

PHOENIX UNIT TRUST MANAGERS

MANAGER'S ANNUAL REPORT

For the year: 16 April 2023 to 15 April 2024

PUTM BOTHWELL SUB-SOVEREIGN BOND FUND



Contents

Investment review*	2-4
Portfolio of investments*	5-11
Top ten purchases and sales	12
Statistical information*	13-16
Statements of total return & change in net assets attributable to unitholders	17
Balance sheet	18
Notes to the financial statements	19-31
Distribution tables	32
Responsibilities of the manager and the trustee	33
Trustee's report and directors' statement	34
Independent auditor's report	35-37
Appendix	38-39
Corporate information*	40-42

*These collectively comprise the Authorised Fund Manager's Report.

Investment review

Dear Investor

Welcome to the PUTM Bothwell Sub-Sovereign Bond Fund annual report for the twelve months to 15 April 2024.

Performance Review

Over the review period, the PUTM Bothwell Sub-Sovereign Bond Fund returned 2.48%. (Source: FactSet for the 12 months to 15/04/24). This was compared to a return of 2.55% for its benchmark index. (Source: FactSet, iBoxx Sterling Sub-Sovereigns from Bloomberg for the 12 months to 15/04/24).

Standardised Past Performance

	Apr 23-24 % growth	Apr 22-23 % growth	Apr 21-22 % growth	Apr 20-21 % growth	Apr 19-20 % growth
PUTM Bothwell Sub-Sovereign Bond Fund	2.48	-5.73	-5.60	-0.09	6.30
Benchmark Index	2.55	-6.44	-6.35	0.20	5.95

Source: Factset. Index: iBoxx Sterling Sub-Sovereigns.

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

Market Review

Sub-sovereign bonds did well over the review period. Initially, at the start of the period, headlines were dominated by concerns over the health of the global economy and inflation levels, with central banks tightening monetary policy. In the second quarter of 2023, higher core inflation and better economic data provided a hostile backdrop for government bonds. UK bonds were the worst hit, while the 10-year Gilt yield rose by around 90 basis points (bps) in the three months to end June. While bonds were weak across the board, front-end rates came under even more pressure. Curves flattened aggressively in the face of increased threats of rate hikes from central banks. Contributory factors for the sharp re-pricing in global bonds included sticky inflation and accelerating wage growth. In its June Monetary Policy Committee (MPC) meeting, the Bank of England (BoE) hiked rates by 50 bps after previous 25-bp moves. Inflation in Europe also proved to be stubborn. The European Central Bank (ECB) lifted rates by 50 bps to 3.50%. Although the US Federal Reserve (Fed) "paused" at its June meeting, Fed Chair Jerome Powell indicated that there could be more hikes later that year, which turned out to be true.

We witnessed a flurry of 25-bp interest-rate hikes over much of the third quarter of 2023, and the notion of "higher for longer" dominated central bank rhetoric until the end of the year. Near-term rate cuts were increasingly being priced out of market expectations. Sovereign bonds were weak; at a headline level, 10-year bond yields in the US rose by 74 bps, Germany rose by 45 bps and the UK by a mere 5 bps. The Monetary Policy Committee (MPC) hiked only once in the third quarter, taking the base rate to 5.25%. Despite strong falls in headline inflation figures, core inflation (excluding food and energy) remained relatively resilient.

Then, at the beginning of October 2023, the onset of hostilities in the Middle East led to significant market uncertainty. Fuel prices kept UK inflation elevated above consensus at 6.7% year on year, while the core figure fell to 6.1%. The BoE communications in October reiterated that interest rates will stay higher for longer. At its November meeting, as widely anticipated, the BoE held rates at 5.25%, with a 6-3 vote delivering a somewhat hawkish tone. But while the central bank continued to deliver cautious messaging, the market was shifting towards a consensus that the interest rate-hiking cycle was over. During December, Gilts outperformed their European counterparts. Once more, the BoE held interest rates at 5.25%.

Subsequently, the first quarter of 2024 generally delivered a challenging environment for developed market (DM) government bonds. Yields mostly rose as markets reduced their expectations for near-term interest rate cuts. Robust US economic data and cautious comments from DM central banks left questions on the timing of rate cuts and the extent to which policymakers can now ease rates. In the UK, the narrative was little changed over the first quarter. Inflation data came down quicker than markets anticipated, and the labour market loosened. Data released in the first quarter showed that the UK had slipped into technical recession in the fourth quarter. However, for the first quarter of 2024, it looked like growth would, at the very least, be positive. The BoE communication evolved over the quarter to line up a rate cut in the second quarter.

