



# RATHBONE ETHICAL BOND FUND

INTERIM REPORT FOR THE HALF YEAR ENDED 31 MARCH 2024

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# RATHBONE ETHICAL BOND FUND

## **AUTHORISED FUND MANAGER (THE MANAGER)**

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.

## **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  
JA Rogers – Chief Distribution 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 a greater total return than the IA Sterling Corporate Bond sector, after fees, over any rolling 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 IA Sterling Corporate Bond sector as a target for our fund's return because we aim to consistently outperform the average return of our competitors.

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

**Character:** Whether a company's managers have integrity and competence

**Capacity:** Ensuring a company isn't over-borrowing and has the cash to pay its debts

**Collateral:** Are there assets backing the loan, which reduces the risk of a loan

**Covenants:** These loan agreements set out the terms of the bond and restrictions on the company

**Conviction:** The Plus: We think differently to the market; sometimes contrarian, sometimes sceptical of orthodox thinking, but always opinionated

Meanwhile, Rathbone Greenbank, an ethical research division of our company, assesses potential investments against positive and negative social and environmental criteria. Finally, we compare prices to determine the best value bonds to include in our fund.

## INVESTMENT STRATEGY

To meet the objective, the fund manager will invest at least 80% of our fund in corporate bonds with an investment-grade rating (AAA to BBB-). The remaining 20% of the fund is invested in corporate bonds with a credit rating below BBB- or with no rating at all.

Up to 10% of the fund can be invested directly in contingent convertible bonds.

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

Derivatives may be used by the fund for investment purposes, efficient portfolio management and hedging. The use of derivatives for investment purposes may increase the volatility of the fund's Net Asset Value and may increase its risk profile.

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

## INVESTMENT POLICY

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.

The manager will apply ethical criteria and screening in order to avoid investing in companies involved in specific activities or engaged in behaviour that is considered to be of concern to ethical investors. The fund will seek to invest in companies that are aware of their wider responsibilities to society and the environment.

Further details in relation to the current ethical and sustainability criteria may be obtained by contacting Rathbones Asset Management. Investors should be aware that these criteria may change over time. Product reference number: 196624.

# INVESTMENT REPORT FOR THE HALF YEAR ENDED 31 MARCH 2024

## PERFORMANCE

The Rathbone Ethical Bond Fund returned 9.47% over the six months to 31 March 2024, while the IA Sterling Corporate Bond sector returned 8.15%.

## MARKET REVIEW

At the start of the period, government bonds were selling off sharply. Investors were rattled by the US Federal Reserve (Fed)'s insistence at its interest rate-setting meeting in late September that it might raise rates again to contain inflation – and would deliver fewer rate cuts than they'd been expecting in 2024. This trend continued into October when higher inflation in the US and a quarter of particularly strong GDP growth heightened investor fears that more rate rises might be looming. Added to this were concerns about just how much the US government was spending and whether investors were willing to fund it. Last year, the federal deficit was \$1.7 trillion, or 6.3% of GDP, which must be funded by selling lots more bonds than usual.

Things turned around in late October, helped by an announcement on 1 November that the extra bond issuance would be skewed towards shorter-term maturities, which helped ease upward pressure on the much-watched 10-year benchmark yield. Investors began to buy up government bonds in the hope that yields might have crested at their prevailing highs. US jobs data seemed to show that the once red-hot jobs market might be cooling a bit, which seemed to reinforce confidence that the Fed's work in raising rates might just about be done.

Many bond investors (ourselves included) thought the resulting spike in government bond prices might have gone too far and expected central banks to pour some cold water on hopes of looming rate cuts when they held their December rate-setting meetings. They had been sticking with a clear 'higher for longer' message for ages so we felt they were unlikely to signal an imminent pivot to rate cutting.

In the event, the Fed astounded more or less everyone and delivered a very significant about-turn. Fed chairman Jerome Powell announced the central bank was now starting to consider when to cut rates and was predicting 0.75% worth of cuts

in 2024. (By contrast, the Bank of England (BoE) and the European Central Bank (ECB) stayed hawkish and neither gave any hints about future rate cuts.)

The Fed's announcement drove a monster rally in government bond markets. By the beginning of this year, investors were confident that the Fed would deliver around six 0.25% rate cuts in 2024, perhaps starting as early as March. But persistently sticky inflation, alongside a roaring US jobs market, subsequently forced them to rein those bets in big time. Investors no longer see much chance of the Fed cutting rates any time soon. Most expect around two 0.25% cuts in the second half of 2024, though a fair few think the Fed might not cut at all this year. Because government bonds are the asset class most sensitive to rate moves, this reassessment has driven bond yields up significantly this year, forcing down their prices.

At the start of the period, the benchmark 10-year US Treasury yield stood at 4.58% and had dropped to 4.21% by its end, while swinging hugely and often along the way. It was hovering at a 16-year high of around 5.00% in late October, for example, but had fallen as low as 3.85% at the end of 2023. That's about as high-octane action as you're likely to see in bond markets! UK government bond (gilt) yields followed a similar trajectory, with the 10-year gilt yield highly volatile as it fell from 4.45% at the start of the period to 3.98% by its end.

Even though this was an exceptionally turbulent six months for government bonds, corporate bond markets kept powering ahead. As the period progressed, credit investors grew increasingly confident that high interest rates weren't about to tip economies into harsh recessions that might result in a deluge of corporate defaults and downgrades.

With investors seeming to buy fully into a 'soft landing' for the global economy, the extra yield (or spread) that corporate debt offers over government bonds to compensate for default risks narrowed very significantly. The iTraxx European Crossover Index, which measures the extra yield (or spread) that corporate debt offers over government bonds for taking on default risks, began the period at 426 basis points (bps) and had plummeted to 297bps by its end.

