which we believe have scope to deliver materially higher earnings thanks to recovery in their end-markets because of reopening.

These included industrial companies, such as Rotork, which specialises in flow control systems for water, oil and gas, industrial processes and power stations, as well as construction and industrial equipment rental company Ashted, which is listed in the UK but predominantly operates in the US. A thus far strong industrial rebound should create opportunities for Ashted to expand the footprint of its high-returning rental model.

We also bought uniform and linen supplier and launderer Johnson Service Group, which we expected to benefit from reopening, particularly given the big trend towards UK staycations over the summer.

We opted to trim our exposure to renewable energy firm Ceres Power. The shares have serially outperformed ever since we first bought them back in August 2019 and its valuation came to reflect more than we could ever hope for in the medium term. We also exited our holding in Abcam, the so-called 'Amazon for antibodies'. It supplies antibodies used in scientific research for, among other things, drug development and testing. In our view, Abcam is a unique investment. But the company required more capital investment than we had anticipated and there is limited clarity from the company on how this will pan out over the next two years. The shares rallied sharply after it raised money in a secondary listing on the Nasdaq in October so we took the opportunity to recycle our profits.

Going into the early summer, we bought construction and infrastructure industry supplier Hill & Smith which enjoys a superb track record, as well as attractive medium-term prospects domestically and abroad. The company has a 65-70% market share of the temporary road barrier

fleet market in the UK so we expect it to benefit from increased government funding for the road infrastructure. In a similar vein, the proposed \$1 trillion US infrastructure bill would provide a strong tailwind to Hill & Smith, which makes nearly half its sales in the US.

We also topped up our exposure to retailer WH Smith. It is no longer 'just' a high street stationery store, but a travel retailer with a large presence in the US thanks to its recent acquisitions. Flight activity in the US is much higher than in Europe, which should give the business a fillip. Additionally, WH Smith has taken over space from Boots in major London airports thanks to the strength of its offering, which is now wider than ever.

In June, we sold housebuilder Countryside Properties following its decision to focus solely on its partnerships division, which partners with housing associations, public bodies and institutional private rental operators to deliver housing across a range of tenure options (owner-occupier and shared ownership housing plus rental properties). We felt the stock's valuation was approaching the top-end versus the broad housebuilding sector, particularly since mixed tenure housing partnerships are a lower margin business than 'pure' housebuilding.

We also opted to sell out of greetings cards company Moonpig. It saw huge increases in the number of customers sending its online cards during lockdowns and the business continued to perform strongly during reopening. But we began to have concerns about whether Moonpig deserved its hefty valuation. We felt it could be justified only by frequent earnings upgrades, which had failed to materialise.

Finally, we sold our remaining stake in robotic process automation company Blue Prism. We had such high hopes for this business – the market for installing software to automate repetitive tasks is huge and growing fast. But we grew increasingly worried that Blue Prism didn't have the right go-to-market strategy to capture this growth. Irritatingly, it has subsequently been bid for (not at a particularly chunky premium we would add). We knew this was a risk when we sold our shares, but we felt it didn't justify holding on.

### **Post-pandemic pressures have begun to bite**

After many months of strong equity markets (and strong outperformance from your fund), this September has felt like a turning point. Companies, consumers, central bankers and investors have become tangibly more concerned about supply chain shortages, spiking energy prices and tight labour markets, all of which have put upward pressure on inflation. And this has coincided with a softening in global growth figures, thanks to the Delta variant. Growth is trending down and inflation has been trending up.

We enter the final quarter of the year with fewer supports and more challenges for markets to face down. The risk to earnings into year-end looks to be on the downside. We have courage in our convictions and won't be chasing value names through this stormy patch. Instead, we will be sticking with our quality growth stocks which we firmly believe are capable of posting resilient and reliable earnings whatever the weather.

**Alexandra Jackson**  
Fund Manager  
26 October 2021

## Net asset value per unit and comparative tables

### R-class income units

	<b>30.09.21</b> pence per unit	30.09.20 pence per unit	30.09.19 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	432.05p	425.25p	501.56p
Return before operating charges*	158.93p	19.79p	(57.99p)
Operating charges	(8.56p)	(7.34p)	(7.21p)
Return after operating charges*	150.37p	12.45p	(65.20p)
Distributions on income units	(6.64p)	(5.65p)	(11.11p)
Closing net asset value per unit	575.78p	432.05p	425.25p
*after direct transaction costs <sup>1</sup> of:	0.81p	0.49p	0.76p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	34.80%	2.93%	(13.00%)
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### Other information

Closing net asset value	£2,156,198	£1,688,139	£1,883,944
Closing number of units	374,484	390,727	443,021
Operating charges	1.63%	1.70%	1.65%
Direct transaction costs	0.15%	0.11%	0.17%

### Prices\*\*

Highest unit price	613.48p	504.46p	515.45p
Lowest unit price	434.61p	304.60p	392.57p

