

RATHBONE INCOME FUND

ANNUAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2024

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RATHBONE INCOME FUND

AUTHORISED FUND MANAGER (THE MANAGER)

Rathbones Asset Management Limited
30 Gresham Street
London EC2V 7QN
Telephone 020 7399 0399

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

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

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

DEALING OFFICE

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

REGISTRAR

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

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow G1 3BX

DIRECTORS OF THE MANAGER

RP Stockton – Chairman
(resigned 1 December 2023)
MM Webb – Chief Executive Officer
(resigned 1 December 2023)
T Carroll – Chief Investment Officer and
Chief Executive Officer
E Renals – Chief Operating Officer
(resigned 2 December 2024)
JA Rogers – Chief Distribution Officer and Chair
of the Board (appointed 1 December 2023)
MS Warren – Non-Executive Director
J Lowe – Non-Executive Director

ADMINISTRATOR

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

TRUSTEE

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

INVESTMENT OBJECTIVE AND POLICY

INVESTMENT OBJECTIVE

The objective of the fund is to deliver an annual income that is in line with or better than that of the FTSE All-Share Index over any rolling three-year period.

The fund also aims to increase income payments in line with the CPI measure of inflation over any rolling five-year period. The fund aims to generate 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 and the income we pay because we want to offer you a better income and higher returns than the UK stock market. Increasing your income payments at least in line with the CPI measure of inflation protects your future spending power.

INVESTMENT STRATEGY

To meet the objective, the fund manager will invest at least 80% of our fund in UK-listed shares, 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.

INVESTMENT POLICY

This is a stock-picking fund, which means we invest in a small number of UK-listed stocks. We invest in businesses which offer the best investment opportunities at the most attractive prices.

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 generate good earnings backed by cash over many years. A healthy cash flow gives companies the flexibility to repay debts, reinvest in their businesses, and pay a dividend that increases over time.

INVESTMENT REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2024

PERFORMANCE REVIEW

In the year ended 30 September 2024, your fund (I-class accumulation units) returned 12.1% while its peer group, the IA UK Equity Income Sector, made 15.0%. Our benchmark, the FTSE All-Share Index, gained 13.4%.

It was a bumpy year for both our fund and wider markets, as economic data, central bank pronouncements and investor sentiment drove several sharp rallies and pull-backs. Overall, stock markets have kept trending higher, with large US companies in the vanguard. UK markets lagged their global peers, as they have done for some time. However, sterling has strengthened significantly against its peers, continuing a recovery from the nadir of October 2022.

After a long wait, global interest rates are falling. In addition, investor opinion towards the UK is steadily warming and the market remains cheap. We are excited about the future performance potential of the companies we hold.

PORTFOLIO ACTIVITY

Over the years we've traded in and out of Unilever, a business often regarded as a classic quality compounder. We sold our shares a couple of years' back because we felt it had lost its capital discipline and operational excellence seemed like an afterthought. It felt like it had become all too easy for Unilever to splash out a lot of cash to acquire headline-grabbing brands without thinking carefully about the consequences. A few big changes early in the period led us to buy back into the stock. As one analyst described it, there's "generational change" at the top of Unilever, with a new Chair, CEO and Finance Director. And with an activist investor now represented on the Board, it feels like a real revolution may be under way. A new Growth Action Plan is in place. It has three elements, but is underpinned by one simple premise: the need to do fewer things better and with greater impact. As part of our broader reallocation of funds into more 'growth' and 'defensive' parts of the market (as opposed to 'value' and 'cyclicals'), we've reintroduced Unilever into our portfolio. This has already borne fruit in the latter half of the period.

We bought two UK supermarket chains this year: Tesco and Sainsbury's. While we appreciate two of the UK's largest supermarket chains won't get many pulses racing, we're quite excited about them. They tick a lot of boxes: 'defensive' revenues that should hold up relatively well in recession, a decent return on capital invested and attractive valuations. Moreover, private equity-owned competitors Morrisons and ASDA are distracted by their huge debt piles and soaring interest bills, meaning Tesco and Sainsbury's have more room to manoeuvre than they have in years. With savings rates falling and the lagged effects of higher interest rates biting, more people are opting to 'dine in' versus eating out. This is helping supermarkets sell more groceries. And it seems likely that this theme will continue. Despite these positives we are mindful that discounters Aldi and Lidl continue to offer intense competition.

Another retailer we added in the last 12 months was Dunelm, which specialises in home furnishings. We expect a resurgence in sales as consumers resume spending on their living spaces, particularly as lending rates fall. With many people still working from home, there's an ongoing interest in making living spaces more comfortable and aesthetically pleasing. Dunelm's affordable yet stylish product lines make it an attractive option for people looking to refresh their homes without breaking the bank. The business has successfully increased its share of the UK homewares market and is strategically growing its furniture offering. Lower mortgage rates and a rebound in home sales should further serve as a tailwind for Dunelm.

Defence contractor BAE Systems is operating very well in an environment of increased defence expenditure. Hotter geopolitical tensions in Europe, the Middle East and the South China Sea have heightened governments' focus on military budgets. BAE's sales are growing steadily and its order book of upcoming work hit a record £69.8 billion in 2023, boosted by a slew of new governmental contracts from all over the world. The business is also returning more money to shareholders: it increased its latest full-year dividend by 11% and extended its share buyback programme by another £1.5bn over three years. This all sounds very encouraging for the share price, but we're vigilant. Government budgets ebb and flow and defence companies have higher

INVESTMENT REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2024 (continued)

risk to controversial events. Like other companies, supply chain issues and inflation are still a headwind although they are slowly abating. We have been taking profits in BAE as the share price appreciated over the period.