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

## PORTFOLIO ACTIVITY

We don't invest in mainstream UK government gilts as the government is involved in some areas prohibited by our screening criteria. Instead, we focus on the UK's green sovereign bonds ('Green Gilts') as an ethical alternative. We traded our Green Gilts throughout the fourth quarter, buying more when yields rose and selling some of them when yields fell. To do this, we bought and sold the UK Green Gilt 1.5% 2053 and 0.875% 2033 bonds. In hindsight, we reduced our gilts a bit too early as we didn't anticipate Fed Chair Powell's big about-turn in December. With economic data, especially the jobs market, still relatively robust we had expected the Fed to err on the side of caution. We continued to trade our Green Gilts in the first three months of 2024 as we didn't want to pare back our duration (interest rate) exposure too much because it's longer-duration government bonds that will rally most when rates do get cut.

We bought some newly issued insurer Phoenix 7.75% 2053 bonds in late November. These bonds were issued to replace some Phoenix bonds that we owned which it had asked bondholders to 'tender' (sell back). When issuers tender for their bonds, they can sweeten the deal by offering to buy them at premium prices, giving us scope to lock in attractive price gains.

As the period progressed, we increasingly sought out shorter-dated investment grade (high-quality) corporate bonds. Many of these bonds' yields came close to those on offer from longer-term corporate bonds. This meant they could deliver attractive carry (coupon income) alongside less credit and duration risk because of their shorter maturity (i.e. there's less time before maturity for rates to change and defaults to occur).

For example, we bought some European savings and retirement businesses Athora Holding 6.625% 2028 bonds and French lender Societe Generale 5.75% 2032 bonds. To fund these purchases, we sold some of our other bonds, including some insurer Legal & General 5.5% 2064, lender Lloyds Banking Group 2.707% 2035 and specialty insurer Hiscox 6.125% 2045 bonds.

## OUTLOOK

The stickiness in US inflation is a salutary reminder that financial markets and big economies rarely glide along entirely smoothly. There are likely to be plenty more bumps in the road towards lower inflation and lower rates.

But the yields now available on both interest-rate sensitive government debt and growth-oriented investment grade credit are a lot more attractive than they've been for many years. That huge reset means bond yields offer very decent buffers against any further volatility in bond prices, while also offering investors a way to achieve their long-term return objectives through income yields alone.

**Bryn Jones**                      **Stuart Chilvers**  
Lead Fund Manager      Fund Manager

# NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES

## R-CLASS INCOME UNITS<sup>#</sup>

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
<b>Change in net assets per unit</b>				
Opening net asset value per unit	<b>74.19p</b>	71.09p	96.70p	95.96p
Return before operating charges*	<b>4.90p</b>	7.66p	(21.16p)	5.21p
Operating charges	<b>(0.32p)</b>	(0.97p)	(1.14p)	(1.26p)
Return after operating charges*	<b>4.58p</b>	6.69p	(22.30p)	3.95p
Distributions on income units	<b>(0.96p)</b>	(3.59p)	(3.31p)	(3.21p)
Redemption price	<b>(77.81p)</b>	–	–	–
Closing net asset value per unit	–	74.19p	71.09p	96.70p
*after direct transaction costs <sup>1</sup> of:	<b>0.01p</b>	0.00p	0.00p	0.00p

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

## PERFORMANCE

Return after charges	<b>6.17%</b>	9.41%	(23.06%)	4.12%
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## OTHER INFORMATION

Closing net asset value	–	£4,036,078	£4,845,243	£7,340,655
Closing number of units	–	5,440,276	6,815,379	7,591,482
Operating charges**	–	1.28%	1.28%	1.28%
Direct transaction costs	<b>0.01%</b>	0.00%	0.00%	0.00%

## PRICES\*\*\*

Highest unit price	<b>79.91p</b>	79.84p	97.57p	100.71p
Lowest unit price	<b>73.12p</b>	69.59p	72.02p	96.35p

# 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\*

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
<b>Change in net assets per unit</b>				
Opening net asset value per unit	<b>194.22p</b>	177.45p	231.94p	222.78p
Return before operating charges*	<b>12.80p</b>	19.24p	(51.72p)	12.13p
Operating charges	<b>(0.84p)</b>	(2.47p)	(2.77p)	(2.97p)
Return after operating charges*	<b>11.96p</b>	16.77p	(54.49p)	9.16p
Distributions on accumulation units	<b>(2.53p)</b>	(9.13p)	(8.04p)	(7.56p)
Retained distributions on accumulation units	<b>2.53p</b>	9.13p	8.04p	7.56p
Redemption price	<b>(206.18p)</b>	–	–	–
Closing net asset value per unit	–	194.22p	177.45p	231.94p
*after direct transaction costs <sup>1</sup> of:	<b>0.02p</b>	0.00p	0.00p	0.00p

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

## PERFORMANCE

Return after charges	<b>6.16%</b>	9.45%	(23.49%)	4.11%
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## OTHER INFORMATION

Closing net asset value	–	£11,317,543	£13,883,234	£22,008,508
Closing number of units	–	5,827,297	7,823,661	9,488,714
Operating charges**	–	1.28%	1.28%	1.28%
Direct transaction costs	<b>0.01%</b>	0.00%	0.00%	0.00%

## PRICES\*\*\*

Highest unit price	<b>209.19p</b>	201.56p	234.04p	236.72p
Lowest unit price	<b>191.41p</b>	173.69p	177.62p	223.70p

# 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

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
<b>Change in net assets per unit</b>				
Opening net asset value per unit	<b>80.15p</b>	76.33p	103.16p	101.74p
Return before operating charges*	<b>7.90p</b>	8.22p	(22.67p)	5.53p
Operating charges	<b>(0.28p)</b>	(0.53p)	(0.62p)	(0.69p)
Return after operating charges*	<b>7.62p</b>	7.69p	(23.29p)	4.84p
Distributions on income units	<b>(2.12p)</b>	(3.87p)	(3.54p)	(3.42p)
Closing net asset value per unit	<b>85.65p</b>	80.15p	76.33p	103.16p
*after direct transaction costs <sup>1</sup> of:	<b>0.01p</b>	0.00p	0.00p	0.00p

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

## PERFORMANCE

Return after charges	<b>9.51%</b>	10.07%	(22.58%)	4.76%
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## OTHER INFORMATION

