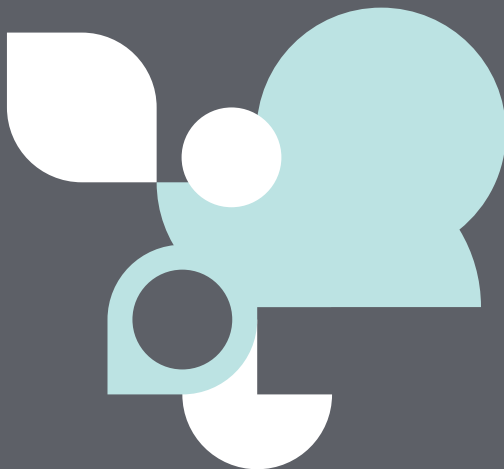


Rathbone Heritage Fund

Interim report for the half year ended 31 October 2020



Rathbone Heritage Fund

Authorised Fund Manager (the Manager)

Rathbone Unit Trust Management Limited
8 Finsbury Circus
London EC2M 7AZ
Telephone 020 7399 0399
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**A member of the Rathbone Group
Authorised and regulated by the
Financial Conduct Authority and member
of The Investment Association**

Dealing office

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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
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**Authorised and regulated by the
Financial Conduct Authority**

Manager's report for the half year ended 31 October 2020

In the six months ended 31 October 2020, your fund generated a return of 5.0%. The CPI +3% benchmark rose 2.0%, and the FTSE World Index in sterling gained 10.2%.

During the last half year, we all have had to adjust to a world under the cosh of a pandemic. The panic of the spring receded into the summer months, and the promise of a return to normality. Sadly, as the days grow shorter, and winter approaches, the feared second waves are returning. COVID-19 numbers in the UK, Europe and the US are trending back upwards, and we are facing once more periods of lockdown, and heightened concerns about the future. Post-period end, we have received news of possible vaccines, and have been cheered by the realisation that there is light at the end of the tunnel – we just do not know how long the tunnel is. Throw in the drama of the US elections and the ongoing Brexit shenanigans, and investors have had a lot to consider over the last six months.

In first half of the period, markets rebounded very strongly from the March lows, reflecting the huge quantity of co-ordinated government stimulus and central bank largesse. However, as time has gone on, more questions have been asked about the durability of this 11-year bull market. These questions directly impact a fund like yours, whose premise is established on disciplines of value at a market and an individual stock level. Whatever social, economic and political environment we find ourselves in, we must look for and exploit margins of safety wherever we can.

There are always a lot of moving parts to equity valuations. The prospects for GDP growth, the outlook for inflation, longer-term trends that change business environments, to name a few. All these sorts of things will have varying effects by nation and market, so every company's experience is different depending on its specific mix of regions and business lines. And that's before you start accounting for all the information and circumstances that are unique to every company: the processes and products it owns, its networks and staff, debt levels, cash flow and business opportunities.

Investment review

Our principal trades as ever do include the purchase of short-term **UK Treasury Bills** that are utilised as part of our cash management process. At the period end, cash and cash equivalents represented 22.7% of the fund, reflecting the very elevated valuations in global markets.

We introduced two new holdings into the fund. Previously we have held **Wabtec**, the US manufacturer of high technology products for the locomotive industry, and our decision to revisit the name stemmed from a desire to introduce a mix of industrial cyclicality and value into the portfolio. Wabtec is a well-run, quality industrial play, with exposure to both freight and passenger markets. We also bought **Ferguson NewCo**, the wholesaler and distributor for the construction industry, with operations in the UK, but predominantly the United States. Once more this is another high-quality business serving an important industry segment that provides us with further cyclical exposure, without taking on too much idiosyncratic business risk.

The sales that we have made during the period evidence risk management. German events company **CTS Eventim** has been dramatically impacted by the pandemic, and although we are convinced that it will outlast its competitors, and thereby derive an even greater advantage, we are not satisfied that its bank account will survive being starved of revenue if the pandemic is prolonged. We also exited from paper and packaging business **Smurfit Kappa**, on concerns that its American business was being forecast by the market to be more robust than likely. In this case, we were too prudent, and the company has traded well through the year. It is a good business, but the valuation is a little stretched for an industry of this type.