Performance

The Fund underperformed the benchmark marginally over the period under review.

The performance of the Fund reflected the volatility of the 12-month review period. In the second quarter of 2023, the Fund underperformed. Its UK government bond overlay positioning suffered following the release of stronger-than-expected inflation data in the UK. The front end of the UK yield curve moved materially higher on expectations of a BoE interest-rate hike. As a result, Gilts materially underperformed versus other core markets, and the UK curve flattened. The Fund exited its front-end positioning and UK cross-market positions. However, we maintained our UK curve positioning due to our expectation that market moves would likely reverse. Sovereign, supranational and agency (SSA) spreads, and the Fund's participation in new issues made positive contributions to performance.

On the other hand, the Fund outperformed its benchmark in the third quarter of 2023. Although global yields drifted higher over the third quarter, UK duration lagged the moves, and five-year Gilt yields moved lower. Global yield curve strategies added to the Fund's outperformance, notably a US 2s10s yield curve steepener. Meanwhile, European and UK curve trades were positive for performance. Stock selection and asset allocation in the SSA sector also boosted returns.

Similarly, the final quarter of 2023 was positive for the portfolio. Returns were evenly distributed between rates and sovereign, supranational and agency (SSA) spread risk and stock selection. The big rally in government bonds in November and December boosted returns thanks to our long duration bias. Yield curve and cross-market strategies also delivered positive excess returns over the quarter; US Treasury curve steepeners early in the quarter, and long UK Gilts relative to German bunds later both made notable positive contributions. Although the Fund had been reducing spread risk, our remaining long duration was positive for performance. Individual stock selection also generated positive excess returns.

Finally, the first quarter of 2024 was yet another positive period for the portfolio, with returns predominantly in interest rate strategies rather than SSA spread risk or stock selection. Tactical trading within rates markets proved positive, with the Fund profiting from longs in US Treasuries and German bunds during the quarter. In cross-market trading, preferring Germany and the UK to the US was additive to performance, as was favouring the US over Canada and the US over Australia. Despite broadly light curve positioning, curve strategies contributed positively to returns. The early January exposure to US 2s10s steepening was the key driver, supported by UK 10s30s steepening during March. In SSA, a small positive excess return from asset allocation was offset by a similar negative excess return from individual stock selection.

Activity

In terms of activity, over the second quarter of 2023, our stance on SSA spreads was constructive. The Fund held an overweight versus the benchmark in the belly of the curve. As the quarter progressed, we gradually switched this overweight from medium-

Investment review

dated SSA into the long end of the curve versus interest-rate swaps, while also switching into shorter-dated SSAs to close underweights in this section of the yield curve. The Fund entered the period long duration, held via a received position in the front end of the UK curve and maintained a long bias throughout the quarter, adjusting size and instrument on a tactical basis. We had thought it probable that the MPC would deliver hikes priced by the market. However, we were forced to retreat from the received front-end UK rates strategy, given the strategy's impact on the portfolio and the clear acceleration of UK inflation, as well as the UK's higher-than-expected wage measures. The Fund finished the second quarter holding long positions in five-year Gilts and 10-year German bunds. It had entered the period with flatteners at the long end of the UK curve and steepeners in the short end. The long-end flatteners were closed out in April as the curve flattened. Then, in May, the Fund entered long-end steepening positions. The short end steepeners were maintained throughout the quarter. Elsewhere, we began the period with a long Gilts versus bonds strategy. This position was stopped in May as Gilts underperformed. At the end of the quarter, we added an Australia versus US strategy.

Later, the Fund started the third quarter of 2023 with a small, long-duration position. As the UK economic data deteriorated, we added to UK long positioning. Then as global yields headed higher, the Fund attempted to tactically oppose the moves. In terms of activity, the Fund added US steeper trades in July. Some of the steepening bias was removed in August and September as the US curve steepened aggressively. The Fund began the quarter holding UK steepeners at the back end of the curve, and these were closed as we headed into August. We added UK steepeners once more in September as UK Gilt supply increased. A steeper in Germany was closed near the end of the quarter. The Fund was active in SSA relative value strategies throughout the quarter, taking part in several new issues. We also sought to reduce spread risk by reducing overweights in A- and AA-rated issuers and reducing underweights in AAA-rated bonds. Overall, the Fund's sensitivity to further spread compression has been reduced.