Closing net asset value	<b>£630,083,412</b>	£690,178,845	£582,186,517	£781,199,550
Closing number of units	<b>735,649,345</b>	861,067,119	762,729,809	757,244,490
Operating charges**	<b>0.67%</b>	0.66%	0.66%	0.66%
Direct transaction costs	<b>0.01%</b>	0.00%	0.00%	0.00%

## PRICES\*\*\*

Highest unit price	<b>86.88p</b>	85.90p	104.18p	106.95p
Lowest unit price	<b>79.03p</b>	74.73p	77.32p	102.17p

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

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

# NET ASSET VALUE PER UNIT AND COMPARATIVE TABLES (continued)

## I-CLASS ACCUMULATION UNITS

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
<b>Change in net assets per unit</b>				
Opening net asset value per unit	<b>207.66p</b>	188.55p	244.92p	233.77p
Return before operating charges*	<b>20.51p</b>	20.45p	(54.87p)	12.75p
Operating charges	<b>(0.73p)</b>	(1.34p)	(1.50p)	(1.60p)
Return after operating charges*	<b>19.78p</b>	19.11p	(56.37p)	11.15p
Distributions on accumulation units	<b>(5.53p)</b>	(9.74p)	(8.15p)	(7.96p)
Retained distributions on accumulation units	<b>5.53p</b>	9.74p	8.15p	7.96p
Closing net asset value per unit	<b>227.44p</b>	207.66p	188.55p	244.92p
*after direct transaction costs <sup>1</sup> of:	<b>0.02p</b>	0.00p	0.00p	0.00p

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

## PERFORMANCE

Return after charges	<b>9.53%</b>	10.14%	(23.02%)	4.77%
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## OTHER INFORMATION

Closing net asset value	<b>£1,097,280,960</b>	£1,115,024,795	£1,206,199,895	£1,560,994,789
Closing number of units	<b>482,442,367</b>	536,940,110	639,710,393	637,359,444
Operating charges**	<b>0.67%</b>	0.66%	0.66%	0.66%
Direct transaction costs	<b>0.01%</b>	0.00%	0.00%	0.00%

## PRICES\*\*\*

Highest unit price	<b>227.83p</b>	214.64p	247.34p	249.78p
Lowest unit price	<b>204.74p</b>	184.60p	188.73p	234.75p

\*\* 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

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
<b>Change in net assets per unit</b>				
Opening net asset value per unit	<b>82.54p</b>	78.50p	105.95p	104.34p
Return before operating charges*	<b>8.13p</b>	8.47p	(23.31p)	5.68p
Operating charges	<b>(0.23p)</b>	(0.44p)	(0.51p)	(0.56p)
Return after operating charges*	<b>7.90p</b>	8.03p	(23.82p)	5.12p
Distributions on income units	<b>(2.18p)</b>	(3.99p)	(3.63p)	(3.51p)
Closing net asset value per unit	<b>88.26p</b>	82.54p	78.50p	105.95p
*after direct transaction costs <sup>1</sup> of:	<b>0.01p</b>	0.00p	0.00p	0.00p

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

## PERFORMANCE

Return after charges	<b>9.57%</b>	10.23%	(22.48%)	4.91%
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## OTHER INFORMATION

Closing net asset value	<b>£219,744,028</b>	£180,100,230	£175,483,285	£216,072,152
Closing number of units	<b>248,964,826</b>	218,199,253	223,540,743	203,943,333
Operating charges**	<b>0.53%</b>	0.52%	0.52%	0.52%
Direct transaction costs	<b>0.01%</b>	0.00%	0.00%	0.00%

## PRICES\*\*\*

Highest unit price	<b>89.52p</b>	88.39p	107.02p	109.73p
Lowest unit price	<b>81.40p</b>	76.86p	79.53p	104.79p

\*\* 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

	31.03.24 pence per unit	30.09.23 pence per unit	30.09.22 pence per unit	30.09.21 pence per unit
<b>Change in net assets per unit</b>				
Opening net asset value per unit	<b>102.65p</b>	93.08p	120.74p	115.09p
Return before operating charges*	<b>10.15p</b>	10.10p	(27.07p)	6.28p
Operating charges	<b>(0.29p)</b>	(0.53p)	(0.59p)	(0.63p)
Return after operating charges*	<b>9.86p</b>	9.57p	(27.66p)	5.65p
Distributions on accumulation units	<b>(2.74p)</b>	(4.81p)	(4.20p)	(3.92p)
Retained distributions on accumulation units	<b>2.74p</b>	4.81p	4.20p	3.92p
Closing net asset value per unit	<b>112.51p</b>	102.65p	93.08p	120.74p
*after direct transaction costs <sup>1</sup> of:	<b>0.01p</b>	0.00p	0.00p	0.00p

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

## PERFORMANCE

Return after charges	<b>9.61%</b>	10.28%	(22.91%)	4.91%
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## OTHER INFORMATION

Closing net asset value	<b>£72,325,372</b>	£57,476,847	£35,064,772	£43,111,733
Closing number of units	<b>64,285,592</b>	55,991,603	37,671,723	35,706,450
Operating charges**	<b>0.53%</b>	0.52%	0.52%	0.52%
Direct transaction costs	<b>0.01%</b>	0.00%	0.00%	0.00%

## PRICES\*\*\*

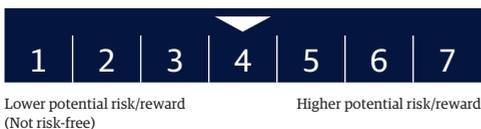
Highest unit price	<b>112.70p</b>	106.01p	121.96p	123.12p
Lowest unit price	<b>101.22p</b>	91.13p	93.17p	115.58p

\*\* 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 31 MARCH 2024

	2020	2021	2022	2023	2024
R-class units	2.65%	0.37%	12.23%	-5.15%	n/a
I-class units	1.00%	12.93%	-4.56%	-10.12%	10.49%
S-class units	1.14%	13.09%	-4.43%	-10.00%	10.63%
IA Sterling Strategic Bond Sector	0.78%	9.02%	-4.25%	-9.14%	7.35%

