

Rathbones

Look forward

Rathbone High Quality Bond Fund

Interim report for the half year ended 31 October 2023



Contents

Directory	2
Investment objective and policy	3
Investment report	4
Net asset value per share and comparative tables	6
Risk and reward profile	10
Discrete annual performance	10
Portfolio and net other assets	11
Summary of portfolio investments	13
Statement of total return	14
Statement of change in net assets attributable to shareholders	14
Balance sheet	15
Notes to the interim financial statements	15
Distribution tables	16
Directors' statement	18
General information	19

Rathbone High Quality Bond Fund

Authorised Corporate Director (ACD)

Rathbones Asset Management Limited
8 Finsbury Circus
London EC2M 7AZ
Telephone 020 7399 0399

A member of the Rathbones Group

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

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

The Company

Rathbone High Quality Bond Fund
Head Office:
8 Finsbury Circus
London EC2M 7AZ

Dealing office

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

Independent Auditor

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow G1 3BX

Directors of the ACD

RP Stockton – Chairman
(resigned 1 December 2023)
MM Webb – Chief Executive Officer
(resigned 1 December 2023)
T Carroll – Chief Investment Officer
E Renals – Chief Operating Officer
(appointed 3 July 2023)
JA Rogers – Chief Distribution Officer
(appointed 1 December 2023)
MS Warren – Non-Executive Director
J Lowe – Non-Executive Director

Administrator

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

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**

Depository

NatWest Trustee and Depository 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 preserve capital and pay an income by delivering a greater total return than the Bank of England's Base Rate + 0.5%, after fees, over any rolling three-year period. There is no guarantee that this investment objective will be achieved over three years, or any other time period. We use the Bank of England's Base Rate + 0.5% as a target for our fund's return because we aim to provide a return in excess of what you would receive in a UK savings account. This is an investment product, not a cash savings account. Your capital is at risk.

Investment policy

To meet the objective, the fund manager will invest at least 80% of the fund in government and corporate bonds with high credit ratings (AAA to A-). The remaining 20% of the fund is invested in investment grade government and corporate bonds with lower credit ratings (BBB+ to BBB-) or bonds with no rating at all. Up to 10% of the fund can be invested directly in contingent convertible bonds. If a bond's rating falls below BBB-, otherwise known as high yield, the fund manager will sell it within six months.

The fund may invest globally but at least 80% of the portfolio will be invested in sterling denominated assets or hedged back to sterling. Derivatives may be used by the fund for 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 strategy

When picking our investments, there are three assessments we make. First, we look at the economic environment to determine which industries we want to own and the duration of our investments. Then we use the Four C approach to evaluate creditworthiness. We assess:

- Character: Whether a company's managers have integrity and competence
- Capacity: Ensuring a company isn't over-borrowing and has the cash to pay its debts
- Collateral: Are there assets backing the loan, which reduces the risk of a loan
- Covenants: These loan agreements set out the terms of the bond and restrictions on the company

Finally, we compare prices to determine the best value bonds to include in our fund.

Investment report for the half year ended 31 October 2023

Performance

In the six months ended 31 October 2023, the Rathbone High Quality Bond Fund (I-class shares) gained 1.75% compared with the Bank of England Base Rate +0.5%, which rose by 2.75%.

Market overview and portfolio activity

For almost two years now, global bond markets have borne the brunt of one of the most aggressive interest rate-rising cycles on record as the world's biggest central banks have hiked rates in a bid to tame persistently high inflation. Central banks made it very clear that they were prepared to keep hiking rates until the prices of goods and services stopped rising too fast, even if that meant engineering an economic slowdown and higher unemployment.

High rates and higher inflation erode the value of bonds' fixed returns so global government bond markets have sold off very sharply. This has sent their yields, which run in the opposite direction to bond prices, soaring to their highest levels in many years. The yield on 10-year UK government bonds (Gilts) stood at 3.72% at the start of May. Six months later, it had reached 4.52%, while swinging significantly and often along the way. The yield on 10-year US Treasuries was also very volatile as it rose from 3.43% at the start of the period to reach 4.93% by its end.