Although we have not held the FAANGs (Facebook, Apple, Amazon, Netflix, Google – now Alphabet), on valuation grounds, we have benefited from our other technology exposure. Three of those businesses, **Adobe**, **Cadence Design Systems** and **Spotify Technology**, have performed so well that it has been prudent to trim as and when our positions became

imbalanced. We would have performed better if we had let our winners run and run, but we have a discipline to which we must stick. We have used this cash to recycle into other areas where the balance of price and business risk has been more attractive. Nevertheless, our technology exposure remains a crucial element of the fund.

Outlook

"We need to think rigorously about how our future may differ from our past."

Martin Wolf, *The Financial Times*, 18 November 2020

Adherence to our investment disciplines is vital, especially when the perception has been that markets are only going higher. However, as a tumultuous year comes to a close, there is a sense that the market mood is changing.

The US elections are slowly grinding to a close. If we assume that the transfer of power is eventually achieved without too much damage, Joe Biden will be the next President of the United States of America. The initial response from the market was unequivocal. Even though, ahead of time, the combination of a contested Biden win and a Republican Senate was regarded as the worst possible outcome, after the event, investors piled in. They just changed the narrative.

One big source of uncertainty is now behind us. However, when you consider how divided the US is, how confrontational their tribal politics has become, sorely in need of reconciliation, it is troubling that markets surge on the promise of further gridlock, on nothing getting done to rock the boat. From an investment point of view, it is unwise to stand in the way of the 'momentum' trade. But also, taking a longer view, it seems dangerous to ignore the widening gap between what drives markets and what drives the wider economy. What happens if we do not get gridlock, but an American government that does get things done? Is this dangerous territory for investors for whom gridlock has been the backdrop to over a decade of gains?

However, the biggest influence on markets is news on any COVID vaccine. Since the period end, there have already been two big announcements regarding possible vaccines. On both occasions, markets have reacted very positively. But it is important to recognise that market leadership is beginning to change as this news comes to light, with investors beginning to look beyond the current environment towards economic revival. This may mean inflation starts to come through into the system, which will imply that the era of persistently low interest rates may come to an end. Our patterns of consumption will change, as will the nature of the population. Nothing stays the same forever, and investors must always be mindful of this.

We have been reallocating assets to more industrial and cyclical names, and this process continues into the second half of our accounting year. We would have hoped for a more dramatic correction in markets to enable us to be more aggressive with our cash, but the sheer weight of government and central bank stimulus means that market valuations in general are likely to remain elevated. However, we are very keen to take advantage of the price anomalies that do exist, to gain greater exposure to these high-quality industrial areas.

The Heritage Team

20 November 2020

Net asset value per unit and comparative tables

I-class income units

	31.10.20 pence per unit	30.04.20 pence per unit	30.04.19 pence per unit	30.04.18 pence per unit
Change in net assets per unit				
Opening net asset value per unit	137.41p	147.55p	144.53p	142.13p
Return before operating charges*	9.90p	(6.61p)	6.42p	5.59p
Operating charges	(0.67p)	(1.34p)	(1.29p)	(1.31p)
Return after operating charges*	9.23p	(7.95p)	5.13p	4.28p
Distributions on income units	(0.95p)	(2.19p)	(2.11p)	(1.88p)
Closing net asset value per unit	145.69p	137.41p	147.55p	144.53p
*after direct transactions costs ¹ of:	0.03p	0.09p	0.09p	0.13p

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

Performance

Return after charges	6.72%	(5.39%)	3.55%	3.01%
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Other information

Closing net asset value	£321,604	£508,547	£1,603,503	£1,085,033
Closing number of units	220,744	370,082	1,086,764	750,719
Operating charges	0.90%	0.90%	0.90%	0.90%
Direct transaction costs	0.02%	0.06%	0.06%	0.09%