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

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

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

# PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024

Holding		Value £	Percentage of total net assets
<b>Bonds (30.09.23: 98.27%)</b>			
<b>Mortgage Bonds (30.09.23: 0.39%)</b>			
£9,123,625	Finance for Residential Social Housing 8.369% 2058	6,114,257	0.30
£1,917,847	Finance for Residential Social Housing 8.569% 2058	1,168,807	0.06
£600,000	Finance for Residential Social Housing 8.569% 2058	398,476	0.02
\$3,000,000	Goodgreen 2020-1 Trust 2.63% 2055	1,069,281	0.05
\$888,000	Hero Funding Trust 3.19% 2048	143,762	0.01
\$500,000	Hero Funding Trust 3.28% 2048	80,057	0.00
		<b>8,974,640</b>	<b>0.44</b>
<b>Supranational Bonds (30.09.23: 0.38%)</b>			
£4,074,000	EIB 0% 2028	3,372,793	0.17
£3,800,000	EIB 5.625% 2032	4,237,285	0.21
		<b>7,610,078</b>	<b>0.38</b>
<b>Corporate Bonds (30.09.23: 91.64%)</b>			
\$19,131,000	abrdsn 4.25% 2028	13,654,074	0.68
€8,300,000	ACCIONA Financiacion Filiales 4.25% 2030	6,844,075	0.34
\$12,000,000	Aegon 5.5% VRN 2048	9,170,441	0.46
€2,000,000	Aegon 5.625% VRN perp	1,658,579	0.08
€4,300,000	Aegon FRN perp	3,145,178	0.16
£2,962,700	Aggregate Micro Power Infrastructure 8% 2036	2,859,708	0.14
\$2,727,000	American Museum of Natural History 3.121% 2052	1,463,869	0.07
€9,300,000	Anchor Hanover 2% 2051	5,063,651	0.25
\$5,864,000	Argentum Netherlands 4.625% VRN perp	4,514,164	0.22
€5,827,000	Assicurazioni Generali 5.8% 2032	5,449,548	0.27
€28,600,000	Assicurazioni Generali 6.269% perp	28,845,482	1.43
£259,000	Aster Treasury 4.5% 2043	241,031	0.01
€22,200,000	Athora 6.625% 2028	20,115,951	1.00
€12,700,000	Audax Renovables 4.2% 2027	7,973,900	0.39
£19,479,000	Aviva 4% VRN 2055	16,223,695	0.80
£13,172,000	Aviva 4.375% VRN 2049	12,331,782	0.61
£2,559,000	Aviva 5.125% VRN 2050	2,458,786	0.12
£9,890,000	Aviva 6.125% VRN 2036	10,047,836	0.50
£13,091,000	Aviva 6.875% VRN 2053	13,825,543	0.68
£24,003,000	Aviva 6.875% VRN 2058	25,242,808	1.25
£9,935,000	Aviva 6.875% VRN perp	9,453,550	0.47
€2,000,000	AXA 0% VRN perp	1,532,527	0.08
\$900,000	AXA 4.5% perp	626,453	0.03
€3,757,000	AXA 6.375% VRN perp	3,336,209	0.17

# PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024

(continued)

Holding	Value £	Percentage of total net assets
\$46,800,000 AXA 6.379% VRN perp	40,805,718	2.02
\$4,129,000 AXA FRN perp	2,860,513	0.14
\$2,353,000 BAC Capital Trust 4% VRN perp	1,518,953	0.08
£8,700,000 Banco Bilbao Vizcaya Argent 3.104% VRN 2031	8,121,590	0.40
£5,400,000 Banco Bilbao Vizcaya Argent 8.25% VRN 2033	5,799,431	0.29
€12,380,200 Banco Santander 1% VRN perp	10,248,882	0.51
£39,400,000 Banco Santander 2.25% VRN 2032	34,584,788	1.71
£17,300,000 Banco Santander 4.75% VRN 2028	17,056,983	0.84
£7,500,000 Banco Santander 5.375% 2031	7,570,451	0.37
€7,350,000 Banco Santander FRN perp	5,193,554	0.26
€15,520,000 Barclays Bank 4.75% VRN perp	12,445,711	0.62
\$18,650,000 Beazley 5.875% 2026	14,505,145	0.72
\$19,979,000 Beazley Insurance DAC 5.5% 2029	15,210,136	0.75
£14,800,000 BPCE 2.5% VRN 2032	13,099,032	0.65
AUD\$8,000,000 BPCE 4.5% 2028	3,933,622	0.19
£14,100,000 BPCE 4.875% 2030	14,036,075	0.70
£7,800,000 BPCE 5.25% 2029	7,630,718	0.38
AUD\$8,660,000 BPCE 6.3424% VRN 2028	4,535,313	0.22
\$5,000,000 Bridge Housing Corporation 3.25% 2030	3,363,249	0.17
£3,300,000 Brit Insurance 6.625% VRN 2030	2,512,950	0.12
£5,000,000 British Telecommunications 5.75% 2041	5,033,331	0.25
£4,242,000 BUPA Finance 4% VRN perp	3,096,660	0.15
£32,495,000 BUPA Finance 4.125% 2035	27,241,218	1.35
£300,000 Burnham And Weston Energy CIC 5% Index-Linked 2036	222,450	0.01
\$4,545,000 California Endowment 2.498% 2051	2,265,201	0.11
£3,448,000 Canal & River Trust 2.85% Series A Senior 2043	2,438,770	0.12
£4,358,000 Channel Link FRN 2050	3,491,969	0.17
£9,900,000 Clarion Funding 1.25% 2032	7,376,080	0.37
£5,025,000 Clarion Funding 1.875% 2035	3,696,371	0.18
£3,636,000 Close Brothers 7.75% 2028	3,719,149	0.18
\$7,300,000 Cloverie Swiss Reinsurance 4.5% VRN 2044	5,720,958	0.28
€7,000,000 CNP Assurances 5.25% VRN perp	5,907,123	0.29
€5,100,000 CNP Assurances FRN perp	3,880,562	0.19
£175,000 Coigach Community CIC 5% Index-Linked 2030	132,524	0.01
£720,000 Cooperative Bank 11.75% VRN 2034	840,960	0.04
£13,721,000 Coventry Building Society 5.875% VRN 2030	13,873,523	0.69
£26,121,000 Coventry Building Society 6.875% VRN perp	25,990,395	1.29
£6,784,000 Coventry Building Society 7% VRN 2027	7,007,931	0.35
£2,600,000 Coventry Building Society 12.125% PIBS perp	4,459,000	0.22
£2,200,000 Credit Agricole 1.874% VRN 2031	1,978,454	0.10

# PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024

(continued)

Holding		Value £	Percentage of total net assets
£3,800,000	Credit Agricole 4.875% 2029	3,829,721	0.19
£500,000	Credit Agricole 6.375% VRN 2031	532,074	0.03
£3,993,000	CYBG 4% VRN 2026	3,897,988	0.19
£15,000,000	CYBG 4% VRN 2027	14,507,234	0.72
£3,660,000	Direct Line Insurance 4% 2032	3,079,481	0.15
£162,000	Ecology Building Society 9.625% VRN perp	151,972	0.01
£1,975,000	Ellenbrook Developments 3.3894% Index-Linked 2032	1,440,964	0.07
£195,000	Fixed Rate Unsecured Bonds 4.5% 2026	181,643	0.01
\$4,500,000	Ford Foundation 2.415% 2050	2,248,637	0.11
£130,000	Glasgow Together 4% 2022	2,132	0.00
£10,803,000	Grainger 3% 2030	9,248,468	0.46
£3,589,000	Grainger 3.375% 2028	3,300,518	0.16
£12,674,000	Greater Gabbard 4.137% 2032	7,581,366	0.38
£7,750,000	Gwynt y Mor OFTO 2.778% 2034	4,331,735	0.21
£501,300	Heylo Housing Secured Bond 1.625% Index-Linked 2028	372,215	0.02
£51,729,000	HSBC Bank 5.844% VRN perp	54,128,388	2.68
\$5,000,000	Intesa Sanpaolo 7.7% VRN perp	3,942,127	0.20
€8,382,000	Investec Bank 1.25% VRN 2026	6,864,538	0.34
£29,422,000	Investec Bank 1.875% VRN 2028	25,607,067	1.27
£21,014,000	Investec Bank 2.625% VRN 2032	18,561,353	0.92
£5,100,000	Investec Bank 9.125% VRN 2033	5,418,768	0.27
£1,000,000	Investec Bank 10.5% VRN perp	1,050,000	0.05
£1,646,000	Jupiter Fund Management 8.875% VRN 2030	1,651,827	0.08
£1,322,000	Just 3.5% 2025	1,296,142	0.06
£16,043,000	Just 5% VRN perp	12,201,985	0.60
£20,580,000	Just 7% VRN 2031	20,846,818	1.03
£7,650,000	Just 8.125% 2029	8,023,320	0.40
£14,553,000	Just 9% 2026	15,774,783	0.78
\$7,000,000	La Mondiale SAM 4.8% VRN 2048	5,174,154	0.26
£34,991,000	Legal & General 3.75% VRN 2049	31,593,909	1.56
£9,525,000	Legal & General 4.5% VRN 2050	8,848,026	0.44
\$2,360,000	Legal & General 5.25% VRN 2047	1,817,997	0.09
£12,839,000	Legal & General 5.375% VRN 2045	12,759,162	0.63
£3,743,000	Legal & General 5.5% VRN 2064	3,632,817	0.18
£20,101,000	Legal & General 5.625% VRN perp	18,106,579	0.90
£165,000	Linton Hydro Limited 5.25% Index-Linked 2030	120,223	0.01
£17,951,000	Liverpool Victoria Friendly Society 6.5% VRN 2043	17,800,068	0.88
£5,851,000	Lloyds Banking 1.985% VRN 2031	5,303,756	0.26
£19,283,000	Lloyds Banking 2.707% VRN 2035	15,655,334	0.78
AUD\$5,050,000	Lloyds Banking 5.3906% VRN 2027	2,623,831	0.13

# PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024

(continued)

Holding		Value £	Percentage of total net assets
£17,976,000	Lloyds Banking 6.625% VRN 2033	18,271,261	0.90
\$6,000,000	Lloyds Banking 7.5% VRN perp	4,721,098	0.23
£8,000,000	Logicor 2019-1 1.875% 2031	7,338,766	0.36
€5,300,000	Logicor Financing 2% 2034	3,543,990	0.18
£10,313,000	London and Quadrant Housing Trust 2% 2032	8,269,122	0.41
£6,102,000	London and Quadrant Housing Trust 2.25% 2029	5,314,147	0.26
£4,054,000	London and Quadrant Housing Trust 2.625% 2028	3,701,190	0.18
£2,955,000	London Merchant Securities 6.5% 2026	2,969,845	0.15
£8,473,000	M&G 3.875% VRN 2049	8,415,214	0.42
£14,212,000	M&G 5% VRN 2055	13,127,718	0.65
£17,443,000	M&G 5.625% VRN 2051	16,818,118	0.83
£6,314,000	M&G 5.7% VRN 2063	6,160,072	0.31
£5,341,000	M&G 6.25% VRN 2068	5,111,946	0.25
\$4,593,000	Massachusetts Department of Higher Education 2.673% 2031	3,017,058	0.15
£3,263,000	Motability Operations 2.125% 2042	2,158,724	0.11
£1,960,000	Motability Operations 4.875% 2043	1,899,520	0.09
£12,882,000	Motability Operations 5.625% 2054	13,683,312	0.68
£6,944,000	Motability Operations Group 5.75% 2048	7,455,689	0.37
£5,833,000	National Grid Electricity Distribution 5.35% 2039	5,823,611	0.29
£7,882,000	National Grid Electricity Distribution 5.818% 2041	8,185,846	0.41
£6,523,000	National Grid Electricity Transportation 5.272% 2043	6,346,735	0.31
£4,786,000	Nationwide Building Society 5.75% VRN perp	4,528,753	0.22
£5,570,000	Nationwide Building Society 5.769% perp	5,487,831	0.27
£5,193,000	Nationwide Building Society 6.125% 2028	5,421,668	0.27
£1,556,000	Nationwide Building Society 6.25% VRN perp	1,532,660	0.08
£3,000,000	Nationwide Building Society 7.859% VRN perp	2,962,080	0.15
£54,938	Nationwide Building Society 10.25% VRN perp	7,416,630	0.37
\$900,000	Nature Conservancy 1.154% 2027	621,204	0.03
\$6,875,000	Nature Conservancy 3.957% 2052	4,603,124	0.23
£8,423,000	NatWest 2.057% VRN 2028	7,553,369	0.37
£4,305,000	NatWest 2.105% VRN 2031	3,915,048	0.19
£10,185,000	NatWest 7.416% VRN 2033	10,637,187	0.53
€4,000,000	NN Group 6% VRN 2043	3,722,497	0.18
£1,998,000	Notting Hill Genesis 2% 2036	1,427,649	0.07
£1,033,000	Notting Hill Housing 3.25% 2048	751,089	0.04
£1,357,000	Notting Hill Housing 3.75% 2032	1,242,558	0.06
£200,000	Nottinghamshire YMCA 6% 2027	183,560	0.01
£1,900,000	Orbit Capital 2% 2038	1,290,629	0.06
£1,790,000	Orbit Capital 3.375% 2048	1,322,025	0.07
£3,500,000	Orsted 2.5% VRN 3021	2,530,829	0.13

# PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024

(continued)

Holding		Value £	Percentage of total net assets
£440,000	Our Power Social Purpose 6.5% 2021*	—	—
£150,000	Paces Sheffield 6% 2029	127,710	0.01
£4,854,000	Paragon 2% 2036	3,432,313	0.17
£8,825,000	Paragon 4.375% VRN 2031	8,135,203	0.40
£9,758,000	Paragon 6% 2024	9,711,884	0.49
£4,583,000	Peabody Capital No.2 2.75% 2034	3,746,851	0.19
£3,688,000	Pension Insurance 3.625% 2032	3,022,124	0.15
£8,500,000	Pension Insurance 4.625% 07/05/2031	7,640,225	0.38
£2,900,000	Pension Insurance 5.625% 20/09/2030	2,802,513	0.14
£17,000,000	Pension Insurance 8% 2033	18,533,228	0.92
\$1,027,000	Phoenix 4.75% VRN 2031	782,496	0.04
£3,000,000	Phoenix 5.625% 2031	2,887,861	0.14
£13,950,000	Phoenix 5.75% VRN perp	12,499,619	0.62
£25,200,000	Phoenix 5.867% 2029	24,898,983	1.23
£35,000,000	Phoenix 7.75% VRN 2053	37,353,509	1.85
£6,993,000	Places for People Homes 3.625% 2028	6,553,370	0.32
£5,981,000	Places for People Treasury 2.5% 2036	4,470,017	0.22
£4,227,000	Places for People Treasury 6.25% 2041	4,539,738	0.22
£11,225,000	Principality Building Society 8.625% 2028	12,248,788	0.61
£3,911,000	Prologis International Funding II 3% 2042	2,862,859	0.14
£5,500,000	QBE Insurance 2.5% VRN 2038	4,710,455	0.23
£920,000	Quadrant Housing 7.93% Step 2033	753,391	0.04
£8,000,000	Quilter 8.625% VRN 2033	8,320,000	0.41
£8,860,000	Rabobank Nederland 4.625% 2029	8,498,540	0.42
£1,297,000	RCB Bonds 3.5% 2033	1,102,450	0.05
£553,200	Retail Charity Bonds 3.9% 2029	484,078	0.02
£1,331,200	Retail Charity Bonds 4% 2027	1,160,367	0.06
£2,414,800	Retail Charity Bonds 4.25% 2026	2,231,951	0.11
£1,089,800	Retail Charity Bonds 4.25% 2028	1,000,262	0.05
£871,800	Retail Charity Bonds 4.4% 2027	834,007	0.04
£1,598,800	Retail Charity Bonds 4.5% 2026	1,473,070	0.07
£900,000	Retail Charity Bonds 5% 2030	783,306	0.04
£40,570,000	RL Finance Bonds 4.875% VRN 2049	33,741,420	1.67
£28,576,000	RL Finance Bonds 6.125% 2028	29,142,622	1.44
£8,527,000	RL Finance Bonds 10.125% VRN perp	9,360,088	0.47
£20,007,000	Rothesay Life 3.375% 2026	19,119,760	0.95
\$13,306,000	Rothesay Life 4.875% VRN perp	9,142,773	0.46
£29,000,000	Rothesay Life 5% VRN perp	22,185,000	1.10
£15,723,000	Rothesay Life 5.5% VRN 2029	15,645,894	0.77
£7,370,000	Rothesay Life 6.875% VRN perp	6,937,381	0.34

# PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024

(continued)