The broader global economy has proved remarkably resilient in the face of the sharpest monetary policy tightening in 40 years. The US economy in particular has so far defied the gloomy predictions of a looming recession driven by much higher borrowing costs squeezing away at businesses and consumers' spending power. There's been other good news too. After rising slightly from its 3% low in June, US inflation fell again to 3.2% in October. All this has been encouraging many investors to hope that the US Federal Reserve (Fed) might be able to pull off a 'soft landing' – the rare feat of taming inflation without triggering a serious economic downturn.

Things have been trickier this side of the pond. Inflation proved particularly sticky in the UK, where it was both higher than elsewhere and fell less quickly. It wasn't until mid-year that British inflation dropped below 8%. Since then, the rate has dropped more than expected to 4.6% in October – its lowest

since late 2021 and down from a peak of more than 11% a year ago. This improvement encouraged the Bank of England (BoE) to pause after 14 successive rate rises. The Fed has also paused, though – like the BoE – it has signalled very strongly that while rates have likely peaked (or are almost there) for now, they would stay close to their current highs for some time.

While the global economy has proved more resilient than expected so far, we still think a lot of the full impact of super-aggressive central bank monetary policy tightening has yet to feed through fully. Economic data has been sending some very confusing signals and there are some nasty warning signs of things that might cause trouble ahead. Rates have jumped from virtually zero to roughly 5% in less than two years. That's a phenomenally rapid rise and something we think is difficult for households and businesses simply to shrug off. This does seem to suggest that a sharper economic downturn is coming at some point.

Nevertheless, credit spreads – the extra yield (or spread) that corporate debt offers relative to government debt for taking on default risks – were still much tighter at the end of the period than at its start. The ICE Bank of America Sterling Corporate Bond Index, which measures the spreads on offer from higher quality (investment grade) corporate bonds, narrowed over the period, falling from 172 basis points (bps) to 164bps.

Portfolio activity

Throughout the period, investors were repeatedly wrong-footed in their attempts to work out how long central banks would keep raising rates and where they might peak. As we explained earlier, this ensured that government bond markets were exceptionally volatile. Yields soared in periods when investors expected more central bank policy tightening, while government bonds rallied in others when they believed tightening was drawing to a close and central banks might soon pivot to rate-cutting. We used the Gilt 1.625% 2028 to add duration (interest rate risk) without taking on credit risk throughout the period. We bought the Gilt at times when we felt market expectations for further rate increases had moved too aggressively.

We continue to believe that selected corporate bonds with high credit ratings (ratings of A minus and above) offer decent compensation for any potential hit to their returns if credit spreads widen. But we've been growing more concerned about how higher borrowing costs and weaker demand could impact on some borrowers. As a result, we added to our slightly longer duration bonds issued by lenders with particularly strong credit ratings. (Longer-duration bonds tend to perform particularly well after the last hike in rate-tightening cycles as economic growth slows, inflation drops and investors begin forecasting lower rates in coming years.) During the six-month period, for example, we bought some European Investment Bank (EIB) 3.875% 2028 and 0% 2028 bonds and some KfW 0.75% 2027 and 4.875% 2028 bonds.

The EIB is a supranational (an institution established by the governments of two or more countries to pursue specific policy objectives), while KfW is a German state-owned development bank. Given this government backing, both the EIB and KfW benefit from very high credit ratings: they have triple A ratings, the highest rating possible.

We funded these purchases, in part, by selling some of our very short-dated corporate bonds whose tight credit spreads (additional yield over less risky government bonds) made them look less attractive. For example, we sold some Spanish bank Banco Santander 1.5% 2026 and French bank BNP Paribas 3.375% 2026 bonds.