After an initial wobble in the face of the AI explosion, RELX's share price roared back over the period. The publisher of journals and datasets for scientists, doctors and lawyers argues that AI will – far from making RELX obsolete – actually make it more useful to its customers. Its results reinforce this stance, with profits continuing to grow strongly. However, these improving fundamentals have not gone unnoticed by the market and we trimmed our position to reflect this increased price-risk.

Assura is a brand-new holding. The group develops, owns and manages primary healthcare properties, such as GP surgeries and private hospitals. We have observed this sector for many years, attracted by a good structural growth story, and we hope that this position allows us to tap into a sustainable and predictable earnings and dividend stream.

Having bolstered our domestic UK exposure by adding to Lloyds Banking Group early in the period, we took profits as its share price rose over 2024. While the UK fell into a slight recession in the second half of 2023, the housing market has held up well and even improved as the economy returned to growth. As interest rates fall from here, that should alleviate the strain on households and potentially push property prices still higher. Lloyds pushed ahead during the period, albeit the ride has been bumpy.

After a challenging few years, the shares of US tobacco giant Altria performed very well over the period. We took advantage of the share price strength to significantly reduce our exposure to the stock and sector.

We also made the decision to exit our fund's long-held position in media agency WPP. While we applaud management's efforts to bring order to the sprawling corporate structure, industry headwinds remain strong. In addition, we became concerned that underperformance versus peers could be more embedded in nature than the typical 'win some, lose some' nature of competing for new client accounts.

MARKET OVERVIEW AND OUTLOOK

The prevailing mood of investors has whipsawed between optimism and pessimism. Economic data have often been less relevant in their own right, instead they've been seen as guiding lights for what central bankers may do. Interest rates finally started to drop in the final three months of the period, spurring global stock markets higher. Yet the paths they take over the coming months and years will be extremely important for many investors.

Further cuts to rates could fuel animal spirits. But don't let all the excitement toward the end of the quarter expunge the memory of early summer. Back then, investors were worried that the US was about to shed jobs and roll into recession, taking the world with it. Only a couple of months later, people's opinions have completely changed. While this leaves us scratching our heads as to what it all means, we do think it reinforces the need to focus on the longer-term reasons for investing. And to take advantage of wild market swings to buy and sell at better prices.

Results season, which for companies reporting half-year numbers through to the end of June occurs in a mad fortnight around the cusp of July and August, was broadly positive for us, despite one or two bumps in the road. Our fund benefited from our tilt back towards 'quality defensives' (those companies whose growth should be less influenced by changes in wider economic growth), especially during the chaotic first few of days of August which saw a big sell-off of technology stocks in the US.

We're also content with our complementary exposure to UK domestic earners. While the new Labour administration has seemed excessively insistent on emphasising the difficult financial hand they've been dealt, in reality the UK economy looks in ruder health than many other economies. Let's hope we don't talk ourselves out of the recovery that the data seem to be suggesting.

Carl Stick
Fund Manager

Alan Dobbie
Fund Manager

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES

R-CLASS INCOME UNITS*

	30.09.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit
Change in net assets per unit			
Opening net asset value per unit	809.31p	753.53p	836.43p
Return before operating charges*	26.08p	108.31p	(31.66p)
Operating charges	(4.06p)	(12.86p)	(13.08p)
Return after operating charges*	22.02p	95.45p	(44.74p)
Distributions on income units	–	(39.67p)	(38.16p)
Redemption price [#]	(831.33p)	–	–
Closing net asset value per unit	–	809.31p	753.53p
*after direct transaction costs ¹ of:	0.65p	1.02p	0.71p

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

PERFORMANCE

Return after charges	2.72%	12.67%	(5.35%)
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OTHER INFORMATION

Closing net asset value	–	£34,597,089	£51,648,061
Closing number of units	–	4,274,878	6,854,127
Operating charges**	–	1.53%	1.53%
Direct transaction costs	0.08%	0.12%	0.08%

PRICES***

Highest unit price	852.39p	895.71p	908.49p
Lowest unit price	781.65p	751.82p	778.32p

[#] R-class income was merged into I-class income on 26 January 2024.

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

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

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES (continued)

R-CLASS ACCUMULATION UNITS*

	30.09.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit
Change in net assets per unit			
Opening net asset value per unit	1,768.33p	1,569.63p	1,661.09p
Return before operating charges*	49.17p	225.67p	(65.27p)
Operating charges	(8.87p)	(26.97p)	(26.19p)
Return after operating charges*	40.30p	198.70p	(91.46p)
Distributions on accumulation units	–	(83.45p)	(76.52p)
Retained distributions on accumulation units	–	83.45p	76.52p
Redemption price [#]	(1,808.63p)	–	–
Closing net asset value per unit	–	1,768.33p	1,569.63p
*after direct transaction costs ¹ of:	1.43p	2.14p	1.42p

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

PERFORMANCE

Return after charges	2.28%	12.66%	(5.51%)
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OTHER INFORMATION

Closing net asset value	–	£35,112,565	£49,850,919
Closing number of units	–	1,985,636	3,175,971
Operating charges**	–	1.53%	1.53%
Direct transaction costs	0.08%	0.12%	0.08%

PRICES***

Highest unit price	1,862.45p	1,865.80p	1,804.20p
Lowest unit price	1,707.87p	1,566.04p	1,570.81p

[#] R-class accumulation was merged into I-class accumulation on 26 January 2024.