Holding		Value £	Percentage of total net assets
£14,912,000	Rothesay Life 8% 2025	15,333,595	0.76
£4,500,000	Royal Bank of Scotland 3.125% VRN 2027	4,306,828	0.21
£25,328,000	Royal Bank of Scotland 3.622% VRN 2030	24,568,598	1.22
£7,345,000	Santander UK 2.421% VRN 2029	6,564,821	0.33
£13,183,000	Santander UK 2.92% VRN 2026	12,757,099	0.63
£916,000	Santander UK 5.875% 2031	861,739	0.04
£7,407,000	Santander UK 7.098% VRN 2027	7,646,665	0.38
£10,000,000	Santander UK 7.482% VRN 2029	10,667,927	0.53
€7,200,000	Scatec ASA FRN 2025	6,093,995	0.30
£3,636,000	Scottish Hydro Electric Transmission 5.5% 2044	3,685,275	0.18
£21,022,000	Scottish Widows 7% 2043	23,574,958	1.17
£12,120,000	Skipton Building Society 2% VRN 2026	11,444,506	0.57
£16,757,000	Skipton Building Society 6.25% VRN 2029	16,933,466	0.84
€1,900,000	Società Cattolica di Assicurazione 4.25% VRN 2047	1,614,896	0.08
\$7,600,000	Societe Generale 4.75% VRN perp	5,432,902	0.27
£19,200,000	Societe Generale 5.75% VRN 2032	19,396,902	0.96
\$27,600,000	Societe Generale 8% VRN perp	21,949,631	1.09
£91,500	South Bristol Sports Centre 7% 2027	47,197	0.00
£1,364,000	Sovereign Housing Capital 5.5% 2057	1,414,820	0.07
£9,146,000	Stonewater Funding 1.625% 2036	6,303,152	0.31
£6,200,000	Suez 6.625% 2043	6,926,257	0.34
\$5,600,000	Swiss Re Finance 5% VRN 2049	4,310,495	0.21
£12,353,000	TC Dudgeon Ofto 3.158% 2038	9,118,990	0.46
£1,117,000	Telereal Securitisation 1.3657% 2033	636,327	0.03
£2,270,000	Telereal Securitisation 1.9632% VRN 2033	2,111,869	0.10
£5,169,000	Telereal Securitisation FRN 2033	3,982,124	0.20
£410,500	Thera Trust 7.25% 2029	373,842	0.02
£3,690,000	TP ICAP Finance 2.625% 2028	3,168,699	0.16
£2,500,000	TP ICAP Finance 7.875% 2030	2,730,800	0.14
£300,000	Triodos Bank 4% 2030	289,380	0.01
£319,000	Unite 3.5% 2028	299,850	0.01
£17,680,000	Virgin Money UK 2.625% VRN 2031	16,355,296	0.81
£14,359,000	Virgin Money UK 5.125% VRN 2030	14,114,473	0.70
£2,727,000	Virgin Money UK 7.625% VRN 2029	2,963,873	0.15
£12,256,000	Vodafone International Financing 5.125% 2052	11,376,331	0.56
£2,043,000	Welltower 4.5% 2034	1,890,246	0.09
£700,000	Welltower 4.8% 2028	691,426	0.03
\$12,766,000	WK Kellogg Foundation Trust 2.443% 2050	6,371,489	0.32
£12,023,000	Wods Transmission 3.446% 2034	7,634,496	0.38
£4,786,000	Yorkshire Building Society 1.5% VRN 2029	4,047,810	0.20

# PORTFOLIO AND NET OTHER ASSETS AS AT 31 MARCH 2024

(continued)

Holding		Value £	Percentage of total net assets
£22,614,000	Yorkshire Building Society 3.375% VRN 2028	20,661,803	1.02
£15,846,000	Yorkshire Building Society 3.511% VRN 2030	14,356,588	0.71
£1,769,000	Yorkshire Building Society 6.375% VRN 2028	1,821,273	0.09
£6,000,000	Yorkshire Building Society 7.375% VRN 2027	6,221,786	0.31
\$13,520,000	Zurich Finance Ireland Designated 3% VRN 2051	8,875,423	0.44
£10,874,000	Zurich Finance Ireland Designated 5.125% VRN 2052	10,566,745	0.52
		<b>1,837,849,544</b>	<b>91.01</b>
<b>Government Bonds (30.09.23: 5.86%)</b>			
£40,000,000	UK Treasury Gilt 0.875% 2033	30,642,000	1.52
£199,105,000	UK Treasury Gilt 1.5% 2053	105,085,628	5.20
		<b>135,727,628</b>	<b>6.72</b>
<b>Total Bonds</b>		<b>1,990,161,890</b>	<b>98.55</b>
<b>Structured Products (30.09.23: 0.00%)</b>			
4,450	iTraxx Warrants 2024	279,629	0.01
<b>Forward Foreign Exchange Contracts (30.09.23: (0.26%))</b>			
	Buy £10,730,729 Sell AUD20,751,610	(4,362)	0.00
	Buy £106,560,165 Sell €124,398,113	(74,895)	0.00
	Buy £203,867,655 Sell \$261,382,498	(2,961,916)	(0.15)
	Buy \$13,790,636 Sell £10,916,056	(3,652)	0.00
		<b>(3,044,825)</b>	<b>(0.15)</b>
<b>Total value of investments (30.09.23: 98.01%)</b>		<b>1,987,396,694</b>	<b>98.41</b>
<b>Net other assets (30.09.23: 1.99%)</b>		<b>32,037,078</b>	<b>1.59</b>
<b>Total value of the fund as at 31 March 2024</b>		<b>2,019,433,772</b>	<b>100.00</b>

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

\* Delisted

## SUMMARY OF PORTFOLIO INVESTMENTS

	Value £	Percentage of total net assets
Investment grade	1,458,567,513	72.21
Below investment grade	91,026,783	4.52
Unrated stocks**	440,567,594	21.82
Debt Securities	1,990,161,890	98.55
Structured Products	279,629	0.01
Derivatives	(3,044,825)	(0.15)
<b>Total value of investments</b>	<b>1,987,396,694</b>	<b>98.41</b>

\*\* Stocks not rated by S&P, Moody or Fitch

## STATEMENT OF TOTAL RETURN FOR THE HALF YEAR ENDED 31 MARCH 2024

	31.03.24 £	31.03.24 £	31.03.23 £	31.03.23 £
Income				
Net capital gains		142,253,561		140,106,874
Revenue	52,963,087		49,711,366	
Expenses	(6,796,295)		(6,909,750)	
Interest payable and similar charges	(8,728)		(3,819)	
Net revenue before taxation	46,158,064		42,797,797	
Taxation	(12,775)		(2,931)	
Net revenue after taxation	46,145,289		42,794,866	
<b>Total return before distributions</b>	<b>188,398,850</b>		<b>182,901,740</b>	
Distributions	(52,464,164)		(49,364,785)	
<b>Change in net assets attributable to unitholders from investment activities</b>	<b>135,934,686</b>		<b>133,536,955</b>	

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

	31.03.24 £	31.03.24 £	31.03.23 £	31.03.23 £
<b>Opening net assets attributable to unitholders</b>	<b>2,058,134,338</b>		<b>2,017,662,946</b>	
Amounts receivable on issue of units	61,291,779		137,318,683	
Amounts payable on cancellation of units	(265,285,619)		(174,482,541)	
	(203,993,840)		(37,163,858)	
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)	135,934,686		133,536,955	
Retained distributions on accumulation units	29,358,588		29,847,131	
<b>Closing net assets attributable to unitholders</b>	<b>2,019,433,772</b>		<b>2,143,883,174</b>	

The comparatives used within the Statement of change in net assets attributable to unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 30 September 2023 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 31 March 2023.