When rates were on the rise, we bought some short-dated floating rate notes, including Australian lender Westpac Banking Group 2028 and UK lender TSB Bank 2027 floating-rate notes. As their name implies, these bonds offer variable (floating) coupon rates that increase when interest rates rise and fall when they drop. While we felt they were an effective way to boost income in a rising-rate environment, we decided to sell some of them when central banks began to signal that they were keeping rates on hold.

We also sold some of our UK Municipal Bonds Agency Floating Rate Senior 2025 bonds. (The agency issues bonds on behalf of UK local authorities, helping them invest in facilities and services with more attractive financing.) We decided to pare back these bonds to fund some other purchases.

Investment outlook

Bond markets will probably stay pretty volatile for a while. Investors may have begun to accept that rates will stay higher for longer. But there's a lot of uncertainty about how high and for how long. And investors are demanding higher yields to compensate for that uncertainty. This is challenging for those trying to time exactly when bond yields may peak. But it also opens up opportunities for longer-term investors to lock in income yields at close to once-in-a-generation highs.

Stuart Chilvers
Fund Manager
23 November 2023

Bryn Jones
Fund Manager

Net asset value per share and comparative tables

I-class income shares

	31.10.23 pence per share	30.04.23 pence per share	30.04.22 pence per share	30.04.21 pence per share
Change in net assets per share				
Opening net asset value per share	85.95p	90.60p	98.01p	97.94p
Return before operating charges*	1.60p	(1.63p)	(4.64p)	2.93p
Operating charges	(0.17p)	(0.35p)	(0.39p)	(0.39p)
Return after operating charges*	1.43p	(1.98p)	(5.03p)	2.54p
Distributions on income shares	(1.74p)	(2.67p)	(2.38p)	(2.47p)
Closing net asset value per share	85.64p	85.95p	90.60p	98.01p
*after direct transaction costs ¹ of:	0.00p	0.00p	0.00p	0.00p

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

Performance

Return after charges	1.66%	(2.19%)	(5.13%)	2.59%
----------------------	-------	---------	---------	-------

Other information

Closing net asset value	£10,999,411	£9,429,890	£20,511,764	£30,156,666
Closing number of shares	12,844,507	10,971,547	22,639,672	30,769,644
Operating charges**	0.40%	0.40%	0.40%	0.40%
Direct transaction costs	0.01%	0.00%	0.00%	0.00%

Prices***

Highest share price	86.68p	91.36p	99.18p	100.73p
Lowest share price	84.56p	81.93p	91.22p	98.12p

** 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 share shown in the comparative table, this may result in the opening/closing net asset value per share being higher or lower than the published highest or lowest prices for the period.

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

I-class accumulation shares

	31.10.23 pence per share	30.04.23 pence per share	30.04.22 pence per share	30.04.21 pence per share
Change in net assets per share				
Opening net asset value per share	94.78p	96.90p	102.25p	99.67p
Return before operating charges*	1.78p	(1.75p)	(4.95p)	2.99p
Operating charges	(0.19p)	(0.37p)	(0.40p)	(0.41p)
Return after operating charges*	1.59p	(2.12p)	(5.35p)	2.58p
Distributions on accumulation shares	(1.92p)	(2.89p)	(2.51p)	(2.54p)
Retained distributions on accumulation shares	1.92p	2.89p	2.51p	2.54p
Closing net asset value per share	96.37p	94.78p	96.90p	102.25p
*after direct transaction costs ¹ of:	0.01p	0.00p	0.00p	0.00p

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

Performance

Return after charges	1.68%	(2.19%)	(5.23%)	2.59%
----------------------	-------	---------	---------	-------

Other information

Closing net asset value	£2,637,509	£2,678,096	£11,905,249	£5,757,878
Closing number of shares	2,736,773	2,825,454	12,285,846	5,631,395
Operating charges**	0.40%	0.39%	0.40%	0.40%
Direct transaction costs	0.01%	0.00%	0.00%	0.00%

Prices***

Highest share price	96.53p	97.71p	103.58p	103.75p
Lowest share price	93.25p	88.23p	96.92p	99.85p

** 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 share shown in the comparative table, this may result in the opening/closing net asset value per share being higher or lower than the published highest or lowest prices for the period.

