

PHOENIX UNIT TRUST MANAGERS

MANAGER'S INTERIM REPORT

For the half year: 1 October 2022 to 31 March 2023 (unaudited)

PUTM BOTHWELL LONG GILT STERLING HEDGED FUND



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Investment review

Dear Investor

Welcome to the PUTM Bothwell Long Gilt Sterling Hedged Fund interim report for the six months to 31 March 2023.

Performance Review

Over the review period, the PUTM Bothwell Long Gilt Sterling Hedged Fund returned 0.9% (Source: FactSet, Gross of AMC, GBP, based upon the movement in the Cancellation Price for six months to 31/03/2023). This was compared to a return of 0.9% by its benchmark index (Source: FactSet, FTSE Actuaries UK Conventional Gilts (Over 15 Years) Index, Total Return, GBP for six months to 31/03/2023).

In the table below you can see how the Fund performed against its benchmark index.

Standardised Past Performance

	Mar 22-23 % growth	Mar 21-22 % growth	Mar 20-21 % growth	Mar 19-20 % growth	Mar 18-19 % growth
PUTM Bothwell Long Gilt Sterling Hedged Fund	-29.7	-7.2	-10.4	17.6	4.7
Benchmark Index	-29.7	-7.2	-10.4	17.6	4.7

Source: Fund performance is Aberdeen Standard Investments, Gross of AMC, GBP, based upon the movement in the Cancellation Price to 31 March for each year. Benchmark Index performance is FactSet, FTSE Brit Govt Over 15 Years, Total Return, GBP to 31 March for each year.

Past performance is not a guide to future performance.

The value of units and the income from them can go down as well as up and is not guaranteed. You may not get back the full amount invested.

Please note that all past performance figures are calculated without taking the initial charge into account.

Investment review

Portfolio and Market Review

The review period has mostly been a positive one for bond markets. Yet there have been significant short-term swings while investor sentiment has been determined by inflation, central bank policy expectations and more recently worries over the health of the global banking system.

During October 2022, in reaction to September's Gilt market turmoil, the Bank of England (BoE) widened the scope of daily Gilt-buying operations to include inflation-linked government bonds. Gilts recovered some lost ground in October and November, outperforming other core government bond market peers, before weakening again in December in tandem with other global fixed income markets. Amid the political chaos, the BoE lifted rates by 75 basis points (bps) in November and a further 50bps in December, taking the cash rate to 3.5%. Total returns for the calendar year were down 40.05% – a humbling and unforgettable year for UK government bonds.

2023 started on a positive note and bond markets were robust in January, supported by lower energy prices. Investors began to believe inflation could fall gradually, and cash inflows drove government bond yields lower. However, falling unemployment and stickier inflation dominated February data, creating an ugly environment for bonds, and hawkish central bank rhetoric pushed the yield curve higher and flatter. This changed again in March as fears mounted about the banking system. Silicon Valley Bank (SVB) was shuttered by US regulators due to solvency concerns. In Europe, Credit Suisse became the next victim, culminating in a purchase by UBS that included Swiss government guarantees. In March, central banks hiked rates in Europe, the UK and the US. Government bond yields subsequently fell sharply as investors began to call the end of the rate-hiking cycle. Overall, yields ended the quarter lower.

The Fund's activity was restricted to managing cash inflows and outflows, matching index events and portfolio rebalancing. All activity was undertaken to ensure that Fund returns were in line with the benchmark, as per the objective. No active risk positions were taken. The Fund performed in line with its benchmark over the period. Tracking error was minimal.

Market Outlook and Fund Strategy

The failures of SVB and Credit Suisse will have a big impact on investor psychology. While inflation remains a problem, there is now a concern that central banks may have moved too far too fast on policy normalisation. We will probably see further episodes of market stress arise as we uncover the next victim of the abrupt shift in global central bank policy away from easy money. This leaves policymakers in a difficult position. Looking ahead to the May meeting of the BoE, if the data continues to exceed expectations, UK policymakers will continue to hike interest rates. However, it feels like the UK's central bank is looking for an opportunity to bring the hiking cycle to a close. In the current market environment, owning fixed income – and specifically government bonds as a risk-free asset – makes sense given how cheap they appear relative to equities, and also due to their historically safe haven characteristics.