During the final quarter of 2023, in SSA spread risk we continued to reduce risk by gradually switching out of A- and AA-rated issuers and into AAA-rated or UK government bonds. We also sold several holdings which were approaching one-year maturity and hence were close to dropping out of the index. This enabled the Fund to position itself for expected heavy supply in January 2024. In interest rate strategies, we traded long duration bias for most of the quarter, based upon the view that central bank policy rates were at or near peak and economies were approaching the end of cycle. Longs were predominantly expressed via overweights versus the benchmark in the UK and US. As we approached the calendar year end, we took profits on our long duration bias, gradually reducing relative duration back to neutral. In November, we added some important cross-market strategies, establishing an overweight position in the UK relative to Germany. This strategy was closed in December, as the relative differential between expected policy rate pricing for the BoE and the ECB had narrowed in line with our expectations. The fourth quarter was also an active one for yield curve strategies. The Fund added a steepening bias in the US. Our rationale here is we expect to see term premium.

Finally, in the first quarter of 2024, in supranational and sub-sovereign spread risk we used the quarter to reinvest maturing proceeds from December 2023's heavy redemption period, participating in several new issues in January. Away from this period it was fairly quiet in terms of SSA-specific activity with the Fund running a much lower level of SSA spread risk, having reduced it in the fourth quarter of 2023 in light of the historically tight spreads to Gilts. Within interest rate strategies, the Fund traded nimbly for most of the quarter, in recognition of the substantial rally seen during the fourth quarter and the market's volatile reaction to incoming inflation data. As such, headline duration was marginally long to tactically short during January and February, before we eased into longs during March, principally via US Treasuries and German bunds. Considering the market volatility, we favoured cross market strategies. We positioned for US rates underperformance relative to Germany, holding this position at the 10-year point on the curve. However, supply dynamics led us to favour a 30-year long position in the UK against Germany, a position held since late in the fourth quarter. Elsewhere, we expressed our view of the relative hawkishness of the Bank of Canada and Royal Bank of Australia through cross-market shorts in these markets, held against the US. Swift moves in the Australian pair led us to take profit on this trade late in March. We also added to curve strategies late in the quarter, favouring a steepening in the UK curve via 10s30s.

Market Outlook and Fund Strategy

Our view remains that we are approaching the end of the economic cycle, reinforced by incoming data across DM economies showing a softening in activity, a loosening in labour markets, and a potential decline in inflation measures. As a result, we see medium-term value in owning global government bonds, anticipating a rate-cutting cycle from the major central banks beginning in the second half of 2024, and an associated decline in yields primarily via a bull steepening of curves.

Nevertheless, we are mindful that the path to this medium-term outcome is unlikely to be a smooth one and that stubborn inflation may present several hurdles along the way. This difficulty was reinforced on 1 May by the Fed when the central bank left its key interest rate unchanged at between 5.25% and 5.5%, highlighting that the decline in US inflation levels has recently stalled. Central bank data dependency will likely continue to exacerbate rates volatility, as witnessed during the first of 2024. Labour market data is a key focus for several central banks, especially in light of the propensity for wage and employment changes to lag other indicators.

We remain content to trade nimbly, but are broadly tilting the Fund to long duration, especially as the ECB and BoE signal imminent easing. We expect curves to steepen, but are cautious of the punitive cost of carry in most expressions. Risk appetite remains broadly constructive, supporting our selective overweight to European country spreads. In SSA spreads and stock selection, we anticipate holding onto a reduced risk beta and maintaining a high-quality bias to the portfolio given how tight spreads to government bonds are on a historical basis.

Portfolio of investments (unaudited)