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

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

### R-class accumulation units

	<b>30.09.21</b> pence per unit	30.09.20 pence per unit	30.09.19 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	583.50p	566.36p	647.01p
Return before operating charges*	214.76p	26.96p	(71.25p)
Operating charges	(11.59p)	(9.82p)	(9.40p)
Return after operating charges*	203.17p	17.14p	(80.65p)
Distributions on accumulation units	(8.68p)	(7.33p)	(14.06p)
Retained distributions on accumulation units	8.68p	7.33p	14.06p
Closing net asset value per unit	786.67p	583.50p	566.36p
*after direct transaction costs <sup>1</sup> of:	1.09p	0.66p	0.99p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	34.82%	3.03%	(12.47%)
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### Other information

Closing net asset value	£7,407,873	£5,410,358	£5,588,000
Closing number of units	941,678	927,228	986,644
Operating charges	1.63%	1.70%	1.65%
Direct transaction costs	0.15%	0.11%	0.17%

### Prices\*\*

Highest unit price	831.99p	671.82p	669.01p
Lowest unit price	586.95p	405.37p	510.37p

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

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

### I-class income units

	<b>30.09.21</b> pence per unit	30.09.20 pence per unit	30.09.19 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	466.45p	454.25p	523.82p
Return before operating charges*	171.85p	20.92p	(55.78p)
Operating charges	(3.32p)	(3.02p)	(2.80p)
Return after operating charges*	168.53p	17.90p	(58.58p)
Distributions on income units	(6.78p)	(5.70p)	(10.99p)
Closing net asset value per unit	628.20p	466.45p	454.25p
*after direct transaction costs <sup>1</sup> of:	0.88p	0.53p	0.80p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges	36.13%	3.94%	(11.18%)
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### Other information

Closing net asset value	£16,598,556	£12,180,413	£14,251,123
Closing number of units	2,642,224	2,611,297	3,137,317
Operating charges	0.58%	0.65%	0.61%
Direct transaction costs	0.15%	0.11%	0.17%

### Prices\*\*

Highest unit price	668.87p	541.06p	531.25p
Lowest unit price	469.24p	326.51p	416.06p

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

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

### I-class accumulation units

	<b>30.09.21</b> pence per unit	30.09.20 pence per unit	30.09.19 pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	623.87p	599.49p	675.84p
Return before operating charges*	230.28p	28.37p	(72.73p)
Operating charges	(4.48p)	(3.99p)	(3.62p)
Return after operating charges*	225.80p	24.38p	(76.35p)
Distributions on accumulation units	(9.09p)	(7.54p)	(14.24p)
Retained distributions on accumulation units	9.09p	7.54p	14.24p
Closing net asset value per unit	849.67p	623.87p	599.49p

\*after direct transaction costs<sup>1</sup> of: 1.19p      0.70p      1.04p

<sup>1</sup> Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs.

### Performance

Return after charges 36.19%      4.07%      (11.30%)

### Other information

Closing net asset value	£46,679,563	£21,647,626	£21,651,748
Closing number of units	5,493,821	3,469,921	3,611,697
Operating charges	0.58%	0.65%	0.61%
Direct transaction costs	0.15%	0.11%	0.17%

### Prices\*\*

Highest unit price	898.03p	714.04p	684.09p
Lowest unit price	627.59p	430.89p	536.47p

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

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

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



Lower potential risk/reward  
(Not risk-free)

Higher potential risk/reward

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

### Discrete annual performance, quarter ending 30 September 2021

	2017	2018	2019	2020	2021
R-class units	11.74%	6.30%	-11.65%	2.76%	35.84%
I-class units	12.52%	7.27%	-10.89%	3.73%	37.19%
IA UK All Companies sector	13.65%	5.54%	-0.03%	-12.76%	32.38%

Price performance based upon bid to bid prior to 21.01.19 and single price (mid) thereafter.

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

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

## Portfolio and net other assets as at 30 September 2021

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
<b>Oil and Gas Producers</b> (30.09.20: 0.00%)		
250,000 Volution	<b>1,230,000</b>	<b>1.69</b>
<b>Chemicals</b> (30.09.20: 2.75%)		
18,000 Croda International	<b>1,537,920</b>	<b>2.11</b>
<b>Construction and Materials</b> (30.09.20: 6.41%)		
450,000 Accsys Technology	738,000	1.01
1,100,000 Breedon	1,085,700	1.49
30,000 CRH	1,047,000	1.44
160,000 Marshalls	1,193,600	1.64
100,000 MJ Gleeson	790,000	1.08
	<b>4,854,300</b>	<b>6.66</b>
<b>Aerospace and Defence</b> (30.09.20: 1.77%)		
350,000 Chemring	<b>1,116,500</b>	<b>1.53</b>
<b>Electronic and Electrical Equipment</b> (30.09.20: 6.61%)		
170,000 discoverIE	1,768,000	2.43
50,000 Halma	1,421,000	1.95
40,000 Oxford Instruments	912,000	1.25
300,000 Rotork	1,046,400	1.44
23,000 XP Power	1,179,900	1.62
	<b>6,327,300</b>	<b>8.69</b>
<b>Industrial Engineering</b> (30.09.20: 7.11%)		
35,000 AB Dynamics	665,000	0.91
90,000 Ceres Power	967,500	1.33
70,000 Hill & Smith	1,271,200	1.75
810,000 Melrose Industries	1,409,400	1.93
	<b>4,313,100</b>	<b>5.92</b>
<b>Healthcare Equipment and Services</b> (30.09.20: 1.41%)		
270,000 Advanced Medical Solutions*	<b>832,950</b>	<b>1.14</b>
<b>Pharmaceuticals and Biotechnology</b> (30.09.20: 6.23%)		
1,100,000 Alliance Pharma*	1,141,800	1.57
28,000 Dechra Pharmaceuticals	1,356,880	1.86
	<b>2,498,680</b>	<b>3.43</b>