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

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

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES (continued)

I-CLASS INCOME UNITS

	30.09.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit
Change in net assets per unit			
Opening net asset value per unit	896.72p	828.60p	912.85p
Return before operating charges*	116.67p	119.17p	(35.09p)
Operating charges	(7.48p)	(7.22p)	(7.32p)
Return after operating charges*	109.19p	111.95p	(42.41p)
Distributions on income units	(44.44p)	(43.83p)	(41.84p)
Closing net asset value per unit	961.47p	896.72p	828.60p
*after direct transaction costs ¹ of:	0.76p	1.13p	0.78p

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

PERFORMANCE

Return after charges	12.18%	13.51%	(4.65%)
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OTHER INFORMATION

Closing net asset value	£207,099,577	£181,942,749	£180,876,590
Closing number of units	21,539,795	20,289,852	21,829,078
Operating charges**	0.78%	0.78%	0.78%
Direct transaction costs	0.08%	0.12%	0.08%

PRICES***

Highest unit price	1,011.98p	987.76p	993.72p
Lowest unit price	866.64p	826.94p	856.24p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

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

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES (continued)

I-CLASS ACCUMULATION UNITS

	30.09.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit
Change in net assets per unit			
Opening net asset value per unit	1,915.52p	1,687.56p	1,772.54p
Return before operating charges*	251.18p	242.78p	(70.67p)
Operating charges	(16.10p)	(14.82p)	(14.31p)
Return after operating charges*	235.08p	227.96p	(84.98p)
Distributions on accumulation units	(95.82p)	(90.09p)	(82.01p)
Retained distributions on accumulation units	95.82p	90.09p	82.01p
Closing net asset value per unit	2,150.60p	1,915.52p	1,687.56p

*after direct transaction costs¹ of: **1.63p** 2.31p 1.52p

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

PERFORMANCE

Return after charges **12.27%** 13.51% (4.79%)

OTHER INFORMATION

Closing net asset value	£271,695,333	£249,704,905	£265,848,000
Closing number of units	12,633,448	13,035,868	15,753,431
Operating charges**	0.78%	0.78%	0.78%
Direct transaction costs	0.08%	0.12%	0.08%

PRICES***

Highest unit price	2,196.35p	2,011.71p	1,929.56p
Lowest unit price	1,851.25p	1,684.15p	1,688.83p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

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

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES (continued)

S-CLASS INCOME UNITS

	30.09.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit
Change in net assets per unit			
Opening net asset value per unit	926.71p	854.07p	938.45p
Return before operating charges*	120.74p	122.85p	(36.27p)
Operating charges	(5.18p)	(4.96p)	(5.03p)
Return after operating charges*	115.56p	117.89p	(41.30p)
Distributions on income units	(46.00p)	(45.25p)	(43.08p)
Closing net asset value per unit	996.27p	926.71p	854.07p
*after direct transaction costs ¹ of:	0.78p	1.16p	0.80p

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

PERFORMANCE

Return after charges	12.47%	13.80%	(4.40%)
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OTHER INFORMATION

Closing net asset value	£83,664,083	£80,066,970	£63,876,466
Closing number of units	8,397,741	8,639,939	7,479,089
Operating charges**	0.52%	0.52%	0.52%
Direct transaction costs	0.08%	0.12%	0.08%

PRICES***

Highest unit price	1,048.63p	1,019.13p	1,022.38p
Lowest unit price	895.83p	852.43p	882.73p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

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

NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES (continued)

S-CLASS ACCUMULATION UNITS

	30.09.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit
Change in net assets per unit			
Opening net asset value per unit	1,964.23p	1,725.97p	1,808.17p
Return before operating charges*	257.90p	248.36p	(72.44p)
Operating charges	(11.05p)	(10.10p)	(9.76p)
Return after operating charges*	246.85p	238.26p	(82.20p)
Distributions on accumulation units	(98.39p)	(92.29p)	(83.77p)
Retained distributions on accumulation units	98.39p	92.29p	83.77p
Closing net asset value per unit	2,211.08p	1,964.23p	1,725.97p

*after direct transaction costs¹ of: **1.67p** 2.37p 1.55p

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

PERFORMANCE

Return after charges **12.57%** 13.80% (4.55%)

OTHER INFORMATION

Closing net asset value	£88,471,066	£85,882,103	£67,919,363
Closing number of units	4,001,266	4,372,299	3,935,145
Operating charges**	0.52%	0.52%	0.52%
Direct transaction costs	0.08%	0.12%	0.08%

PRICES***

Highest unit price	2,257.57p	2,059.54p	1,969.88p
Lowest unit price	1,898.76p	1,722.64p	1,727.27p

** The Operating charges are represented by the Ongoing Charges Figure (OCF) which is calculated in line with the IA SORP.

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

RISK AND REWARD PROFILE

RISK AND REWARD PROFILE AS PUBLISHED IN THE FUND'S MOST RECENT KEY INVESTOR INFORMATION DOCUMENT



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 2024

	2020	2021	2022	2023	2024
R-class units	-18.08%	28.41%	-5.98%	13.17%	N/A
I-class units	-17.51%	29.41%	-5.28%	14.03%	12.07%
S-class units	-17.30%	29.75%	-5.03%	14.32%	12.37%
FTSE All Share Index	-16.59%	27.90%	-4.00%	13.84%	13.40%

Source performance data Financial Express, bid to bid, net income re-invested.