Prices**

Highest unit price	155.33p	156.35p	153.07p	151.70p
Lowest unit price	135.71p	119.37p	131.06p	139.54p

** 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

	31.10.20 pence per unit	30.04.20 pence per unit	30.04.19 pence per unit	30.04.18 pence per unit
Change in net assets per unit				
Opening net asset value per unit	154.78p	163.66p	157.99p	153.42p
Return before operating charges*	11.15p	(7.39p)	7.09p	5.99p
Operating charges	(0.76p)	(1.49p)	(1.42p)	(1.42p)
Return after operating charges*	10.39p	(8.88p)	5.67p	4.57p
Distributions on accumulation units	(1.08p)	(2.44p)	(2.32p)	(2.03p)
Retained distributions on accumulation units	1.08p	2.44p	2.32p	2.03p
Closing net asset value per unit	165.17p	154.78p	163.66p	157.99p

*after direct transactions costs¹ of: 0.03p 0.10p 0.10p 0.14p

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

Performance

Return after charges	6.71%	(5.43%)	3.59%	2.98%
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Other information

Closing net asset value	£4,336,993	£8,036,225	£16,759,421	£15,732,119
Closing number of units	2,625,722	5,191,999	10,240,491	9,957,497
Operating charges	0.90%	0.90%	0.90%	0.90%
Direct transaction costs	0.02%	0.06%	0.06%	0.09%

Prices**

Highest unit price	174.95p	173.42p	167.27p	164.64p
Lowest unit price	152.86p	133.51p	144.26p	151.47p

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

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

S-class income units

	31.10.20 pence per unit	30.04.20 pence per unit	30.04.19 pence per unit	30.04.18 pence per unit
Change in net assets per unit				
Opening net asset value per unit	140.89p	150.75p	147.19p	144.15p
Return before operating charges*	10.14p	(6.73p)	6.53p	5.76p
Operating charges	(0.42p)	(0.83p)	(0.81p)	(0.82p)
Return after operating charges*	9.72p	(7.56p)	5.72p	4.94p
Distributions on income units	(0.97p)	(2.30p)	(2.16p)	(1.90p)
Closing net asset value per unit	149.64p	140.89p	150.75p	147.19p
*after direct transactions costs ¹ of:	0.03p	0.09p	0.09p	0.14p

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

Performance

Return after charges	6.90%	(5.01%)	3.89%	3.43%
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Other information

Closing net asset value	£3,927,325	£3,849,221	£5,100,830	£5,222,279
Closing number of units	2,624,428	2,732,125	3,383,664	3,548,064
Operating charges	0.55%	0.55%	0.55%	0.55%
Direct transaction costs	0.02%	0.06%	0.06%	0.09%

Prices**

Highest unit price	159.51p	159.91p	156.01p	154.28p
Lowest unit price	139.15p	122.38p	133.75p	142.04p

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

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

S-class accumulation units

	31.10.20 pence per unit	30.04.20 pence per unit	30.04.19 pence per unit	30.04.18 pence per unit
Change in net assets per unit				
Opening net asset value per unit	158.71p	167.15p	160.79p	155.49p
Return before operating charges*	11.42p	(7.52p)	7.25p	6.18p
Operating charges	(0.47p)	(0.92p)	(0.89p)	(0.88p)
Return after operating charges*	10.95p	(8.44p)	6.36p	5.30p
Distributions on accumulation units	(1.10p)	(2.57p)	(2.36p)	(2.06p)
Retained distributions on accumulation units	1.10p	2.57p	2.36p	2.06p
Closing net asset value per unit	169.66p	158.71p	167.15p	160.79p

*after direct transactions costs¹ of: 0.03p 0.11p 0.10p 0.15p

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

Performance

Return after charges	6.90%	(5.05%)	3.96%	3.41%
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Other information

Closing net asset value	£7,971,723	£7,630,324	£8,924,688	£11,709,909
Closing number of units	4,698,545	4,807,831	5,339,252	7,282,858
Operating charges	0.55%	0.55%	0.55%	0.55%
Direct transaction costs	0.02%	0.06%	0.06%	0.09%