Portfolio of investments

Investments held at 31 March 2023

Holding	Investment	Market value £000	Percentage of total net assets %
United Kingdom			
Government Bonds (30/09/22 - 99.04%)			99.01
£1,612,900	UK Treasury 0.5% 22/10/2061	577	1.63
£2,115,600	UK Treasury 0.625% 22/10/2050	969	2.74
£1,536,800	UK Treasury 0.875% 31/01/2046	841	2.37
£1,119,100	UK Treasury 1.125% 31/01/2039	762	2.15
£680,892	UK Treasury 1.125% 22/10/2073	303	0.86
£2,474,000	UK Treasury 1.25% 22/10/2041	1,630	4.60
£1,950,000	UK Treasury 1.25% 31/07/2051	1,084	3.06
£1,736,023	UK Treasury 1.5% 22/07/2047	1,089	3.07
£899,200	UK Treasury 1.5% 31/07/2053	525	1.48
£1,641,300	UK Treasury 1.625% 22/10/2054	987	2.79
£1,626,600	UK Treasury 1.625% 22/10/2071	909	2.57
£2,022,900	UK Treasury 1.75% 22/01/2049	1,328	3.75
£2,105,876	UK Treasury 1.75% 22/07/2057	1,303	3.68
£1,371,233	UK Treasury 2.5% 22/07/2065	1,029	2.90
£1,878,231	UK Treasury 3.25% 22/01/2044	1,708	4.82
£1,978,490	UK Treasury 3.5% 22/01/2045	1,864	5.26
£1,408,777	UK Treasury 3.5% 22/07/2068	1,359	3.84
£1,698,364	UK Treasury 3.75% 22/07/2052	1,667	4.71
£388,805	UK Treasury 3.75% 22/10/2053	381	1.08
£1,716,653	UK Treasury 4% 22/01/2060	1,810	5.11
£1,628,404	UK Treasury 4.25% 07/09/2039	1,711	4.83
£1,753,621	UK Treasury 4.25% 07/12/2040	1,846	5.21
£1,719,281	UK Treasury 4.25% 07/12/2046	1,812	5.12
£1,441,300	UK Treasury 4.25% 07/12/2049	1,528	4.31
£1,863,043	UK Treasury 4.25% 07/12/2055	2,010	5.68
£1,906,100	UK Treasury 4.5% 07/12/2042	2,076	5.86
£1,759,900	UK Treasury 4.75% 07/12/2038	1,958	5.53

Money Market (30/09/22 - 0.14%)

Portfolio of investments	35,066	99.01
Net other assets	349	0.99
Net assets	35,415	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Credit Ratings	£000	%
Investment grade	35,066	99.01
Total investment in bonds	35,066	99.01

Top ten purchases and sales

For the half year ended 31 March 2023

Purchases	Cost £000	Sales	Proceeds £000
UK Treasury 3.75% 29/01/2038	396	UK Treasury 3.75% 29/01/2038	406
UK Treasury 3.75% 22/10/2053	393	Aberdeen Standard Liquidity Fund (Lux) –	
UK Treasury 1.25% 31/07/2051	291	Seabury Sterling Class Z-1	294
UK Treasury 4.25% 07/12/2055	249	UK Treasury 4.25% 07/12/2055	165
Aberdeen Standard Liquidity Fund (Lux) –		UK Treasury 4.25% 07/12/2040	140
Seabury Sterling Class Z-1	247	UK Treasury 4.25% 07/12/2046	107
UK Treasury 4.25% 07/12/2040	192	UK Treasury 3.5% 22/01/2045	106
UK Treasury 1.5% 31/07/2053	170	UK Treasury 2.5% 22/07/2065	100
UK Treasury 4.25% 07/12/2046	165	UK Treasury 1.25% 22/10/2041	95
UK Treasury 0.875% 31/01/2046	163	UK Treasury 4% 22/01/2060	93
UK Treasury 4.25% 07/09/2039	148	UK Treasury 3.5% 22/07/2068	88
Subtotal	2,414	Subtotal	1,594
Other purchases	1,122	Other sales	542
Total purchases for the half year	3,536	Total sales for the half year	2,136

Statistical information

Comparative table

	Class 'B' Accumulation			
	31/03/23	30/09/22	30/09/21	30/09/20
	pence	pence	pence	pence
Change in net assets per unit				
Opening net asset value per unit	136.47	212.48	239.50	227.66
Return before operating charges*	1.52	(75.92)	(26.93)	11.98
Operating charges	(0.04)	(0.09)	(0.09)	(0.14)
Return after operating charges*	1.48	(76.01)	(27.02)	11.84
Distributions on accumulation units	(1.77)	(3.31)	(3.33)	(3.52)
Retained distributions on accumulation units	1.77	3.31	3.33	3.52
Closing net asset value per unit	137.95	136.47	212.48	239.50
* after direct transaction costs of: ^	0.00	0.00	0.00	0.00