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

S-class income shares

	31.10.23 pence per share	30.04.23 pence per share	30.04.22 pence per share	30.04.21 pence per share
Change in net assets per share				
Opening net asset value per share	87.73p	92.35p	99.75p	99.51p
Return before operating charges*	1.63p	(1.67p)	(4.72p)	3.00p
Operating charges	(0.11p)	(0.22p)	(0.25p)	(0.25p)
Return after operating charges*	1.52p	(1.89p)	(4.97p)	2.75p
Distributions on income shares	(1.77p)	(2.73p)	(2.43p)	(2.51p)
Closing net asset value per share	87.48p	87.73p	92.35p	99.75p
*after direct transaction costs ¹ of:	0.00p	0.00p	0.00p	0.00p

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

Performance

Return after charges	1.73%	(2.05%)	(4.98%)	2.76%
----------------------	-------	---------	---------	-------

Other information

Closing net asset value	£181,076,859	£183,307,141	£190,230,851	£243,976,145
Closing number of shares	206,992,276	208,953,600	205,999,047	244,581,322
Operating charges**	0.25%	0.25%	0.25%	0.25%
Direct transaction costs	0.01%	0.00%	0.00%	0.00%

Prices***

Highest share price	88.55p	93.12p	100.98p	102.46p
Lowest share price	86.33p	83.56p	92.97p	99.70p

** 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 share shown in the comparative table, this may result in the opening/closing net asset value per share being higher or lower than the published highest or lowest prices for the period.

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

S-class accumulation shares

	31.10.23 pence per share	30.04.23 pence per share	30.04.22 pence per share	30.04.21 pence per share
Change in net assets per share				
Opening net asset value per share	98.22p	100.26p	105.63p	102.79p
Return before operating charges*	1.84p	(1.80p)	(5.11p)	3.10p
Operating charges	(0.12p)	(0.24p)	(0.26p)	(0.26p)
Return after operating charges*	1.72p	(2.04p)	(5.37p)	2.84p
Distributions on accumulation shares	(1.99p)	(2.99p)	(2.60p)	(2.62p)
Retained distributions on accumulation shares	1.99p	2.99p	2.60p	2.62p
Closing net asset value per share	99.94p	98.22p	100.26p	105.63p
*after direct transaction costs ¹ of:	0.01p	0.00p	0.00p	0.00p

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

Performance

Return after charges	1.75%	(2.03%)	(5.08%)	2.76%
----------------------	-------	---------	---------	-------

Other information

Closing net asset value	11,498,912	13,848,314	20,201,231	19,093,462
Closing number of shares	11,505,451	14,099,156	20,148,648	18,076,114
Operating charges**	0.25%	0.25%	0.25%	0.25%
Direct transaction costs	0.01%	0.00%	0.00%	0.00%

Prices***

Highest share price	100.11p	101.10p	107.04p	107.13p
Lowest share price	96.66p	91.35p	100.28p	102.97p

** 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 share shown in the comparative table, this may result in the opening/closing net asset value per share being higher or lower than the published highest or lowest prices for the period.

Risk and reward profile

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



Lower potential risk/reward
(Not risk-free)

Higher potential risk/reward

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

Discrete annual performance

Quarter ending 31 October 2023

	2019	2020	2021	2022	2023
I-class shares	–	1.94%	0.35%	-13.50%	7.94%
S-class shares	–	2.41%	0.51%	-13.36%	8.10%
Bank of England Base Rate +0.5%	–	0.89%	0.60%	1.28%	4.55%

Source performance data Financial Express, mid to mid, net income reinvested.

