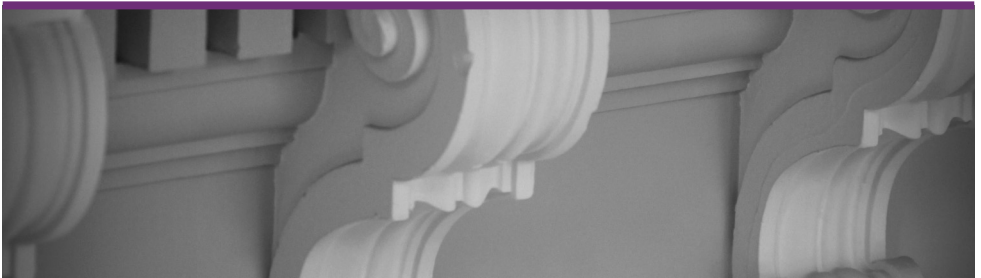




RATHBONE UNIT TRUST MANAGEMENT
FUND MANAGEMENT FOR YOUR INVESTMENT NEEDS

RATHBONE RECOVERY FUND

SHORT REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011



Manager's report for the year ended 30 September 2011

During the year to 30 September 2011, the Rathbone Recovery Fund fell 1.40% versus a fall of 4.36% from the FTSE All-Share index. The fund achieved first quartile performance against its peer group in the IMA UK All Companies sector over the year, but we appreciate this is testing times for unitholders. We benefited from having a zero weighting in the banks, an underweight position in the mining sector, and from being overweight in small and mid sized stocks. Our biggest positive contribution came from Booker, which returned 55.3%.

During the period, we acquired new holdings in Optos, Renew, RPC and ENI. Optos supplies machines that take digital images of the eye. Unlike competing machines, its technology captures over 80% of the eye's interior surface. With the launch of a new low-cost version in the near pipeline, and the recent acquisition of a company with complimentary technology, Optos is placed for growth. Renew has been re-shaping itself away from construction and into specialist engineering, and survived the recession in good shape. The focus now is on improving margins and the risk profile. The acquisition rail specialist AMCO is a good fit and takes the company one step further towards its goals. RPC supplies rigid plastic packaging, selling mainly into the food sector. The arrival of a new chairman and finance director a couple of years ago has given the company a new lease of life. They have made the business more efficient, and have refocused on areas where the company is a dominant force. RPC, with its large market share, stands at an advantage. The recent acquisition of Superfos, a European competitor, has added another leg to growth. Our purchase of Italian oil major ENI was predicated on the belief that the market was overly discounting the threat to cash-flows from disruption to the firm's significant Libyan operations. This purchase was funded by the sale of our position in Norwegian oil major, Statoil. Over the period we also added to our holding in

Dutch/US food retailer Koninklijke Ahold, as the shares sold down on concerns over the passing-on of rising cost inflation to customers.

Over the same period, we sold JKC Oil & Gas where performance had been a little disappointing. We exited Renewable Energy Holdings, a legacy (and very illiquid) holding, where it took time to find a buyer. We switched our holding in SAB Miller into Anheuser-Busch InBev, believing that the latter offered better long-term prospects at a more attractive valuation. Finally, we took profits in Volex following its strong performance earlier in the year.

While we have had a successful year with your fund, the last quarter was notably more difficult, with trends reversing towards more value-oriented and large cap stocks. In an environment of huge uncertainty, with looming European sovereign defaults and the resulting slowdown in the global economy, it is the growth companies, and those more geared into the macro trends, that are hit the hardest, and this has impacted our recent performance. European policymakers continue to be behind the curve, and it may take a deeper shock from bond and equity markets to kick start their decision making. Unlike in 2008, however, corporate balance sheets are strong, stock levels are not as high, and contingency plans are in place. Although we are exposed to global growth, the companies in this fund, we believe, have the balance sheets, market positions and management teams to not only get through a significant downturn, but to benefit in terms of market share when we eventually come out the other side.

Julian Chillingworth
Marina Bond
Alan Dobbie
21 October 2011

Net asset value per unit and comparative tables

Fund size

Date	Net Asset Value £	Attributable to	Units in issue	Net Asset Value (pence per unit)
30 September 2009	34,953,619	Income	14,153,231	246.97
30 September 2009	33,666,415	Accumulation	12,930,713	260.36
30 September 2010	29,505,432	Income	10,574,455	279.03
30 September 2010	32,047,223	Accumulation	10,653,982	300.80
30 September 2011	25,392,414	Income	9,451,435	268.66
30 September 2011	32,205,597	Accumulation	10,852,561	296.76

Income record

Year	Income Units Net income per unit (p)	Accumulation Units Net income per unit (p)
2009	3.93	4.08
2010	6.18	6.54
2011*	6.89	7.45

* To 30 November 2011

The annual management fee is taken from the capital of the fund. This will enhance income but will restrict capital growth.

Distributions

A distribution of 5.26p will be paid to income unitholders on 30 November 2011. The total distribution for the period under review amount to 6.89p per income unit with 6.18p per income unit for the same period last year.

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.

Total expense ratios

Expense type	30.09.11	30.09.10
Manager's periodic charge	1.50%	1.50%
Other expenses	0.14%	0.16%
Total Expense Ratio (TER)	1.64%	1.66%

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

Risk profile

There is little exposure to credit and cash flow risk. There are no net borrowings and usually little exposure to liquidity risk because assets can, in normal market conditions, be readily realised to meet redemptions. The main risks arising from the financial instruments are foreign currency, interest rate, market price and counterparty. The fund may invest up to 10% of its net asset in securities for which there is no ready market.

The investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed and the Prospectus and the rules of the Financial Services Authority's Collective Investment Scheme Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

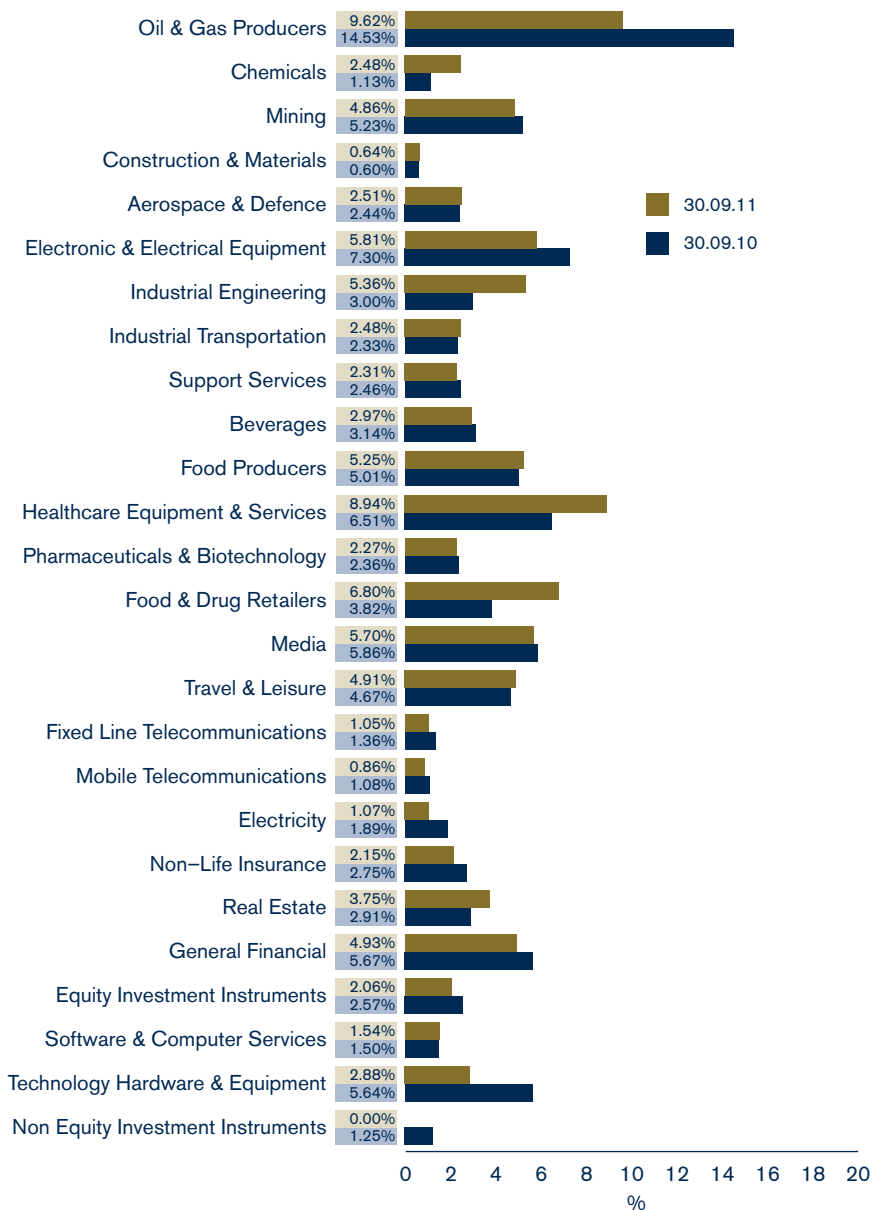
Top 10 largest holdings

The top 10 holdings at the end of the previous year and at the end of the current year are shown below.

	30.09.11		30.09.10
Booker	4.69%	BG	4.00%
BG	3.56%	Volex	3.30%
Unilever	3.15%	Booker	3.12%
Anheuser-Busch InBev	2.97%	Unilever	2.69%
Synergy Healthcare	2.65%	WPP	2.63%
Senior	2.51%	Hyder Consulting	2.46%
Hansteen	2.51%	Senior	2.44%
WPP	2.40%	Anglo Pacific	2.43%
Hyder Consulting	2.31%	Hansteen	2.38%
Paddy Power	2.31%	Advanced Medical Solutions	2.35%

Portfolio information

Sector breakdown



General information

Authorised status

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

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

Investment objective, policy and strategy

The objective of the fund is to achieve capital growth by buying shares in companies whose recovery potential is not appreciated by the market and to sell them when this potential is recognised. The nature of unrecognised recovery potential may be based on macro economic, industry, sector specific or stock specific issues. Stock selection will involve the identification of a catalyst capable of triggering and sustaining a recovery in each specific stock selection. The fund has the flexibility to invest in companies of all sizes and to hold up to 20% in European shares; it will be benchmarked against the FTSE All-Share index. The benchmark is used for comparative purposes only.

To meet the objective, the fund may also invest at the Manager's discretion, in other transferable securities, money market instruments, warrants, cash and near cash deposits and units in collective investment schemes. Use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted by the FSA Rules.

Valuation of the fund

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

Stewardship code

Rathbone Unit Trust Management Limited fully supports the UK Stewardship Code sponsored by the Financial Reporting Council. Our statement on complying with the Code can be found on our website www.rutm.com

Long report

The full report and accounts are available free of charge upon written request from:

Client Services Department
Rathbone Unit Trust Management Limited
159 New Bond Street
London W1S 2UD

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.

Further details

Should you require further details of this fund or any of the other Funds managed by Rathbone Unit Trust Management Limited, a Prospectus, a Simplified Prospectus (incorporating Key Features) (all literature is available free of charge), please write to:

Client Services Department
Rathbone Unit Trust Management Limited
159 New Bond Street
London W1S 2UD

Information is also available on our website: www.rutm.com

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RATHBONES
Established 1742