## Portfolio and net other assets as at 30 September 2021 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
<b>Food and Drug Retailers (30.09.20: 7.45%)</b>		
25,000 Diageo	901,375	1.24
50,000 Fevertree Drinks	1,163,500	1.60
40,000 Greggs	1,179,200	1.62
50,000 Ocado	831,250	1.14
315,789 Tesco	799,894	1.10
	<b>4,875,219</b>	<b>6.70</b>
<b>Food Producers (30.09.20: 1.33%)</b>		
33,000 Cranswick	<b>1,178,760</b>	<b>1.62</b>
<b>General Retailers (30.09.20: 3.03%)</b>		
125,000 JD Sports Fashion	1,310,625	1.80
115,000 Keystone Law	943,000	1.29
70,000 WH Smith	1,198,750	1.65
	<b>3,452,375</b>	<b>4.74</b>
<b>Leisure Goods (30.09.20: 0.75%)</b>		
10,000 Games Workshop	<b>1,027,000</b>	<b>1.41</b>
<b>Travel and Leisure (30.09.20: 1.10%)</b>		
900,000 Patisserie	—	—
400,000 SSP	1,107,200	1.52
	<b>1,107,200</b>	<b>1.52</b>
<b>Life Insurance (30.09.20: 2.85%)</b>		
170,000 Phoenix	<b>1,097,520</b>	<b>1.51</b>
<b>Non-Life Insurance (30.09.20: 1.72%)</b>		
230,000 Beazley	<b>872,160</b>	<b>1.20</b>
<b>Real Estate (30.09.20: 12.00%)</b>		
400,000 Grainger	1,220,000	1.68
100,000 Safestore	1,049,000	1.44
100,000 Segro REIT	1,194,500	1.64
900,000 Sirius Real Estate	1,175,400	1.61
100,000 Unite	1,088,000	1.49
800,000 Warehouse REIT	1,169,600	1.61
	<b>6,896,500</b>	<b>9.47</b>

## Portfolio and net other assets as at 30 September 2021 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
<b>General Financial (30.09.20: 5.88%)</b>		
155,000 AJ Bell	618,140	0.85
170,000 Draper Esprit	1,706,800	2.34
60,000 Intermediate Capital	1,227,000	1.69
145,000 JTC	1,077,350	1.48
9,892 Thomas Murray Network*	17,806	0.02
942 Thomas Murray Network Bonus shares*	—	—
	<b>4,647,096</b>	<b>6.38</b>
<b>Support Services (30.09.20: 6.30%)</b>		
22,000 Ashtead	1,241,680	1.70
44,000 Diploma	1,250,480	1.72
100,000 Grafton	1,275,000	1.75
135,000 Howdens Joinery	1,209,330	1.66
650,000 Johnson Service	977,600	1.34
35,000 Keywords Studios	1,019,200	1.40
	<b>6,973,290</b>	<b>9.57</b>
<b>Software and Computer Services (30.09.20: 19.47%)</b>		
290,015 ActiveOps	498,826	0.68
35,555 Aveva	1,279,624	1.76
220,000 Bytes Technology	1,115,400	1.53
105,000 FDM	1,327,200	1.82
65,000 Gamma Communications	1,186,900	1.63
120,000 GB*	1,038,000	1.42
110,000 Kainos	2,064,700	2.83
346,522 Made Tech	478,200	0.66
180,000 Rightmove	1,230,120	1.69
55,000 Softcat	1,113,200	1.53
170,000 Team17*	1,275,000	1.75
	<b>12,607,170</b>	<b>17.30</b>
<b>Media (30.09.20: 2.37%)</b>		
50,000 Future	1,845,000	2.53

## Portfolio and net other assets as at 30 September 2021 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value (note 1f) £	Percentage of total net assets
<b>Total value of investments</b> (30.09.20: 97.51%)	69,290,040	95.12
<b>Net other assets</b> (30.09.20: 2.49%)	3,552,150	4.88
<b>Total value of the fund as at 30 September 2021</b>	<b>72,842,190</b>	<b>100.00</b>

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

Sectors eliminated since the beginning of the year:

Industrial Transportation 0.97%

\* Unquoted security

+ Quoted on the Alternative Investment Market

## Statement of total return for the year ended 30 September 2021

	Note	30.09.21 £	30.09.21 £	30.09.20 £	30.09.20 £
<b>Income</b>					
Net capital gains	2		<b>15,731,995</b>		1,156,402
Revenue	3	<b>768,041</b>		603,656	
Expenses	4	<b>(418,956)</b>		(350,366)	
Net revenue before taxation		<b>349,085</b>		253,290	
Taxation	5	—		6	
Net revenue after taxation			<b>349,085</b>		253,296
<b>Total return before distributions</b>			<b>16,081,080</b>		1,409,698
Distributions	6		<b>(694,700)</b>		(520,090)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>15,386,380</b>		889,608