## BALANCE SHEET AS AT 31 MARCH 2024

	31.03.24 £	31.03.24 £	30.09.23 £	30.09.23 £
<b>Assets</b>				
<b>Fixed assets:</b>				
Investments		<b>1,990,441,519</b>		2,022,612,285
<b>Current assets:</b>				
Debtors	<b>43,131,068</b>		62,889,465	
Cash and bank balances	<b>57,875,250</b>		12,654,787	
Total current assets		<b>101,006,318</b>		75,544,252
<b>Total assets</b>		<b>2,091,447,837</b>		2,098,156,537
<b>Liabilities</b>				
Investment liabilities	<b>(3,044,825)</b>		(5,401,055)	
<b>Creditors:</b>				
Other creditors	<b>(58,260,717)</b>		(23,387,558)	
Distribution payable on income units	<b>(10,708,523)</b>		(11,233,586)	
<b>Total liabilities</b>		<b>(72,014,065)</b>		(40,022,199)
<b>Net assets attributable to unitholders</b>		<b>2,019,433,772</b>		2,058,134,338

## 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 '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 amended in June 2017).

All accounting policies applied are consistent with those of the annual report for the year ended 30 September 2023 and are detailed in full in those financial statements.

### PORTFOLIO TRANSACTIONS

Total purchases and sales transactions for the half year ended 31 March 2024 were £558,344,432 (31 March 2023: £343,417,507) and £723,004,381 (31 March 2023: £358,336,623) respectively.

# DISTRIBUTION TABLES FOR THE HALF YEAR ENDED 31 MARCH 2024

## DISTRIBUTION TABLES (PENCE PER UNIT)

First 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 December 2023

I-class income units	Income	Equalisation	Paid 28.02.24	Paid 28.02.23
Group 1	0.96	–	0.96	0.86
Group 2	0.50	0.46	0.96	0.86

R-class accumulation units	Income	Equalisation	Accumulated 28.02.24	Accumulated 28.02.23
Group 1	2.53	–	2.53	2.16
Group 2	1.46	1.07	2.53	2.16

I-class income units	Income	Equalisation	Paid 28.02.24	Paid 28.02.23
Group 1	1.04	–	1.04	0.93
Group 2	0.50	0.54	1.04	0.93

I-class accumulation units	Income	Equalisation	Accumulated 28.02.24	Accumulated 28.02.23
Group 1	2.70	–	2.70	2.29
Group 2	1.37	1.33	2.70	2.29

S-class income units	Income	Equalisation	Paid 28.02.24	Paid 28.02.23
Group 1	1.07	–	1.07	0.96
Group 2	0.51	0.56	1.07	0.96

S-class accumulation units	Income	Equalisation	Accumulated 28.02.24	Accumulated 28.02.23
Group 1	1.34	–	1.34	1.13
Group 2	0.57	0.77	1.34	1.13

# DISTRIBUTION TABLES FOR THE HALF YEAR ENDED 31 MARCH 2024 (continued)

## DISTRIBUTION TABLES (PENCE PER UNIT) (continued)

Second Interim

Group 1 – Units purchased prior to 1 January 2024

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

<b>R-class income units*</b>	<b>Income</b>	<b>Equalisation</b>	<b>Payable 31.05.24</b>	<b>Paid 31.05.23</b>
Group 1	n/a	–	n/a	0.88
Group 2	n/a	n/a	n/a	0.88

<b>R-class accumulation units**</b>	<b>Income</b>	<b>Equalisation</b>	<b>Allocated 31.05.24</b>	<b>Accumulated 31.05.23</b>
Group 1	n/a	–	n/a	2.21
Group 2	n/a	n/a	n/a	2.21

<b>I-class income units</b>	<b>Income</b>	<b>Equalisation</b>	<b>Payable 31.05.24</b>	<b>Paid 31.05.23</b>
Group 1	1.08	–	1.08	0.94
Group 2	0.43	0.65	1.08	0.94

<b>I-class accumulation units</b>	<b>Income</b>	<b>Equalisation</b>	<b>Allocated 31.05.24</b>	<b>Accumulated 31.05.23</b>
Group 1	2.83	–	2.83	2.36
Group 2	1.19	1.64	2.83	2.36

<b>S-class income units</b>	<b>Income</b>	<b>Equalisation</b>	<b>Payable 31.05.24</b>	<b>Paid 31.05.23</b>
Group 1	1.11	–	1.11	0.97
Group 2	0.48	0.63	1.11	0.97

<b>S-class accumulation units</b>	<b>Income</b>	<b>Equalisation</b>	<b>Allocated 31.05.24</b>	<b>Accumulated 31.05.23</b>
Group 1	1.40	–	1.40	1.17
Group 2	0.64	0.76	1.40	1.17

\* 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 Ethical Bond Fund  
*30 May 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 Ethical Bond 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 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 the 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.

The Manager received an annual remuneration for managing the R-class property of the fund at the rate of 1.25%.

The Manager currently receives an annual remuneration for managing the I-class property of the fund at the rate of 0.625%.

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

For more information on our charges, please visit the fund-specific pages of our website: [rathbonesam.com](http://rathbonesam.com)

## 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 31 March and 30 September, unitholders will receive a consolidated statement showing, where applicable, their Unit Trust, ICVC and ISA holdings for each fund held.

### PRICES

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

### OTHER INFORMATION

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

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

Further copies of this report are available upon request, free of charge, from Client Services Department, Rathbones Asset Management Limited, 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 E1 4 9SR. Further details about the Financial Ombudsman Service are available on their website at [financial-ombudsman.org.uk](http://financial-ombudsman.org.uk).

### ISA ELIGIBILITY

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

### RISK FACTORS

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

## 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  
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 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  
8 Finsbury Circus  
London EC2M 7AZ

All literature is available free of charge. Information is also available on our website: [rathbonesam.com](http://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 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: 8 Finsbury Circus, London EC2M 7AZ. Registered in England No. 02376568.