Prices**

Highest unit price	179.68p	177.56p	170.44p	167.39p
Lowest unit price	156.75p	136.84p	147.17p	154.12p

** 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 as published in the fund's most recent Key Investor Information Document



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 October 2020

	2016	2017	2018	2019	2020
I-class units	17.28%	9.49%	4.63%	1.89%	2.11%
S-class units	17.69%	9.87%	4.99%	2.27%	2.50%
UK Consumer Price Index +3%	3.63%	5.96%	5.68%	4.84%	3.19%
FTSE World Index	31.18%	15.43%	14.16%	7.93%	5.24%

Source performance data Financial Express, mid to mid, 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 October 2020

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
Debt Securities (30.04.20: 2.50%)		
Government Bonds (30.04.20: 2.50%)		
500,000 United Kingdom Treasury Bill 0% 16/11/2020*	499,995	3.02
750,000 United Kingdom Treasury Bill 0% 14/12/2020*	749,905	4.53
Total Debt Securities	1,249,900	7.55
United Kingdom (30.04.20: 15.54%)		
Support Services (30.04.20: 2.38%)		
16,000 Bunzl	384,000	2.32
Household Goods (30.04.20: 2.75%)		
6,000 Reckitt Benckiser	407,880	2.46
Travel and Leisure (30.04.20: 0.00%)		
580,000 Patisserie Holdings	—	—
Real Estate (30.04.20: 2.48%)		
44,000 Big Yellow	483,560	2.92
Food Producers (30.04.20: 2.44%)		
8,700 Unilever	383,148	2.32
Pharmaceuticals and Biotechnology (30.04.20: 2.98%)		
28,500 GlaxoSmithKline	368,163	2.22
Media (30.04.20: 1.87%)		
18,200 RELX	278,325	1.68
Total United Kingdom	2,305,076	13.92
United States (30.04.20: 26.91%)		
Aerospace and Defence (30.04.20: 2.90%)		
1,625 Lockheed Martin	440,032	2.66
Food Producers (30.04.20: 2.57%)		
5,000 JM Smucker	433,875	2.62
General Retailers (30.04.20: 2.64%)		
1,600 Ulta Beauty	255,864	1.55

Portfolio and net other assets as at 31 October 2020 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
Banks (30.04.20: 3.83%)		
5,750 JP Morgan Chase	435,808	2.63
9,010 US Bancorp	271,345	1.64
	707,153	4.27
Financial Services (30.04.20: 3.49%)		
5,000 Discover Financial Services	251,353	1.52
1,800 Mastercard	402,264	2.43
	653,617	3.95
Industrial Engineering (30.04.20: 0.00%)		
6,500 Wabtec	298,055	1.80
Software and Computer Services (30.04.20: 9.84%)		
1,430 Adobe	494,473	2.99
5,500 Cadence Design System	465,607	2.81
3,000 Microsoft	469,884	2.84
	1,429,964	8.64
Total United States	4,218,560	25.49
Belgium (30.04.20: 1.68%)		
Beverages (30.04.20: 1.68%)		
6,500 Anheuser-Busch InBev	260,934	1.58
Channel Islands (30.04.20: 1.70%)		
Automobiles and Parts (30.04.20: 0.00%)		
5,500 Aptiv	410,437	2.48
Media (30.04.20: 1.70%)		
50,000 WPP	308,300	1.86
Support Services (30.04.20: 0.00%)		
1,300 Ferguson NewCo	100,386	0.61
Total Channel Islands	819,123	4.95