## Statement of change in net assets attributable to unitholders for the year ended 30 September 2021

	30.09.21 £	30.09.21 £	30.09.20 £	30.09.20 £
<b>Opening net assets attributable to unitholders</b>		<b>40,926,536</b>		43,374,815
Amounts receivable on issue of units	<b>19,984,546</b>		3,540,048	
Amounts payable on cancellation of units	<b>(4,020,143)</b>		(7,219,577)	
		<b>15,964,403</b>		(3,679,529)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		<b>15,386,380</b>		889,608
Retained distributions on accumulation units		<b>555,654</b>		333,394
Unclaimed distributions		<b>9,217</b>		8,248
<b>Closing net assets attributable to unitholders</b>		<b>72,842,190</b>		40,926,536

## Balance sheet as at 30 September 2021

	Note	30.09.21 £	30.09.21 £	30.09.20 £	30.09.20 £
<b>Assets</b>					
<b>Fixed assets:</b>					
Investments			<b>69,290,040</b>		39,905,571
<b>Current assets:</b>					
Debtors	7	<b>224,052</b>		110,904	
Cash and bank balances		<b>5,262,654</b>		1,140,275	
<b>Total current assets</b>			<b>5,486,706</b>		1,251,179
<b>Total assets</b>			<b>74,776,746</b>		41,156,750
<b>Liabilities</b>					
<b>Creditors:</b>					
Other creditors	8	<b>(1,795,590)</b>		(139,720)	
Distribution payable on income units		<b>(138,966)</b>		(90,494)	
<b>Total liabilities</b>			<b>(1,934,556)</b>		(230,214)
<b>Net assets attributable to unitholders</b>			<b>72,842,190</b>		40,926,536

# Notes to the financial statements

## 1 Accounting policies

### a) Basis of accounting

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

As stated in the Statement of the Manager's responsibilities in relation to the report and accounts of the Company on page 28, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the fund.

There are no significant judgments or sources of estimation uncertainty.

### b) Recognition of revenue

All dividends on investments marked ex-dividend up to the accounting date are included in revenue inclusive of any tax deducted at source and net of attributable tax credits. Bank and other interest receivable is accrued up to the accounting date, and this forms part of the distribution.

### c) Treatment of scrip and special dividends

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

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

### d) Treatment of expenses

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

### e) Distribution policy

Revenue arising from the fund's investments accumulates during each accounting period. If, at the end of the accounting period, revenue exceeds expenses, the net revenue of the fund is available to be distributed to unitholders.

For the purpose of calculating the distribution available to unitholders, the Manager's charge is deducted from capital, offsetting expenses against capital may constrain future growth in revenue and capital.

A reconciliation of the net distribution to the net revenue of the fund as reported total return is shown in note 6.

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.

### f) Basis of valuation of investments

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

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

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

### g) 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.

### **1 Accounting policies** *(continued)*

#### **h) 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.

#### **i) 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.

## Notes to the financial statements *(continued)*

### 2 Net capital gains

	30.09.21 £	30.09.20 £
The net capital gains during the year comprise:		
Non-derivative securities	<b>15,529,384</b>	1,157,405
Capital special dividends	<b>203,720</b>	—
Currency losses	—	(4)
Transaction charges	<b>(1,109)</b>	(999)
Net capital gains	<b>15,731,995</b>	1,156,402

### 3 Revenue

	30.09.21 £	30.09.20 £
Dividends – UK Ordinary	<b>573,928</b>	483,052
– Overseas	<b>102,613</b>	18,282
– Property income distributions	<b>91,500</b>	99,080
Bank interest	—	3,242
Total revenue	<b>768,041</b>	603,656

### 4 Expenses

	30.09.21 £	30.09.21 £	30.09.20 £	30.09.20 £
Payable to the Manager, associates of the Manager and agents of either of them:				
Manager's periodic charge		<b>345,655</b>		266,673
Payable to the Trustee, associates of the Trustee and agents of either of them:				
Trustee's fees	<b>11,929</b>		8,827	
Safe custody and other bank charges	<b>4,953</b>		3,461	
		<b>16,882</b>		12,288
Other expenses:				
Administration fees	<b>7,147</b>		6,940	
Audit fee*	<b>10,200</b>		10,200	
Printing and publication costs	<b>5,892</b>		5,739	
Registration fees	<b>33,180</b>		48,526	
		<b>56,419</b>		71,405
Total expenses		<b>418,956</b>		350,366

\* Audit fees for 2021 are £8,500 excluding VAT (30.09.20: £8,250 excluding VAT).