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

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

PORTFOLIO AND NET OTHER ASSETS AS AT 30 SEPTEMBER 2024

Holding		Value (note 1e) £	Percentage of total net assets
Oil and Gas (30.09.23: 8.27%)			
5,600,000	BP	21,932,400	3.37
950,000	Shell	23,037,500	3.54
		44,969,900	6.91
Mining (30.09.23: 5.63%)			
700,000	BHP	16,191,000	2.49
330,000	Rio Tinto	17,483,400	2.69
		33,674,400	5.18
Aerospace and Defence (30.09.23: 3.74%)			
1,400,000	BAE Systems	17,311,000	2.66
Industrial Engineering (30.09.23: 2.07%)			
270,000	DCC	13,743,000	2.11
Real Estate (30.09.23: 1.97%)			
20,000,000	Assura	8,492,000	1.30
900,000	Big Yellow	11,394,000	1.75
7,000,000	Sirius Real Estate	6,825,000	1.05
		26,711,000	4.10
Support Services (30.09.23: 5.59%)			
430,000	Experian	16,903,300	2.60
6,400,000	Hays	5,936,000	0.91
2,100,000	Page	8,122,800	1.25
		30,962,100	4.76
Household Goods (30.09.23: 5.90%)			
950,000	Persimmon	15,608,500	2.40
430,000	Reckitt Benckiser	19,681,100	3.02
9,300,000	Taylor Wimpey	15,275,250	2.35
		50,564,850	7.77
Tobacco (30.09.23: 6.27%)			
200,000	Altria	7,608,752	1.17
820,000	British American Tobacco	22,336,800	3.43
		29,945,552	4.60

PORTFOLIO AND NET OTHER ASSETS AS AT 30 SEPTEMBER 2024

(continued)

Holding	Value (note 1e) £	Percentage of total net assets
Consumer Goods (30.09.23: 3.04%)		
575,000 Unilever	27,818,500	4.27
Pharmaceuticals and Biotechnology (30.09.23: 10.33%)		
200,000 Astrazeneca	23,172,000	3.56
1,400,000 GSK	21,231,000	3.26
120,000 Novartis	10,303,174	1.58
40,000 Roche	9,566,096	1.47
	64,272,270	9.87
Food Producers (30.09.23: 1.04%)		
5,000,000 Tesco	17,935,000	2.76
Food & Drug Retailers (30.09.23: 0.00%)		
4,164,008.00 Sainsbury	12,300,480	1.89
General Retailers (30.09.23: 3.83%)		
2,500,000 B&M European Value Retail	10,380,000	1.59
800,000 Dunelm	9,224,000	1.42
5,455,000 Halfords	8,193,410	1.26
	27,797,410	4.27
Software & Computer Services (30.09.23: 1.14%)		
375,000 Computacenter	9,277,500	1.43
Media (30.09.23: 6.08%)		
380,000 RELX	13,334,200	2.05
Electricity (30.09.23: 3.62%)		
1,200,000 SSE	22,596,000	3.47
Gas, Water and Multiutilities (30.09.23: 3.67%)		
2,750,000 National Grid	28,325,000	4.35
Banks (30.09.23: 7.91%)		
1,900,000 Close Brothers	7,816,600	1.20
40,000,000 Lloyds Banking	23,512,000	3.61
6,000,000 NatWest	20,634,000	3.17
	51,962,600	7.98

PORTFOLIO AND NET OTHER ASSETS AS AT 30 SEPTEMBER 2024

(continued)

Holding	Value (note 1e) £	Percentage of total net assets
Non-Life Insurance (30.09.23: 1.99%)		
939,171 Hiscox	10,753,508	1.65
General Financial (30.09.23: 3.00%)		
9,000,000 Legal & General	20,358,000	3.13
Travel & Leisure (30.09.23: 1.95%)		
550,000 Compass	13,167,000	2.02
General Industrials (30.09.23: 4.06%)		
3,200,000 Vesuvius	12,496,000	1.92
Construction & Materials (30.09.23: 1.54%)		
1,600,000 Breedon Group	6,848,000	1.05
Leisure Goods (30.09.23: 2.06%)		
170,000 Games Workshop	18,258,000	2.81
Financials (30.09.23: 2.09%)		
1,400,000 IG	12,880,000	1.98
2,300,000 One Savings Bank	8,942,400	1.37
	21,822,400	3.35
Total value of investments (30.09.23: 96.79%)	627,203,670	96.36
Net other assets (30.09.23: 3.21%)	23,726,389	3.64
Total value of the fund as at 30 September 2024	650,930,059	100.00

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

STATEMENT OF TOTAL RETURN FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	30.09.24 £	30.09.24 £	30.09.23 £	30.09.23 £
Income					
Net capital gains	3		50,727,913		61,376,861
Revenue	4	32,200,943		35,126,608	
Expenses	5	(4,798,135)		(6,053,090)	
Net revenue before taxation		27,402,808		29,073,518	
Taxation	6	(467,634)		(512,991)	
Net revenue after taxation			26,935,174		28,560,527
Total return before distributions			77,663,087		89,937,388
Distributions	7		(31,297,689)		(34,320,621)
Change in net assets attributable to unitholders from investment activities			46,365,398		55,616,767

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

	30.09.24 £	30.09.24 £	30.09.23 £	30.09.23 £
Opening net assets attributable to unitholders		667,306,381		680,019,399
Amounts receivable on issue of units	17,086,658		13,495,430	
Amounts payable on cancellation of units	(96,239,140)		(99,878,898)	
		(79,152,482)		(86,383,468)
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		46,365,398		55,616,767
Retained distributions on accumulation units		16,391,252		18,042,628
Unclaimed distributions		19,510		11,055
Closing net assets attributable to unitholders		650,930,059		667,306,381

BALANCE SHEET AS AT 30 SEPTEMBER 2024

	Note	30.09.24 £	30.09.24 £	30.09.23 £	30.09.23 £
Assets					
Fixed assets:					
Investments			627,203,670		645,860,052
Current assets:					
Debtors	8	4,501,868		5,861,596	
Cash and bank balances		30,904,570		32,804,960	
Total current assets			35,406,438		38,666,556
Total assets			662,610,108		684,526,608
Liabilities					
Creditors:					
Other creditors	9	(2,754,748)		(7,683,867)	
Distribution payable on income units		(8,925,301)		(9,536,360)	
Total liabilities			(11,680,049)		(17,220,227)
Net assets attributable to unitholders			650,930,059		667,306,381

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

a) Basis of accounting

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

As stated in the Statement of the Manager's responsibilities in relation to the report and accounts of the fund on page 32, 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 direct costs of purchase and sale of investments) are charged against revenue.

e) Basis of valuation of investments

The quoted investments of the fund have been valued at the closing bid-market prices excluding any accrued interest in the case of debt securities ruling on the principal markets on which the stocks are quoted on the last business day of the accounting year. If no market price is available assets will be priced at cost until a market price becomes available.