Portfolio and net other assets as at 31 October 2020 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
China (30.04.20: 1.46%)		
Software and Computer Services (30.04.20: 1.46%)		
161,500 TravelSky	262,213	1.58
Denmark (30.04.20: 1.37%)		
Food Producers (30.04.20: 1.37%)		
3,400 Christian Hansen	265,281	1.60
Finland (30.04.20: 2.37%)		
Non-Life Insurance (30.04.20: 2.37%)		
14,000 Sampo	408,896	2.47
Hong Kong (30.04.20: 7.02%)		
Life Insurance (30.04.20: 3.55%)		
83,000 AIA	604,681	3.65
Software and Computer Services (30.04.20: 3.47%)		
11,000 Tencent	647,800	3.91
Total Hong Kong	1,252,481	7.56
Ireland (30.04.20: 5.76%)		
Chemicals (30.04.20: 1.75%)		
2,200 Linde	374,664	2.26
Support Services (30.04.20: 2.06%)		
7,300 DCC	366,606	2.22
Total Ireland	741,270	4.48
Italy (30.04.20: 1.21%)		
Support Services (30.04.20: 1.21%)		
33,750 Cerved Information Solutions	184,102	1.11

Portfolio and net other assets as at 31 October 2020 *(continued)*

Holding (Ordinary shares unless otherwise stated)	Value £	Percentage of total net assets
Luxembourg (30.04.20: 2.17%)		
Software and Computer Services (30.04.20: 2.17%)		
1,350 Spotify Technology	250,444	1.51
Netherlands (30.04.20: 3.85%)		
Technology Hardware and Equipment (30.04.20: 3.85%)		
2,100 ASML	590,074	3.56
Switzerland (30.04.20: 6.57%)		
Pharmaceuticals and Biotechnology (30.04.20: 6.57%)		
7,850 Novartis (registered)	473,478	2.86
2,100 Roche	521,855	3.15
Total Switzerland	995,333	6.01
Total value of investments (30.04.20: 82.09%)	13,803,687	83.37
Net other assets (30.04.20: 17.91%)	2,753,958	16.63
Total value of the fund as at 31 October 2020	16,557,645	100.00

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

* Debt securities

Sectors eliminated since the beginning of the period:

United Kingdom

Software and Computer Services 0.64%

United States

Automobiles and Parts 1.64%

Germany

Travel and Leisure 1.98%

Ireland

General Industrials 1.95%

Summary of portfolio investments

	Value £	Percentage of total net assets
Debt Securities	1,249,900	7.55
Equity Securities	12,553,787	75.82
Total value of investments	13,803,687	83.37

Statement of total return for the half year ended 31 October 2020

	31.10.20 £	31.10.20 £	31.10.19 £	31.10.19 £
Income				
Net capital gains/(losses)		1,342,793		(244,911)
Revenue	149,149		304,020	
Expenses	(66,546)		(124,341)	
Interest payable and similar charges	—		—	
Net revenue before taxation	82,603		179,679	
Taxation	(6,658)		(11,878)	
Net revenue after taxation		75,945		167,801
Total return before distributions		1,418,738		(77,110)
Distributions		(128,212)		(267,396)
Change in net assets attributable to unitholders from investment activities		1,290,526		(344,506)

Statement of change in net assets attributable to unitholders for the half year ended 31 October 2020

	31.10.20 £	31.10.20 £	31.10.19 £	31.10.19 £
Opening net assets attributable to unitholders		20,024,317		32,388,442
Amounts receivable on issue of units	277,003		1,965,313	
Amounts payable on cancellation of units	(5,114,243)		(1,505,390)	
		(4,837,240)		459,923
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		1,290,526		(344,506)
Retained distributions on accumulation units		80,042		216,804
Closing net assets attributable to unitholders		16,557,645		32,720,663

Balance sheet as at 31 October 2020

	31.10.20 £	31.10.20 £	30.04.20 £	30.04.20 £
Assets				
Fixed assets:				
Investments		13,803,687		16,437,707
Current assets:				
Debtors	146,474		551,274	
Cash and bank balances	2,867,797		3,586,896	
Total current assets		3,014,271		4,138,170
Total assets		16,817,958		20,575,877
Liabilities				
Creditors:				
Other creditors	(232,759)		(519,519)	
Distribution payable on income units	(27,554)		(32,041)	
Total liabilities		(260,313)		(551,560)
Net assets attributable to unitholders		16,557,645		20,024,317

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 April 2020 and are detailed in full in those financial statements.

Portfolio transaction costs

Total purchases and sales transactions for the half year ended 31 October 2020 were £3,916,434 and £7,898,240 respectively.