## 5 Taxation

	30.09.21 £	30.09.20 £
a) Analysis of charge in the year		
Windfall overseas tax recoveries	—	(6)
Total tax charge for the year (note 5b)	—	(6)

### 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%) (30.09.20: 20%). The differences are explained below.

	30.09.21 £	30.09.20 £
Net revenue before taxation	<b>349,085</b>	253,290
Corporation tax at 20%	<b>69,817</b>	50,658
Effects of:		
Revenue not subject to taxation	<b>(135,308)</b>	(100,266)
Current year expenses not utilised	<b>65,491</b>	49,608
Corporate tax charge	—	—
Windfall overseas tax recoveries	—	(6)
Total tax charge for the year (note 5a)	—	(6)

### c) Deferred tax

At the year end the fund had surplus management expenses of £14,939,613 (30.09.20: £14,612,157). It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, a deferred tax asset of £2,987,922 (30.09.20: £2,922,431) has not been recognised in the financial statements.

## 6 Distributions

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

	<b>30.09.21</b>	30.09.20
	<b>£</b>	£
Interim	<b>221,795</b>	245,260
Final	<b>537,041</b>	265,519
	<b>758,836</b>	510,779
Add: Amounts deducted on cancellation of units	<b>12,231</b>	21,602
Deduct: Amounts received on issue of units	<b>(76,367)</b>	(12,291)
Net distribution for the year	<b>694,700</b>	520,090

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

Net distribution for the year	<b>694,700</b>	520,090
Expenses charged to capital:		
Manager's periodic charge	<b>(345,655)</b>	(266,673)
Equalisation on conversions	<b>(2)</b>	5
Balance brought forward	<b>(401)</b>	(527)
Balance carried forward	<b>443</b>	401
Net revenue after taxation	<b>349,085</b>	253,296

## 7 Debtors

	<b>30.09.21</b>	30.09.20
	<b>£</b>	£
Amounts receivable for issue of units	<b>116,041</b>	18,401
Sales awaiting settlement	<b>—</b>	41,667
Accrued revenue	<b>108,011</b>	50,836
Total debtors	<b>224,052</b>	110,904

## 8 Other creditors

	<b>30.09.21</b>	30.09.20
	<b>£</b>	£
Amounts payable for cancellation of units	<b>48,315</b>	23,330
Purchases awaiting settlement	<b>1,675,658</b>	64,498
Accrued expenses	<b>35,277</b>	30,374
Accrued manager's periodic charge	<b>36,340</b>	21,518
Total other creditors	<b>1,795,590</b>	139,720

## 9 Reconciliation of units

	R-class income	R-class accumulation	I-class income	I-class accumulation
Opening units issued at 01.10.20	390,727	927,228	2,611,297	3,469,921
Unit movements 01.10.20 to 30.09.21				
Units issued	14,458	114,822	232,064	2,292,639
Units cancelled	(27,298)	(94,783)	(204,273)	(273,929)
Units converted	(3,403)	(5,589)	3,136	5,190
Closing units issued at 30.09.21	374,484	941,678	2,642,224	5,493,821

## 10 Related party transactions

Management fees paid to Rathbone Unit Trust Management Limited (the Manager) are disclosed in note 4 and amounts outstanding at the year end in note 8.

Details of units created and cancelled by the Manager are shown in the Statement of Change in Net Assets Attributable to Unitholders and note 6.

There were no commissions paid to stockbroking of the Manager in respect of dealings in the investments of Rathbone UK Opportunities Fund during the year (30.09.20: nil).

All other amounts paid to or received from the related parties, together with the outstanding balances are disclosed in the financial statements.

At the year end there were no significant unitholders (30.09.20: nil).

## 11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (30.09.20: nil).

## 12 Risk disclosures on financial instruments

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

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

The fund does not make use of derivatives.

**12 Risk disclosures on financial instruments** *(continued)*

The main risks arising from the financial instruments are:

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

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

	<b>30.09.21</b>	30.09.20
	<b>£</b>	£
Currency:		
US dollar	<b>5,117</b>	—
Pound sterling	<b>72,837,073</b>	40,926,536
<b>Net assets</b>	<b>72,842,190</b>	40,926,536

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 £512 (30.09.19: £nil). 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 £512 (30.09.20: £nil). These calculations assume all other variables remain constant.

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

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

	<b>30.09.21</b>	30.09.20
	<b>£</b>	£
Floating rate assets:		
Pound sterling	<b>5,262,654</b>	1,140,275
Assets on which no interest is paid:		
US dollar	<b>5,117</b>	—
Pound sterling	<b>69,508,975</b>	40,016,475
	<b>69,514,092</b>	40,016,475
Liabilities on which no interest is paid:		
Pound sterling	<b>(1,934,556)</b>	(230,214)
<b>Net assets</b>	<b>72,842,190</b>	40,926,536

**12 Risk disclosures on financial instruments** *(continued)*

**(ii) Interest rate risk** *(continued)*

Due to the proportion of interest bearing assets held within the portfolio, no sensitivity analysis has been prepared illustrating the impact changes in yields would have on the value of the fund's portfolio.

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

**(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 £6,929,004 (30.09.20: £3,990,557). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £6,929,004 (30.09.20: £3,990,557). These calculations assume all other variables remain constant.

**(iv) Counterparty risk**, being the risk that the counterparty will not deliver the investments for a purchase, or the cash for a sale after the fund has fulfilled its responsibilities.

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

**(vi) Leverage.** In accordance with the IA SORP issued in May 2014 we are required to disclose any leverage of the fund. There is no significant leverage in Rathbone UK Opportunities which would increase its exposure.