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.

f) Exchange rates

The functional currency of the fund is pound sterling. Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting year are translated into Sterling at the closing mid exchange rates ruling on that date.

g) Taxation/Deferred Tax

i) Corporation tax is provided for at 20% on taxable revenue, after deduction of expenses.

ii) Where overseas tax has been deducted from taxable overseas revenue, that tax can, in some instances, be set off against the corporation tax payable by the fund, by way of double taxation relief.

iii) The charge for deferred tax is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax assets can be offset. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

h) Unit classes rights on termination, allocation of tax and distributable income

The fund may be terminated if an order declaring the fund to be an authorised unit trust scheme is revoked, or the Financial Conduct Authority (FCA) determines to revoke the order at the request of the Trustee or the Manager. In the case of a reconstruction or an amalgamation of the fund with another body or trust, on the passing of an extraordinary resolution of holders of units approving the amalgamation. The Trustee shall wind up the fund in accordance with that resolution.

On the termination of the fund in any other case, the Trustee shall sell the investments, and out of the proceeds of the sale shall settle the fund's liabilities and pay the costs and expenses of the winding up before distributing the proceeds of the realisation to unitholders and the Manager proportionally to their respective interests in the fund. Any unclaimed proceeds or cash held by the Trustee after the expiration of 12 months from the date on which the same became payable shall be paid by the Trustee into court subject to the Trustee having a right to retain any expenses incurred by it in making such payment into court.

On the completion of the winding-up the trustee must notify the FCA to revoke the relevant authorisation order.

Allocation of tax and distributable income is done proportionally to the unitholders respective interests in the fund.

2 DISTRIBUTION POLICY

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

For the purpose of calculating the distribution available to unitholders, all fees are charged to capital (net of any tax relief), 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 7.

In order to conduct a controlled dividend flow to unitholders, interim distributions will be made at the Managers' discretion, up to a maximum of the distributable revenue available for the year. All remaining revenue is distributed in accordance with the regulations.

Distributions remaining unclaimed after 6 years are paid into the fund as part of the capital property.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 NET CAPITAL GAINS

	30.09.24	30.09.23
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	50,754,788	61,431,685
Capital special dividends	—	69,439
Currency losses	(13,573)	(123,144)
Transaction charges	(13,302)	(1,119)
Net capital gains	50,727,913	61,376,861

4 REVENUE

	30.09.24	30.09.23
	£	£
Dividends – UK Ordinary	25,027,633	27,440,870
– Overseas	5,005,515	6,097,974
– Property income distributions	943,803	312,200
Bank interest	1,223,992	1,275,564
Total revenue	32,200,943	35,126,608

5 EXPENSES

	30.09.24	30.09.24	30.09.23	30.09.23
	£	£	£	£
Payable to the Manager, associates of the Manager and agents of either of them:				
Manager's periodic charge		4,756,727		5,825,788
Payable to the Trustee, associates of the Trustee and agents of either of them:				
Trustee's fees	85,568		90,407	
Safe custody and other bank charges	(60,799)		61,819	
		24,769		152,226
Other expenses:				
Administration fees	6,692		6,707	
Audit fee*	13,414		12,600	
Printing and publication costs	2,723		2,678	
Registration fees	(6,190)		53,091	
		16,639		75,076
Total expenses		4,798,135		6,053,090

* Audit fees for 2024 are £10,750 excluding VAT (30.09.23: £10,500 excluding VAT).

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 TAXATION

	30.09.24 £	30.09.23 £
a) Analysis of charge in the year		
Irrecoverable overseas tax	474,398	512,991
Reclaimable tax written off	(6,764)	–
Total tax charge for the year (note 6b)	467,634	512,991

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%) (30.09.23: 20%). The differences are explained below.

	30.09.24 £	30.09.23 £
Net revenue before taxation	27,402,808	29,073,518
Corporation tax at 20%	5,480,562	5,814,704
Effects of:		
Revenue not subject to taxation	(6,006,630)	(6,707,769)
Current year expenses not utilised	526,068	893,065
Irrecoverable overseas tax	474,398	512,991
Reclaimable tax written off	(6,764)	–
Total tax charge for the year (note 6a)	467,634	512,991

c) Deferred tax

At the year end the fund had surplus management expenses of £166,118,566 (30.09.23: £163,488,227). 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 £33,223,713 (30.09.23: £32,697,645) has not been recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 DISTRIBUTIONS

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

	30.09.24 £	30.09.23 £
Interim	9,353,102	10,695,431
Final	20,702,227	22,018,405
	30,055,329	32,713,836
Add: Amounts deducted on cancellation of units	1,421,572	1,767,976
Deduct: Amounts received on issue of units	(179,212)	(161,191)
Net distribution for the year	31,297,689	34,320,621