Distribution table for the half year ended 31 October 2020

Distribution table (pence per unit)

Interim

Group 1 – units purchased prior to 1 May 2020

Group 2 – units purchased on or after 1 May 2020 and on or before 31 October 2020

I-class income units	Net Income	Equalisation	Payable 31.12.20	Paid 31.12.19
Group 1	0.95	—	0.95	1.21
Group 2	0.31	0.64	0.95	1.21

I-class accumulation units	Net Income	Equalisation	Allocated 31.12.20	Accumulated 31.12.19
Group 1	1.08	—	1.08	1.34
Group 2	0.39	0.69	1.08	1.34

S-class income units	Net Income	Equalisation	Payable 31.12.20	Paid 31.12.19
Group 1	0.97	—	0.97	1.26
Group 2	0.97	0.00	0.97	1.26

S-class accumulation units	Net Income	Equalisation	Allocated 31.12.20	Accumulated 31.12.19
Group 1	1.10	—	1.10	1.41
Group 2	0.42	0.68	1.10	1.41

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 Heritage Fund
24 December 2020

General information

Authorised status

Rathbone Heritage Fund is an authorised unit trust scheme constituted by a Trust Deed, authorised by the FCA on 29 June 2012 and launched on 25 March 2013.

Investment objective, policy and strategy

The objective of the fund is to deliver a greater total return than the Consumer Price Index (CPI) measure of inflation +3%, after fees, over any rolling 10-year period by investing with our valuation-linked cash management mechanism. Total return means the return we receive from the value of our investments increasing (capital growth) plus the income we receive from our investments (dividend payments). We use the CPI +3% as a target for our fund's return because we aim to grow your investment above inflation. There is no guarantee that this investment objective will be achieved over 10 years, or any other time period. We also compare our fund against the FTSE World Index so that you can see how global stock market share performed.

To meet the objective, the fund manager will invest at least 70% of the fund in global shares, with the remainder in cash, short-term deposits and UK government debt. The fund manager defines target cash weightings based on a valuation-linked cash management mechanism. The weightings are set at the discretion of the fund manager and will change over time. The weightings are reviewed annually and in response to market events. Further details in relation to the current weightings may be obtained by contacting Rathbone Unit Trust Management. 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 global stocks. We specialise in choosing good companies rather than making broad bets on which industries or countries will offer better returns. When choosing investments we use our own trinity of risk framework: price, business and financial. We look for businesses that offer good value and make strong and consistent profits with high quality earnings – those that are backed by real cash rather than accounting contrivance. Companies shouldn't have more debt than they can handle. We buy these companies because we believe they should grow steadily over many years. A healthy cash flow – earnings backed by cash – allows them to invest back into their businesses driving this future growth, and any cash left after this can be returned to shareholders so they can invest in opportunities elsewhere.

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. Our statement on complying with the Code can be found on our website: rathbonefunds.com

Buying and selling of units

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

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

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

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

The minimum initial investment for I-class units is £1,000. The minimum initial investment for S-class units is £30,000,000. Thereafter holders may invest additional amounts to the value of £500 or more from time to time as they wish. Any number of units may be subscribed, sold or transferred so long as transaction complies with applicable minimums.

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

The Manager currently receives an annual remuneration for managing the I-class property of the fund at the rate of 0.75% and 0.40% for S-class.

Statements

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

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

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 funds 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.

General information *(continued)*

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

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

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 Income Fund
Rathbone Spenser Fund
Rathbone Strategic Bond Fund
Rathbone UK Opportunities Fund

and the Authorised Corporate Director of:

Rathbone Defensive Growth Portfolio
Rathbone Dynamic Growth Portfolio
Rathbone Enhanced Growth Portfolio
Rathbone Global Alpha Fund
Rathbone Global Sustainability Fund
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

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 Rathbone 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

Tel 020 7399 0000

Fax 020 7399 0057

Information line

020 7399 0399

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Authorised and regulated by the
Financial Conduct Authority

A member of The
Investment Association

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