**13 Portfolio transaction cost**

**For the year ended 30 September 2021**

**Analysis of total purchase costs**

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

**13 Portfolio transaction cost** *(continued)*

**Analysis of total sales costs**

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

Commissions and taxes as % of average net assets

Commissions 0.02%

Taxes 0.13%

**For the year ended 30 September 2020**

**Analysis of total purchase costs**

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	9,556,750	5,068	0.05	35,771	0.37
Total purchases before transaction costs	9,556,750	5,068		35,771	
Total purchases including commission and taxes	9,597,589				

**Analysis of total sales costs**

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	12,236,750	7,033	0.06	72	—
Total sales including transaction costs	12,236,750	7,033		72	
Total sales net of commission and taxes	12,229,645				

Commissions and taxes as % of average net assets

Commissions 0.03%

Taxes 0.08%

## Notes to the financial statements *(continued)*

### 13 Portfolio transaction cost *(continued)*

In the case of shares, commissions and taxes are paid by the fund on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 0.32% (30.09.20: 0.42%).

### 14 Fair value of investments

The fair value of investments has been determined using the following hierarchy:

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### For the year ended 30 September 2021

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

#### For the year ended 30 September 2020

Category	1	2	3	Total
Investment assets	£	£	£	£
Equities	39,887,765	—	17,806	39,905,571
	39,887,765	—	17,806	39,905,571

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

### 15 Unit price movement since the balance sheet date

Subsequent to the year end, the net asset value per unit of the fund has increased using the unit prices at the year end date compared to 23 November 2021. This movement takes into account routine transactions but also reflects the market movements of recent months. There are no post balance sheet events which require adjustments.

<b>Unit type</b>	<b>30.09.21 mid price</b>	<b>23.11.21 mid price</b>
R-class income	584.19p	582.64p
R-class accumulation	792.25p	796.04p
I-class income	637.34p	636.69p
I-class accumulation	855.70p	861.14p

## Distribution tables for the year ended 30 September 2021

### Distribution tables (pence per unit)

#### Interim

Group 1 – Units purchased prior to 1 October 2020

Group 2 – Units purchased on or after 1 October 2020 and on or before 31 March 2021

R-class income units	Net income	Equalisation	Paid 28.05.21	Paid 29.05.20
Group 1	2.34	–	2.34	2.94
Group 2	1.22	1.12	2.34	2.94

R-class accumulation units	Net income	Equalisation	Accumulated 28.05.21	Accumulated 29.05.20
Group 1	2.87	–	2.87	3.61
Group 2	0.67	2.20	2.87	3.61

I-class income units	Net income	Equalisation	Paid 28.05.21	Paid 29.05.20
Group 1	2.13	–	2.13	2.64
Group 2	0.72	1.41	2.13	2.64

I-class accumulation units	Net income	Equalisation	Accumulated 28.05.21	Accumulated 29.05.20
Group 1	2.84	–	2.84	3.49
Group 2	0.79	2.05	2.84	3.49

#### Final

Group 1 – Units purchased prior to 1 April 2021

Group 2 – Units purchased on or after 1 April 2021 and on or before 30 September 2021

R-class income units	Net income	Equalisation	Payable 30.11.21	Paid 30.11.20
Group 1	4.30	–	4.30	2.71
Group 2	3.50	0.80	4.30	2.71

R-class accumulation units	Net income	Equalisation	Allocated 30.11.21	Accumulated 30.11.20
Group 1	5.81	–	5.81	3.72
Group 2	2.30	3.51	5.81	3.72

I-class income units	Net income	Equalisation	Payable 30.11.21	Paid 30.11.20
Group 1	4.65	–	4.65	3.06
Group 2	2.64	2.01	4.65	3.06

## Distribution tables for the year ended 30 September 2021 *(continued)*

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

Final *(continued)*

I-class accumulation units	Net income	Equalisation	Allocated 30.11.21	Accumulated 30.11.20
Group 1	6.25	—	6.25	4.05
Group 2	2.20	4.05	6.25	4.05

### Notes for corporate unitholders

Corporate unitholders should read the important information on the reverse of the tax voucher in respect of this distribution. The relevant information required by a corporate unitholder is as follows:

Franked investment income	100.00%
Unfranked investment income	0.00%
Depository net liability to corporation tax	nil pence per unit

### Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It represents the accrued revenue included in the purchase price of the units. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the units for Capital Gains Tax purposes.

## Directors' statement

This report is approved in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

MM Webb                      JR Chillingworth  
for Rathbone Unit Trust Management Limited  
Manager of Rathbone UK Opportunities Fund  
16 December 2021

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

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

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

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

In so far as the Manager is aware:

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

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 UK Opportunities 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 16 December 2021.

# Statement of the Trustee's responsibilities and report of the Trustee to the unitholders of Rathbone UK Opportunities Fund for the year ended 30 September 2021

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Trustee must ensure that:

1. the Scheme's cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
2. the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
3. the value of units in the Scheme is calculated in accordance with the Regulations;
4. any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
5. the Scheme's income is applied in accordance with the Regulations; and
6. the instructions of the Authorised Fund Manager ('the AFM') are carried out (unless they conflict with the Regulations).