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

Net distribution for the year	31,297,689	34,320,621
Expenses charged to capital:		
Manager's periodic charge	(4,756,727)	(5,825,788)
All other fees	(41,408)	(227,302)
Equalisation on conversions	1,488	(24,321)
Tax relief on expenses	433,559	317,553
Balance brought forward	(2,375)	(2,611)
Balance carried forward	2,948	2,375
Net revenue after taxation	26,935,174	28,560,527

8 DEBTORS

	30.09.24 £	30.09.23 £
Amounts receivable for issue of units	286,592	19,847
Sales awaiting settlement	—	1,368,031
Accrued revenue	2,213,246	2,495,697
Taxation recoverable	2,002,030	1,978,021
Total debtors	4,501,868	5,861,596

9 OTHER CREDITORS

	30.09.24 £	30.09.23 £
Amounts payable for cancellation of units	1,843,483	2,345,377
Purchases awaiting settlement	485,566	4,750,958
Accrued expenses	38,639	159,263
Accrued Manager's periodic charge	387,060	428,269
Total other creditors	2,754,748	7,683,867

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 RECONCILIATION OF UNITS

	R-class income	R-class accumulation	I-class income	I-class accumulation
Opening units issued at 01.10.23	4,274,878	1,985,636	20,289,852	13,035,868
Unit movements 01.10.23 to 30.09.24				
Units issued	77,424	6,230	808,519	221,791
Units cancelled	(143,254)	(135,796)	(3,100,224)	(2,304,544)
Units converted	(4,209,048)	(1,856,070)	3,541,648	1,680,333
Closing units issued at 30.09.24	—	—	21,539,795	12,633,448

	S-class income	S-class accumulation
Opening units issued at 01.10.23	8,639,939	4,372,299
Unit movements 01.10.23 to 30.09.24		
Units issued	377,689	44,250
Units cancelled	(862,446)	(442,245)
Units converted	242,559	26,962
Closing units issued at 30.09.24	8,397,741	4,001,266

11 RELATED PARTY TRANSACTIONS

Management fees paid to Rathbones Asset Management Limited (the Manager) are disclosed in note 5 and amounts outstanding at the year end in note 9.

Details of units created and cancelled by the Manager are shown in the Statement of Change in Net Assets Attributable to Unitholders and note 7.

There were no commissions paid to stockbroking of the Manager in respect of dealings in the investments of Rathbone Income Fund during the year (30.09.23: nil).

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

At the year end there were no significant unitholders (30.09.23: nil).

12 CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (30.09.23: nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 RISK DISCLOSURES ON FINANCIAL INSTRUMENTS

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

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

The fund does not make use of derivatives.

The main risks arising from the financial instruments are:

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

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

	30.09.24	30.09.23
	£	£
Currency:		
Danish krone	—	76,775
Euro	720,417	864,401
Swiss franc	21,150,883	19,227,547
US dollar	8,124,203	28,192,845
Pound sterling	618,932,526	616,966,792
	648,928,029	665,328,360
Other net assets not categorised as financial instruments	2,002,030	1,978,021
Net assets	650,930,059	667,306,381

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 £2,726,864 (30.09.23: £4,396,506). 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 £3,332,834 (30.09.23: £5,373,508). These calculations assume all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 RISK DISCLOSURES ON FINANCIAL INSTRUMENTS (continued)

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

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

	30.09.24 £	30.09.23 £
Floating rate assets:	30,904,570	32,804,960
Assets on which no interest is paid:	629,703,508	649,743,627
Liabilities on which no interest is paid:	(11,680,049)	(17,220,227)
	648,928,029	665,328,360
Other net assets not categorised as financial instruments	2,002,030	1,978,021
Net assets	650,930,059	667,306,381

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.

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

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

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

If market prices had increased by 10% as at the balance sheet date the net asset value of the fund would have increased by £62,720,367 (30.09.23: £64,586,005). If market prices had decreased by 10% as at the balance sheet date the net asset value of the fund would have decreased by £62,720,367 (30.09.23: £64,586,005). These calculations assume all other variables remain constant.

(iv) **Credit risk/Counterparty risk**. Credit risk arises firstly from the issuer of a security not being able to pay interest and principal in a timely manner and also from counterparty risk, where the counterparty will not fulfil its obligations or commitments to deliver the investments for a purchase or the cash for a sale after the fund has fulfilled its responsibilities. In order to manage the risk, the fund will only buy and sell investments through brokers which have been approved as an acceptable counterparty. Brokers are monitored on an on-going basis for suitability and creditworthiness. In addition, the fund is subject to investment limits for issuers of securities and issuer credit ratings are evaluated periodically.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 PORTFOLIO TRANSACTION COST

For the year ended 30 September 2024

Analysis of total purchase costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	105,012,659	43,453	0.04	454,795	0.43
Corporate actions	4,966,500	—	—	—	—
Total purchases before transaction costs	109,979,159	43,453		454,795	
Total purchases including commission and taxes	110,477,407				

Analysis of total sales costs

	Value	Commissions		Taxes	
	£	£	%	£	%
Equity transactions	179,960,944	71,984	0.04	383	—
Total sales including transaction costs	179,960,944	71,984		383	
Total sales net of commission and taxes	179,888,577				

Commissions and taxes as % of average net assets

Commissions	0.02%
Taxes	0.06%

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 PORTFOLIO TRANSACTION COST (continued)

For the year ended 30 September 2023

Analysis of total purchase costs

	Value £	Commissions £	%	Taxes £	%
Equity transactions	169,686,758	76,048	0.04	707,958	0.42
Total purchases before transaction costs	169,686,758	76,048		707,958	
Total purchases including commission and taxes	170,470,764				