Performance

Return after charges	1.08%	(35.77%)	(11.28%)	5.20%
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Other information

Closing net asset value (£000)	35,415	34,149	54,987	62,729
Closing number of units	25,672,559	25,023,082	25,878,906	26,191,633
Operating charges	0.05%	0.04%	0.04%	0.06%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

Prices⁺

Highest unit price (pence)	153.44	240.95	244.07	252.54
Lowest unit price (pence)	114.42	114.02	209.66	211.02

[^] The direct transaction costs includes commission on futures and clearing house fees on swaps.

⁺ High and low price disclosures are based on quoted unit prices. Therefore, the opening and closing NAV prices may fall outside the high/low price threshold.

Statistical information

Investment objective

The Fund aims to provide a total return (a combination of capital growth and income) delivering this return in line with the benchmark before management fees and expenses.

The benchmark is the FTSE UK Conventional Gilts Over 15 Years Index (the "Index").

Investment policy

The Fund will aim to achieve this objective by investing at least 90% of the portfolio in long dated securities issued by the UK Government, that are constituents of the Index.

From time to time, the Fund may acquire or hold securities that are not constituents of the Index, as a result of new components entering the index, or existing components exiting the index.

Derivatives may be used for efficient portfolio management and hedging only.

Investment strategy

The Fund will seek to physically replicate the Index. This process will involve investing in components of the Index, though not necessarily in the same proportions of the Index at all times. Consequently, the Fund may not track the Index exactly but will contain a meaningful exposure to the market. Stock index futures contracts may also be used to manage the cash portion of the Fund. It is intended that the Fund will normally be close to fully invested as outlined above.

The Fund may also invest in other transferable securities, units in collective investment schemes and may hold up to 10% of its assets in money market instruments, deposits, cash and near cash. The Fund may use derivatives for efficient portfolio management only.

Revenue distribution and pricing

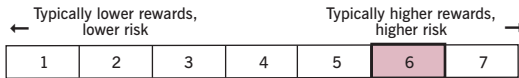
Units of the Fund are available as Class 'B' Accumulation units (where revenue is reinvested to enhance the unit price). There will be two potential distributions in each accounting year: an interim distribution as at 31 March and a final distribution as at 30 September.

At each distribution the net revenue after deduction of expenses, from the investments of the Fund, is apportioned amongst the unitholders. Unitholders receive a tax voucher giving details of the distribution and the Manager's Report no later than two months after these dates.

Statistical information

Risk and reward profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



This Fund is ranked at 6 (30/09/22: 5) because funds of this type have experienced medium to high rises and falls in value in the past. Although this is a high risk ranking it is not the highest.

The above figure applies to the following unit class:

- Class 'B' Accumulation

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. Please note the Fund's risk category may change in the future. The indicator does not take into account the following risks of investing in this Fund:

- Bonds are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in paying their debts.
- Although the Investment Manager will use currency trades to reduce exchange rate risk on investments not priced in Sterling, this may not completely eliminate the Fund's exchange rate risk.
- The Fund may use derivatives to reduce risk or cost or to generate additional capital or income at low risk, or to meet its investment objective.

For more information on the Risk and Reward profiles of our Funds, please refer to the most up to date relevant fund and Unit Class Key Investor Information Documents (KIIDs). These are available online at www.phoenixunittrust.co.uk.

Directors' statement

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

30 May 2023

Craig Baker, Director
Andrew Moss, Director

Interim financial statements

For the half year ended 31 March 2023

Statement of total return

	31/03/23		31/03/22	
	£000	£000	£000	£000
Income				
Net capital losses		(91)		(4,296)
Revenue	462		425	
Expenses	<u>(11)</u>		<u>(10)</u>	
Net revenue for the half year		<u>451</u>		<u>415</u>
Total return/(deficit) before distribution		360		(3,881)
Distributions		(451)		(415)
Change in unitholders' funds from investment activities		<u>(91)</u>		<u>(4,296)</u>

Statement of change in unitholders' funds

	31/03/23		31/03/22*	
	£000	£000	£000	£000
Opening net assets		34,149		54,987
Amounts receivable on issue of units	1,447		638	
Amounts payable on cancellation of units	<u>(544)</u>		<u>(2,586)</u>	
		903		(1,948)
Change in unitholders' funds from investment activities		(91)		(4,296)
Retained distributions on accumulation units		<u>454</u>		<u>410</u>
Closing net assets		<u>35,415</u>		<u>49,153</u>

*Please note that the comparative figures are for the comparative interim period. The brought forward net assets for the current period do not, therefore, equal the carried forward figure in the comparative.