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

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

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

**NatWest Trustee and Depositary Services Limited**  
Trustee and Depositary Services  
Trustee of Rathbone UK Opportunities Fund  
*16 December 2021*

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

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the financial position of Rathbone UK Opportunities Fund as at 30 September 2021 and of the net revenue and the net capital gains on the property of the fund for the year ended 30 September 2021; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Trust Deed.

We have audited the financial statements of the fund which comprise:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution tables; and
- Individual notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, the Collective Investment Schemes Sourcebook and the Trust Deed.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

## Conclusions relating to going concern

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

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

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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The manager is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# Independent Auditor's Report to the unitholders of Rathbone UK Opportunities Fund *(continued)*

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of trustee and manager**

As explained more fully in the trustee's responsibilities statement and the manager's responsibilities statement, the trustee is responsible for the safeguarding the property of the fund and the manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the manager is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the fund's industry and its control environment, and reviewed the fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Collective Investment Schemes Sourcebook and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the fund's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

# Independent Auditor's Report to the unitholders of Rathbone UK Opportunities Fund *(continued)*

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reviewing correspondence with HMRC and the FCA

## **Report on other legal and regulatory requirements**

### **Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook**

In our opinion:

- proper accounting records for the Fund and its sub-fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 30 April 2021 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  
*16 December 2021*

## General information

### UCITS Remuneration

In line with the requirements of the UCITS Directive, Rathbone Unit Trust Management Limited (the Manager) has adopted a remuneration policy which is consistent with the remuneration principles applicable to UCITS management companies. Its purpose is to ensure that the remuneration of the staff of the Manager is consistent with and promotes sound and effective risk management, does not encourage risk-taking which is inconsistent with the risk profiles of the Manager and the UCITS that it manages and does not impair the Manager's compliance with its duty to act in the best interests of the UCITS it manages. The remuneration policy applies to staff of the Manager whose professional activities have a material impact on the risk profile of the Manager or the UCITS that it manages (known as Remuneration Code Staff).

The aggregate remuneration paid by the Manager to its staff, and to those staff who are identified as Remuneration Code Staff, is disclosed below.

	Fixed remuneration £'000	Variable remuneration £'000	Total remuneration £'000	Headcount
Senior Management	1,650	5,459	7,109	6
Risk takers	1,761	3,318	5,079	14
Control functions	336	33	369	3
Other	142	159	301	1
Total remuneration code staff	3,889	8,969	12,858	24
Non-remuneration code staff	1,077	315	1,392	21
<b>Total for the Manager</b>	<b>4,966</b>	<b>9,284</b>	<b>14,250</b>	<b>45</b>

The variable remuneration disclosed in the table above is for the financial year ended 31 December 2020, 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.

### **Authorised status**

The Rathbone UK Opportunities Fund is an authorised unit trust scheme, established by a Trust Deed dated 25 August 1993 and launched on 13 July 2009 following the merger of Rathbone Special Situations Fund with the Rathbone Smaller Companies Fund.

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

### **Investment objective, policy and strategy**

The objective of the fund is to deliver a greater total return than the FTSE All-Share Index, after fees, over any five-year period.

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

We use the FTSE All-Share Index as a target for our fund's return because we want to offer you a better return than the UK stock market.

To meet the objective, the fund manager will invest at least 80% of our fund in UK-listed companies which are domiciled, incorporated or have a significant part of their business in the UK, with the remainder in global shares, cash, short-term deposits and UK government debt.

Derivatives may be used by the fund for the purposes of efficient portfolio management and hedging.

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

The fund may invest at the fund manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits and units in collective investment schemes. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted by the FCA Rules. This is a stock-picking fund, which means we invest in a small number of UK-listed stocks. We search the UK for exciting businesses that are growing fast yet their value is unrecognised by other investors.

While we invest in companies of all sizes, we gravitate towards medium sized businesses because they tend to meet our criteria and often provide the best reward for the amount of risk we take. Our criteria ensures we buy companies with a durable business model and capable management who can take advantage of growth opportunities in their industry. We don't take coin-toss chances on businesses that can't make a profit in the near future or which are dependent on one or two risky ventures.

We use our Scorecard criteria to regularly check our investments, testing whether the reasons we bought them still hold true. It also helps us sell our holdings at the right time: when growth is exhausted or risks have risen.

### **Valuation of the fund**

The fund is valued on each business day at 12 noon for the purpose of determining prices at which units in the fund may be bought or sold. Valuations may be made at other times on business days with the Trustee's approval.

### **Stewardship code**

Rathbone Unit Trust Management Limited fully supports the UK Stewardship Code sponsored by the Financial Reporting Council.

### **Buying and selling of units**

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

## General information *(continued)*

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

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

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

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

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

The Manager currently receives an annual remuneration for managing the R-class property of the fund at the rate of 1.50%.

The Manager currently receives an annual remuneration for managing the I-class property of the fund at the rate of 0.45%.

### Statements

A distribution statement showing the rate per unit and your unit holding will be sent semi-annually on 31 May and 30 November.