Analysis of total sales costs

	Value £	Commissions £	%	Taxes £	%
Equity transactions	237,048,279	100,991	0.04	56	—
Total sales including transaction costs	237,048,279	100,991		56	
Total sales net of commission and taxes	236,947,232				

Commissions and taxes as % of average net assets

Commissions	0.02%
Taxes	0.10%

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 0.05% (30.09.23: 0.04%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 FAIR VALUE OF INVESTMENTS

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

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

For the year ended 30 September 2024

Category	1	2	3	Total
Investment assets	£	£	£	£
Equities	627,203,670	–	–	627,203,670
	627,203,670	–	–	627,203,670

For the year ended 30 September 2023

Category	1	2	3	Total
Investment assets	£	£	£	£
Equities	645,860,052	–	–	645,860,052
	645,860,052	–	–	645,860,052

16 CHANGE OF INVESTMENT OBJECTIVE

From 22 November 2024, the investment objective changed to:

The objective of the fund is to deliver an annual income that is in line with or better than that of the FTSE All-Share Index over any rolling three-year period.

The fund aims to generate 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 and the income we pay because we want to offer you a better income and higher returns than the UK stock market.

DISTRIBUTION TABLES FOR THE YEAR ENDED 30 SEPTEMBER 2024

DIVIDEND DISTRIBUTION (PENCE PER UNIT)

Interim

Group 1 – Units purchased prior to 1 October 2023

Group 2 – Units purchased on or after 1 October 2023 and on or before 31 March 2024

R-class income* units	Income	Equalisation	Paid 31.05.24	Paid 31.05.23
Group 1	n/a	–	n/a	14.10
Group 2	n/a	n/a	n/a	14.10
R-class accumulation** units	Income	Equalisation	Accumulated 31.05.24	Accumulated 31.05.23
Group 1	n/a	–	n/a	24.69
Group 2	n/a	n/a	n/a	24.69
I-class income units	Income	Equalisation	Paid 31.05.24	Paid 31.05.23
Group 1	15.00	–	15.00	15.00
Group 2	6.99	8.01	15.00	15.00
I-class accumulation units	Income	Equalisation	Accumulated 31.05.24	Accumulated 31.05.23
Group 1	25.60	–	25.60	25.60
Group 2	6.75	18.85	25.60	25.60
S-class income units	Income	Equalisation	Paid 31.05.24	Paid 31.05.23
Group 1	15.23	–	15.23	15.23
Group 2	2.21	13.02	15.23	15.23
S-class accumulation units	Income	Equalisation	Accumulated 31.05.24	Accumulated 31.05.23
Group 1	25.77	–	25.77	25.77
Group 2	–	25.77	25.77	25.77

* R-class income was merged into I-class income on 26 January 2024.

** R-class accumulation was merged into I-class accumulation on 26 January 2024.

DISTRIBUTION TABLES FOR THE YEAR ENDED 30 SEPTEMBER 2024 (continued)

DIVIDEND DISTRIBUTION (PENNY PER UNIT) (continued)

Final

Group 1 – Units purchased prior to 1 April 2024

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

R-class income* units	Income	Equalisation	Payable 29.11.24	Paid 30.11.23
Group 1	n/a	–	n/a	25.57
Group 2	n/a	n/a	n/a	25.57
R-class accumulation** units	Income	Equalisation	Allocated 29.11.24	Accumulated 30.11.23
Group 1	n/a	–	n/a	58.76
Group 2	n/a	n/a	n/a	58.76
I-class income units	Income	Equalisation	Payable 29.11.24	Paid 30.11.23
Group 1	29.44	–	29.44	28.83
Group 2	13.70	15.74	29.44	28.83
I-class accumulation units	Income	Equalisation	Allocated 29.11.24	Accumulated 30.11.23
Group 1	70.22	–	70.22	64.49
Group 2	28.84	41.38	70.22	64.49
S-class income units	Income	Equalisation	Payable 29.11.24	Paid 30.11.23
Group 1	30.77	–	30.77	30.02
Group 2	12.10	18.67	30.77	30.02
S-class accumulation units	Income	Equalisation	Allocated 29.11.24	Accumulated 30.11.23
Group 1	72.62	–	72.62	66.52
Group 2	31.26	41.36	72.62	66.52

* R-class income was merged into I-class income on 26 January 2024.

** R-class accumulation was merged into I-class accumulation on 26 January 2024.

Equalisation

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

DIRECTORS' STATEMENT

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

JA Rogers T Carroll
for Rathbones Asset Management Limited
Manager of Rathbone Income Fund
12 December 2024

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

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

1. select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. comply with the disclosure requirements of the SORP relating to financial statements of UK authorised funds issued by The Investment Association;
4. follow UK generally accepted accounting principles, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: 'Financial Statements of UK Authorised Funds' issued by The Investment Association in May 2014;
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the fund will continue in operation; and
6. keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the fund 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 fund in accordance with its Trust Deed, Prospectus and the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and for the system of internal controls and for safeguarding the assets of the fund. 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;
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 period of at least twelve months from when the financial statements are authorised for issue.

Additionally, the Manager monitors developments in Ukraine, making adjustments to investments where deemed appropriate and they also monitor sanctions and their implications on individual holdings. Also, the investment processes and risk and compliance procedures continue to operate as normal.

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 fund and authorised for issue on 12 December 2024.

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF RATHBONE INCOME FUND ('THE FUND') FOR THE YEAR ENDED 30 SEPTEMBER 2024

The Trustee must ensure that the fund 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 fund documents') as detailed below.

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

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

The Trustee must ensure that:

1. the fund's cash flows are properly monitored and that cash of the fund 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 fund is calculated in accordance with the Regulations;
4. any consideration relating to transactions in the fund's assets is remitted to the fund within the usual time limits;
5. the fund'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 fund is managed in accordance with the Regulations and the fund documents in relation to the investment and borrowing powers applicable to the fund.