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 2023

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
Corporate Bonds (30.04.23: 96.71%)		
£2,200,000 ABN AMRO Bank 5.25% 2026	2,171,274	1.05
£3,200,000 Athene Global Funding 1.75% 2027	2,652,769	1.29
£2,400,000 Athene Global Funding 1.875% 2028	1,914,443	0.93
£4,000,000 Banco Santander 1.375% 2024	3,866,936	1.87
£2,600,000 Banco Santander 3.125% VRN 2026	2,436,291	1.18
£1,700,000 Banco Santander 4.75% VRN 2028	1,617,119	0.78
£2,200,000 Banque Federative du Credit Mutuel 1% 2026	1,937,880	0.94
£2,700,000 Banque Federative du Credit Mutuel 1.75% 2024	2,576,892	1.25
£1,500,000 Banque Federative du Credit Mutuel 4.875% 2025	1,472,487	0.71
£2,500,000 Banque Federative du Credit Mutuel 5% 2026	2,448,476	1.19
£300,000 Barclays Bank FRN 2027	301,601	0.15
£1,800,000 BMW International Investment BV 5.5% 2026	1,798,252	0.87
£2,200,000 BNP Paribas 6% VRN 2029	2,199,916	1.07
AUD700,000 BPCE 4.5% 2028	327,949	0.16
£3,800,000 BUPA Finance 2% 2024	3,731,524	1.81
£2,000,000 Caterpillar Financial Services C 5.72% 2026	2,017,600	0.98
\$3,600,000 Cloverie Swiss Reinsurance 4.5% VRN 2044	2,862,911	1.39
£1,700,000 Coöperatieve Rabobank 1.875% VRN 2028	1,476,241	0.72
£2,300,000 Coventry Building Society 1% 2025	2,100,375	1.02
£1,357,000 Coventry Building Society 7% 2027	1,356,308	0.66
£1,500,000 Credit Agricole 4.875% 2029	1,433,743	0.69
£3,200,000 DNB Bank 1.375% VRN 2025	3,036,746	1.47
£3,500,000 DNB Bank 2.625% VRN 2026	3,317,107	1.61
£1,279,000 East Japan Railway Company 1.162% 2028	1,053,247	0.51
£2,743,000 Eastern Power Networks 5.75% 2024	2,739,039	1.33
£4,100,000 Fidelity International 7.125% 2024	4,098,704	1.99
£2,069,000 First Abu Dhabi Bank 0.875% 2025	1,838,251	0.89
£3,478,000 First Abu Dhabi Bank 1.125% 2026	3,006,513	1.46
£2,157,000 Goldman Sachs 1% VRN 2025	2,036,271	0.99
£2,086,000 HSBC 1.75% VRN 2027	1,848,423	0.90
£4,222,000 John Deere Bank 5.125% 2028	4,189,524	2.03
£2,730,000 JPMorgan Chase 0.991% VRN 2026	2,536,323	1.23
\$4,300,000 JPMorgan Chase FRN 2028	3,520,268	1.71
£3,700,000 Just 3.5% 2025	3,478,000	1.69
£1,000,000 KBC 5.5% VRN 2028	973,512	0.47
£3,790,000 Land Securities Capital Markets 1.974% 2026	3,748,431	1.82
£1,900,000 Lloyds Bank 1.875% VRN 2026	1,799,155	0.87
£1,757,000 Lloyds Bank 2.25% 2024	1,695,075	0.82
£3,070,000 Lloyds Bank 7.5% 2024	3,091,214	1.50