Interim financial statements

As at 31 March 2023

Balance sheet

	31/03/23		30/09/22	
	£000	£000	£000	£000
Assets:				
Fixed assets:				
Investments		35,066		33,869
Current assets:				
Debtors	418		533	
Cash and bank balances	<u>7</u>		<u>2</u>	
Total current assets		<u>425</u>		<u>535</u>
Total assets		<u>35,491</u>		<u>34,404</u>
Liabilities:				
Creditors:				
Other creditors	<u>(76)</u>		<u>(255)</u>	
Total liabilities		<u>(76)</u>		<u>(255)</u>
Net assets		<u>35,415</u>		<u>34,149</u>
Unitholders' funds		<u>35,415</u>		<u>34,149</u>

Notes to the interim financial statements

Accounting policies

The interim financial statements have been prepared under the historical cost basis, as modified by the valuation of investments and in compliance with FRS102 and in accordance with the Statement of Recommended Practice (2014 SORP) for financial statements of Authorised Funds issued by The Investment Association in May 2014 (and amended in June 2017). Unless otherwise stated all accounting policies applied are consistent with those of the Annual Report for the year ended 30 September 2022 and are described in those financial statements.

Distribution table

For the half year ended 31 March 2023

Interest distributions

Interim distribution in pence per unit

Group 1: units purchased prior to 1 October 2022

Group 2: units purchased 1 October 2022 to 31 March 2023

			2023 pence per unit payable 31 May	2022 pence per unit paid 31 May
Class 'B' Accumulation				
Group 1	1.7675	—	1.7675	1.6418
Group 2	1.1514	0.6161	1.7675	1.6418

Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of the units for capital gains tax purposes.

Corporate information

The information in this report is designed to enable unitholders to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period.

Phoenix Unit Trust Managers Limited is part of the Phoenix Group.

Unit prices appear daily on our website www.phoenixunittrust.co.uk.

Administration & Dealing: 0345 584 2803 (between the hours of 9am & 5pm).

Remuneration

The Manager has adopted a remuneration policy, up-to-date details of which can be found on www.phoenixunittrust.co.uk. These details describe how remuneration and benefits are calculated and identify the committee which oversees and controls the policy. A paper copy of these details can be requested free of charge from the Manager. Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UK UCITS Managers are required to comply with the UCITS V Remuneration Code from the start of their next accounting year. Under the UCITS V Directive, the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year, split into fixed and variable remuneration.

Risks

The price of units and the revenue from them can go down as well as up and investors may not get back the amount they invested, particularly in the case of early withdrawal. Tax levels and reliefs are those currently applicable and may change. The value of any tax relief depends on personal circumstances.

Management charges on some funds are charged to capital and therefore a reduction in capital may occur.

Depending on the fund, the value of your investment may change with currency movements.

Corporate information

Manager

Phoenix Unit Trust Managers Limited (PUTM)
1 Wythall Green Way
Wythall
Birmingham B47 6WG
Tel: 0345 584 2803
Registered in England – No.03588031
Authorised and regulated by the Financial Conduct Authority.

Directors

Brid Meaney PUTM Director, Chief Executive
Phoenix Life;

Craig Baker PUTM Director, Head of Investment
Management Phoenix Life;

Timothy Harris Non Executive Director of PUTM;

Nick Poyntz-Wright Non Executive Director of PUTM.

Registrar and correspondence address

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Ireland
Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

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Registered in Scotland – No.SC101825
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1-2 Lochside Way
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Edinburgh EH12 9DT
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and regulated by the Financial Conduct Authority and
the Prudential Regulation Authority.

Independent Auditor

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Authorised status

This Fund is an Authorised Unit Trust scheme under section 243 of the Financial Services & Markets Act 2000 and is categorised under the Collective Investment Schemes Sourcebook as a UK UCITS fund.

Notes

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Contact: **Client Services**

Call: **0345 584 2803**

Correspondence Address: **Floor 1, 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland**

Visit: **phoenixunittrust.co.uk**

Telephone calls may be monitored and/or recorded for the purposes of security, internal training, accurate account operation, internal customer monitoring and to improve the quality of service.

Please note the Key Investor Information Document (KIID), the Supplementary Information Document (SID) and the full prospectus are available free of charge. These are available by contacting Client Services on 0345 584 2803.

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