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

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

NatWest Trustee and Depositary Services Limited
Trustee of Rathbone Income Fund
12 December 2024

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RATHBONE INCOME FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

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

We have audited the financial statements which comprise:

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

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, as amended in June 2017, the Collective Investment Schemes Sourcebook and the Trust Deed.

BASIS FOR OPINION

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

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

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

We have nothing to report in this regard.

RESPONSIBILITIES OF TRUSTEE AND MANAGER

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

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

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

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

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

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

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments. There is an incentive to manipulate holdings and prices used in closing value of investments due to their significance to the net asset values of the sub-funds. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment valuations to reliable independent source.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK

In our opinion:

- proper accounting records for the fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 30 September 2024 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

USE OF OUR REPORT

This report is made solely to the fund's unitholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
12 December 2024

GENERAL INFORMATION

MANAGER NAME

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

R-CLASS UNITS

On 26 January 2024, the R-class Income Units merged into the I-class Income Units and the R-class Accumulation Units merged into the I-class Accumulation Units.

AUTHORISED STATUS

The Rathbone Income Fund is an authorised unit trust scheme, authorised by the Financial Conduct Authority on 29 October 2001 and launched in May 2002.

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

VALUATION OF THE FUND

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

STEWARDSHIP CODE

Rathbones Asset Management Limited fully supports the Rathbones Asset Management Limited UK Stewardship Code sponsored by the Financial Reporting Council.

BUYING AND SELLING OF UNITS

The Manager is available to receive requests for the buying and selling of units on normal business days between 9.00am and 5.00pm and transactions will be effected at prices determined by the next valuation. Application forms for the purchase of units (obtainable from the Manager) should be completed and sent to the dealing office. In respect of telephoned orders, remittances should be sent on receipt of the contract note. Contract notes

confirming transactions will be issued by the close of business on the next business day after the dealing date. Purchasers of units are required to enter their registration details on the form supplied with their contract note. Once units are paid for, these details will be entered on the unit register.

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

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

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

The minimum initial investment for I-class units is £1,000. The minimum initial investment for S-class units is £100,000,000. 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 or S-class units. There was no preliminary charge for R-class units.

The Manager received 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 0.75%.

The Manager currently receives an annual remuneration for managing the S-class property of the fund at the rate of 0.49%.

GENERAL INFORMATION (continued)

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 rathbonesam.com

OTHER INFORMATION

Copies of the Prospectus, Key Investor Information Document, Supplementary Information Document and the most recent Annual and Interim Reports may be obtained free of charge on application to the Manager or seen by visiting their registered office.

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

Further copies of this report are available upon request, free of charge, from Client Services Department, Rathbone Asset Management Limited, 30 Gresham Street, London EC2V 7QN.

If you have any queries or complaints about the operation of the fund you should put them to the Compliance Officer, Rathbone Asset Management Limited, 30 Gresham Street, London EC2V 7QN. Any complaint we receive will be handled in accordance with our internal complaint procedures. A copy of these are available from the Compliance Officer.

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

ISA ELIGIBILITY

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

RISK FACTORS

An investment in a unit trust should be regarded as a medium to long term investment. Investors should be aware that the price of units and the 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. Where periodic charge is wholly or partly taken out of the fund's capital, distributable income will be increased at the expense of capital which will either be eroded or future growth restrained.

GENERAL INFORMATION (continued)

OTHER FUNDS

Rathbones Asset Management Limited is also the Manager of the following funds:

Rathbone Active Income and Growth Fund
Rathbone Core Investment Fund for Charities Fund
Rathbone Ethical Bond Fund
Rathbone Global Opportunities 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 Greenbank Defensive Growth Portfolio
Rathbone Greenbank Dynamic Growth Portfolio
Rathbone Greenbank Global Sustainability Fund
Rathbone Greenbank Global Sustainable Bond Fund
Rathbone Greenbank Strategic Growth Portfolio
Rathbone Greenbank Total Return Portfolio
Rathbone High Quality Bond Fund
Rathbone Strategic Growth Portfolio
Rathbone Strategic Income Portfolio
Rathbone Total Return Portfolio

FURTHER DETAILS

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

Client Services Department
Rathbones Asset Management Limited
30 Gresham Street
London EC2V 7QN

All literature is available free of charge. Information is also available on our website: rathbonesam.com

DATA PROTECTION

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

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

Data Protection Officer
Rathbones Asset Management Limited
30 Gresham Street
London EC2V 7QN

GENERAL INFORMATION (continued)

UCITS REMUNERATION

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

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

	Fixed remuneration £'000	Variable remuneration £'000	Total remuneration £'000	Headcount
Senior Management	1,897	4,091	5,988	7
Risk takers	2,461	3,767	6,228	18
Other	159	198	357	1
Total remuneration code staff	4,517	8,056	12,573	26
Non-remuneration code staff	1,707	895	2,602	28
Total for the Manager	6,224	8,951	15,175	54

The variable remuneration disclosed in the table above is for the financial year ended 31 December 2023, which is the most recent period for which data are available. Variable remuneration is determined annually based on, inter alia, the results of the Manager and the investment performance of the UCITS that it manages for discrete annual periods ending on 31 December each year. Consequently, it is not possible to apportion the variable award between calendar years.



Rathbones Asset Management

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Rathbones Asset Management Limited is authorised and regulated by the Financial Conduct Authority and a member of The Investment Association. A member of the Rathbones Group Plc. Registered office: 30 Gresham Street, London EC2V 7QN. Registered in England No. 02376568.