Portfolio and net other assets as at 31 October 2023 *(continued)*

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
AUD1,000,000 Lloyds Bank 5.3906% VRN 2027	513,199	0.25
£6,190,000 Logikor 2019-1 1.875% 2031	5,476,361	2.66
£4,200,000 London Power Network 6.125% 2027	4,247,024	2.06
£2,500,000 MassMutual Global Funding II 1.375% 2026	2,202,604	1.07
£4,000,000 Metropolitan Life 4.125% 2025	3,893,397	1.89
£1,800,000 Motability Operations 4.375% 2027	1,740,567	0.84
£2,051,000 Nationwide Building Society 6.125% 2028	2,068,991	1.00
£1,228,000 Nationwide Building Society 6.178% VRN 2027	1,213,701	0.59
£3,423,000 Nats En Route 1.375% 2031	2,881,611	1.40
£3,800,000 NatWest Markets 6.375% 2027	3,842,780	1.86
£2,232,000 NatWest Markets 6.625% 2026	2,256,162	1.09
£1,770,000 NatWest Markets 6.875% 2025	1,771,820	0.86
AUD5,000,000 NBN 1% 2025	2,382,372	1.15
£2,273,000 Nestle 5.25% 2026	2,274,596	1.10
£1,769,000 OP Corporate Bank 3.375% 2026	1,681,526	0.81
£2,100,000 PACCAR Financial Europe 2.375% 2025	2,011,386	0.98
£1,307,000 Pension Insurance 6.5% 2024	1,299,817	0.63
£625,000 Places for People Treasury 2.875% 2026	575,182	0.28
£1,641,500 Places For People Finance 4.25% 2023	1,631,881	0.79
£2,300,000 Rothesay Life 5.5% VRN 2029	2,258,131	1.10
£1,957,000 Royal Bank of Canada 5% 2028	1,886,419	0.91
£3,460,000 Royal Bank of Canada FRN 2028	3,467,266	1.68
£2,100,000 Skandinaviska Enskilda Banken 5.5% 2026	2,084,765	1.01
£4,130,000 Society of Lloyds 4.75% 2024	4,055,265	1.97
£670,000 Telereal Securitisation 1.3657% 2033	402,313	0.20
£2,000,000 Tesco Personal Finance 3.5% 2025	1,932,480	0.94
£3,289,000 Toyota Motor Credit 5.625% 2028	3,288,243	1.59
£1,765,000 Toyota Motor Finance Netherland 4.625% 2026	1,724,183	0.84
£2,316,000 UBS 8.75% 2025	2,389,797	1.16
£2,500,000 Volvo Treasury 6.125% 2028	2,541,621	1.23
£300,000 Western Power Distribution 5.5% 2025	298,851	0.14
£1,039,000 Zurich Finance 5.125% VRN 2052	908,915	0.44
	161,910,016	78.52
Government Bonds (30.04.23: 1.17%)		
£6,200,000 KFW 0.75% 2027	5,280,385	2.56
£2,500,000 KFW 1.25% 2023	2,483,250	1.20
£4,300,000 KFW 4.875% 2028	4,321,620	2.10
£6,900,000 UK Treasury 1.625% 2028	6,083,937	2.95
£4,000,000 UK Treasury 4.5% 2028	4,006,240	1.94
	22,175,432	10.75

Portfolio and net other assets as at 31 October 2023 *(continued)*

Holding (Bonds unless otherwise stated)	Value £	Percentage of total net assets
Supranational Bonds (30.04.23: 0.00%)		
£3,600,000 Asian Development Bank 5.125% 2028	3,652,557	1.77
£3,100,000 Asian Development Bank 6.125% 2025	3,143,792	1.52
£6,900,000 European Investment Bank 0% 2028	5,433,905	2.63
£5,000,000 European Investment Bank 3.875% 2028	4,838,338	2.35
£4,000,000 InterAmerican Development Bank 4.75% 2029	3,994,659	1.94
	21,063,251	10.21
Forward Foreign Exchange Contracts (30.04.23: 0.17%)		
Buy £3,169,165, Sell AUD6,149,178	(42,855)	(0.02)
Buy £6,126,291, Sell \$7,648,313	(174,265)	(0.08)
	(217,120)	(0.10)
Total value of investments (30.04.23: 98.05%)	204,931,579	99.38
Net other assets (30.04.23: 1.95%)	1,281,112	0.62
Total value of the Fund as at 31 October 2023	206,212,691	100.00