The current value of your units is shown on a valuation statement, which shows the number of units bought over the previous six months, the total number of units in your account and their current value.

Twice yearly on 30 June and 31 December, unitholders will receive a consolidated statement showing, where applicable, their Unit Trust, ICVC and ISA holdings for each fund held.

### Prices

Prices are available on our website [rathbonefunds.com](http://rathbonefunds.com)

### Other information

You can see the Trust Deed, the Key Investor Information Document and Supplementary Information Document, the Prospectus and the most recent half yearly report of each fund by visiting the registered offices of the Manager. Copies of the Prospectus, the Key Investor Information Document and Supplementary Information Document and the most recent half yearly report of each fund may be obtained free of charge on application to the Manager.

The Register of Unitholders can be inspected during normal business hours at the office of the Registrar, SS&C Financial Services International Limited, SS&C House, St Nicholas Lane, Basildon, Essex SS15 5FS.

Further copies of this report are available upon request, free of charge, from Client Services Department, Rathbone Unit Trust Management Limited, 8 Finsbury Circus, London EC2M 7AZ.

If you have any queries or complaints about the operation of the fund you should put them to the Compliance Officer, Rathbone Unit Trust Management Limited, 8 Finsbury Circus, London EC2M 7AZ. Any complaint we receive will be handled in accordance with our internal complaint procedures. A copy of these are available from the Compliance Officer.

If you have occasion to complain, and in the unlikely event that you do not receive a satisfactory response, you may direct your complaint to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. Further details about the Financial Ombudsman Service are available on their website at [financial-ombudsman.org.uk](http://financial-ombudsman.org.uk).

### ISA eligibility

The fund has been managed throughout the year to ensure that it is eligible to qualify and be included in an Individual Savings Account (ISA). The fund will at all times be invested in such a way that the units will constitute 'Qualifying Investments' for the purposes of the Individual Savings Account (ISA) Regulations 1998, as amended from time to time.

### Risk factors

An investment in a unit trust should be regarded as a medium to long term investment. Investors should be aware that the price of units and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance should not be seen as an indication of future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

### Value Assessment

Our regulator, the Financial Conduct Authority (FCA), has asked us to assess the value of our funds. Assessing value is much more than just looking at the fees you pay or the performance of your fund in isolation. Considering this, we have designed an assessment which looks at nine criteria.

We have also appointed an independent research firm, Square Mile Investment Consulting & Research, to provide an impartial report on the value our funds offer compared with the market.

It is the responsibility of our board of directors to consider the outcomes of these assessments, ensure they are clear and fair, and then communicate to you, our investors, if we have delivered value or, if not, where we need to improve.

You can view the value assessments for the Funds four months after their period end on our website [rathbonefunds.com](http://rathbonefunds.com)

### Other funds

Rathbone Unit Trust Management Limited is also the Manager of the following funds:

Rathbone Active Income and Growth Fund  
Rathbone Core Investment Fund for Charities  
Rathbone Dragon Trust  
Rathbone Ethical Bond Fund  
Rathbone Global Opportunities Fund  
Rathbone Heritage Fund  
Rathbone Income Fund  
Rathbone Strategic Bond Fund

and the Authorised Corporate Director of:

Rathbone Defensive Growth Portfolio  
Rathbone Dynamic Growth Portfolio  
Rathbone Enhanced Growth Portfolio  
Rathbone Greenbank Defensive Growth Portfolio  
Rathbone Greenbank Dynamic Growth Portfolio  
Rathbone Greenbank Global Sustainability Fund  
Rathbone Greenbank Strategic Growth Portfolio  
Rathbone Greenbank Total Return Portfolio  
Rathbone High Quality Bond Fund  
Rathbone Pharaoh Fund  
Rathbone Quercus Growth Fund  
Rathbone Sherwood Fund  
Rathbone Strategic Growth Portfolio  
Rathbone Strategic Income Portfolio  
Rathbone Sussex Growth Fund  
Rathbone Sussex Income Fund  
Rathbone Total Return Portfolio

### Further details

Should you need further details of this fund or any of the other funds managed by Rathbone Unit Trust Management Limited, a Prospectus, Key Investor Information Document and Supplementary Information Document or an application form for the purchase of shares or units, please write to:

Client Services Department  
Rathbone Unit Trust Management Limited  
8 Finsbury Circus  
London EC2M 7AZ

All literature is available free of charge. Information is also available on our website: [rathbonefunds.com](http://rathbonefunds.com)

### **Data protection**

Where relevant, Rathbones' privacy notice for clients, together with our relevant terms of business, sets out how your personal data (as further detailed in the privacy notice) shall be processed by Rathbones. A copy of the privacy notice is available on request or on Rathbones' website.

From time to time Rathbone Unit Trust Management Limited may wish to communicate with you with information on other products and services offered by the Rathbones Group. If you do not wish to receive these communications, please advise us in writing at the following address:

Data Protection Officer  
Rathbone Unit Trust Management Limited  
8 Finsbury Circus  
London EC2M 7AZ

# Rathbones

Look forward

**Rathbone Unit Trust Management Limited**

8 Finsbury Circus, London EC2M 7AZ  
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**Information line**

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