Summary of portfolio investments

	Value £	Percentage of total net assets
Investment grade	192,486,211	93.33
Below investment grade	12,662,488	6.15
Debt securities	205,148,699	99.48
Derivatives	(217,120)	(0.10)
Total value of investments	204,931,579	99.38

Statement of total return for the half year ended 31 October 2023

	31.10.23 £	31.10.23 £	31.10.22 £	31.10.22 £
Income				
Net capital losses		(680,376)		(15,089,754)
Revenue	4,599,705		2,336,613	
Expenses	(272,779)		(285,494)	
Interest payable and similar charges	(262)		(138)	
Net revenue before taxation	4,326,664		2,050,981	
Taxation	—		—	
Net revenue after taxation		4,326,664		2,050,981
Total return before distributions		3,646,288		(13,038,773)
Distributions		(4,238,664)		(3,162,937)
Change in net assets attributable to shareholders from investment activities		(592,376)		(16,201,710)

Statement of change in net assets attributable to shareholders for the half year ended 31 October 2023

	31.10.23 £	31.10.23 £	31.10.22 £	31.10.22 £
Opening net assets attributable to shareholders		209,263,441		242,849,095
Amounts receivable on issue of shares	18,080,030		11,741,864	
Amounts payable on cancellation of shares	(20,830,490)		(39,068,245)	
		(2,750,460)		(27,326,381)
Change in net assets attributable to shareholders from investment activities (see Statement of total return above)		(592,376)		(16,201,710)
Retained distributions on accumulation shares		292,086		320,641
Closing net assets attributable to shareholders		206,212,691		199,641,645

Balance sheet as at 31 October 2023

	31.10.23 £	31.10.23 £	30.04.23 £	30.04.23 £
Assets				
Fixed assets:				
Investments		205,148,699		205,202,117
Current assets:				
Debtors	7,211,282		3,566,869	
Cash and bank balances	3,979,476		2,572,871	
Total current assets		11,190,758		6,139,740
Total assets		216,339,457		211,341,857
Liabilities				
Investment liabilities		(217,120)		(9,254)
Creditors:				
Distribution payable on income shares	(2,019,930)		(1,647,244)	
Other creditors	(7,889,716)		(421,918)	
Total liabilities		(10,126,766)		(2,078,416)
Net assets attributable to shareholders		206,212,691		209,263,441

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 2023 and are detailed in full in those financial statements.

Portfolio transactions

Total purchases and sales transactions for the half year ended 31 October 2023 were £109,078,288 and £108,660,597 respectively (31.10.22: £29,431,308 and £55,006,876).

Distribution tables for the half year ended 31 October 2023

Distribution tables (pence per share)

First Interim

Group 1 – Shares purchased prior to 1 May 2023

Group 2 – Shares purchased on or after 1 May 2023 and on or before 31 July 2023

I-class income shares	Income	Equalisation	Paid 29.09.23	Paid 30.09.22
Group 1	0.84	–	0.84	0.63
Group 2	0.38	0.46	0.84	0.63

I-class accumulation shares	Income	Equalisation	Accumulated 29.09.23	Accumulated 30.09.22
Group 1	0.92	–	0.92	0.67
Group 2	0.55	0.37	0.92	0.67

S-class income shares	Income	Equalisation	Paid 29.09.23	Paid 30.09.22
Group 1	0.85	–	0.85	0.64
Group 2	0.46	0.39	0.85	0.64

S-class accumulation shares	Income	Equalisation	Accumulated 29.09.23	Accumulated 30.09.22
Group 1	0.95	–	0.95	0.69
Group 2	0.73	0.22	0.95	0.69

Distribution tables for the half year ended 31 October 2023 *(continued)*

Distribution tables (pence per share) *(continued)*

Second Interim

Group 1 – Shares purchased prior to 1 August 2023

Group 2 – Shares purchased on or after 1 August 2023 and on or before 31 October 2023

I-class income shares	Income	Equalisation	Payable 29.12.23	Paid 30.12.22
Group 1	0.90	–	0.90	0.64
Group 2	0.22	0.68	0.90	0.64

I-class accumulation shares	Income	Equalisation	Allocated 29.12.23	Accumulated 30.12.22
Group 1	1.00	–	1.00	0.69
Group 2	0.41	0.59	1.00	0.69

S-class income shares	Income	Equalisation	Payable 29.12.23	Paid 30.12.22
Group 1	0.92	–	0.92	0.66
Group 2	0.38	0.54	0.92	0.66

S-class accumulation shares	Income	Equalisation	Allocated 29.12.23	Accumulated 30.12.22
Group 1	1.04	–	1.04	0.72
Group 2	0.70	0.34	1.04	0.72

Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. 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 shares 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 Rodgers T Carroll
for Rathbones Asset Management Limited
ACD of Rathbone High Quality Bond Fund
19 December 2023

General information

ACD Name

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

Authorised status

The Rathbone High Quality Bond Fund (the Company) is a stand-alone open-ended investment company with variable capital ICVC, incorporated in England and Wales under registered number IC002299 and authorised by the FCA with effect from 7 November 2018.

Valuation of the fund

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

Stewardship code

Rathbones Asset 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: rathbonesam.com

Buying and selling of shares

The ACD is available to receive requests for the buying and selling of shares on business days between 9.00am and 5.00pm and transactions will be effected at prices determined by the next valuation. Application forms for shares (obtainable from the ACD or the Administrator) should be completed and sent to the Administrator. 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 shares are required to enter their registration details on the form supplied with their contract note. Once shares are paid for these details will be entered on the share register.

Shares can be sold by telephone, fax or letter followed by despatch to the Administrator of the authorisation to sell duly completed by all shareholders.

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

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

The minimum initial and additional investment for S-class shares is set at £100,000,000 or Fund Manager's discretion. Any number of shares may be subscribed, sold or transferred so long as transaction complies with applicable minimums.

The ACD currently receives an annual remuneration for managing the S-class from the property of the fund at the rate of 0.2%.

Statements

A distribution statement showing the rate per share and your shareholding will be sent half yearly on 30 June and 31 December.

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

Twice yearly on 30 June and 31 December, shareholders will receive a consolidated valuation statement showing, where applicable, their ICVC, Unit Trust 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 ACD or seen by visiting their registered office.

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

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

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

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

ISA eligibility

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

Risk factors

An investment in an investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares 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 fluctuations in exchange rates which can be favourable or unfavourable. Where the ACD's charge is fully 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 restricted

Other funds

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

Rathbone Active Income and Growth Fund
Rathbone Core Investment Fund for Charities
Rathbone Ethical Bond Fund
Rathbone Global Opportunities Fund
Rathbone Income Fund
Rathbone 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 Strategic Growth Portfolio
Rathbone Greenbank Total Return Portfolio
Rathbone Strategic Growth Portfolio
Rathbone Strategic Income Portfolio
Rathbone Total Return Portfolio

Further details

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

Client Services Department
Rathbones Asset Management Limited
8 Finsbury Circus
London EC2M 7AZ

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

Data protection

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

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

Data Protection Officer
Rathbones Asset Management Limited
8 Finsbury Circus
London EC2M 7AZ

Rathbones

Look forward

Rathbones Asset Management Limited

8 Finsbury Circus, London EC2M 7AZ
Tel 020 7399 0000

Information line

020 7399 0399
rutm@rathbones.com
rathbonesam.com

Authorised and regulated by the
Financial Conduct Authority

A member of The
Investment Association

A member of the Rathbones Group.
Registered No. 02376568