Investments held at 15 April 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Government Bonds (15/04/23 – 16.28%)		21.33
	United Kingdom (15/04/23 – 6.38%)		10.06
£32,020,000	Affordable Housing Finance 2.893% 11/08/2045	23,937	0.93
£30,940,000	LCR Finance 4.5% 07/12/2028	30,925	1.20
£7,743,000	LCR Finance 4.5% 07/12/2038	7,562	0.29
£20,981,000	LCR Finance 5.1% 07/03/2051	21,660	0.84
£15,213,000	Network Rail Infrastructure Finance 4.375% 09/12/2030	15,155	0.59
£21,826,000	Network Rail Infrastructure Finance 4.75% 29/11/2035	22,024	0.85
£552,000	Saltaire Finance PLC 2.711% 09/05/2054	359	0.01
£78,435,900	UK Treasury 0.5% 31/01/2029	66,155	2.56
£57,310,000	UK Treasury 1.125% 31/01/2039	36,389	1.41
£20,653,800	UK Treasury 3.25% 22/01/2044	16,857	0.65
£8,184,200	UK Treasury 4% 22/10/2063	7,229	0.28
£12,357,200	UK Treasury 4.375% 31/07/2054	11,670	0.45
	Austria (15/04/23 – 1.27%)		1.34
£15,555,000	Oesterreichische Kontrollbank 0.5% 15/12/2025	14,433	0.56
£7,438,000	Oesterreichische Kontrollbank 4.125% 22/07/2027	7,336	0.28
£4,995,000	Oesterreichische Kontrollbank 4.25% 17/03/2026	4,938	0.19
£7,554,000	Oesterreichische Kontrollbank 5.75% 07/12/2028	7,917	0.31
	Belgium (15/04/23 – 0.24%)		0.20
£4,800,000	Belgium Kingdom 5.7% 28/05/2032	5,091	0.20
	Canada (15/04/23 – 1.90%)		0.98
£8,000,000	Export Development Canada 2.625% 15/07/2027	7,538	0.29
£10,000,000	Export Development Canada 3.875% 03/10/2028	9,790	0.38
£7,987,000	Export Development Canada 4% 19/02/2026	7,863	0.31
	Germany (15/04/23 – 5.09%)		7.62
£5,000,000	FMS Wertmanagement 1.25% 19/06/2025	4,767	0.19
£8,400,000	FMS Wertmanagement 1.375% 07/03/2025	8,139	0.32
£34,119,000	Kreditanstalt fuer Wiederaufbau 3.75% 30/07/2027	33,308	1.29
£28,000,000	Kreditanstalt fuer Wiederaufbau 3.75% 09/01/2029	27,236	1.06
£23,562,000	Kreditanstalt fuer Wiederaufbau 4.875% 10/10/2028	24,027	0.93
£5,000,000	Kreditanstalt fuer Wiederaufbau 4.875% 03/02/2031	5,161	0.20
£9,000,000	Kreditanstalt fuer Wiederaufbau 5.75% 07/06/2032	9,885	0.38
£38,762,000	Kreditanstalt fuer Wiederaufbau 6% 07/12/2028	41,352	1.60
£21,000,000	Landwirtschaftliche Rentenbank 0.875% 15/12/2026	19,032	0.74
£14,000,000	Landwirtschaftliche Rentenbank 1.375% 08/09/2025	13,324	0.52
£11,310,000	Landwirtschaftliche Rentenbank 2.125% 15/12/2028	10,180	0.39
	Guernsey (15/04/23 – 0.07%)		0.16
£5,523,000	Guernsey (States Of) 3.375% 12/12/2046	4,192	0.16
	Isle of Man (15/04/23 – 0.55%)		0.26
£7,218,000	Isle of Man 1.625% 14/09/2051	3,434	0.13
£3,381,000	Isle of Man 5.375% 14/08/2034	3,454	0.13

Portfolio of investments (unaudited)

Investments held at 15 April 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Japan (15/04/23 – 0.15%)		0.30
£8,598,000	Japan Bank for International Cooperation 0.375% 22/07/2026	7,750	0.30
	Jersey (15/04/23 – 0.63%)		0.41
£400,000	Jersey (Govt Of) 3.75% 09/06/2054	314	0.01
£15,775,000	Jersey International Bond 2.875% 06/05/2052	10,405	0.40
	Corporate Bonds (15/04/23 – 6.06%)		6.39
	United Kingdom (15/04/23 – 2.22%)		3.13
£6,756,000	PRS Finance 1.5% 24/08/2034	4,967	0.19
£36,032,000	PRS Finance 1.75% 24/11/2026	29,676	1.15
£17,936,000	PRS Finance 2% 23/01/2029	15,918	0.62
£5,142,000	Saltaire Finance 1.527% 23/11/2051	2,476	0.10
£7,261,000	Saltaire Finance 4.809% 14/03/2055	7,050	0.27
£13,895,000	Saltaire Finance 4.818% 01/12/2033	14,008	0.54
£6,724,000	Welcome Trust 4.625% 25/07/2036	6,604	0.26
	France (15/04/23 – 3.27%)		2.77
£12,600,000	Dexia Credit Local 0.25% 10/12/2026	11,144	0.43
£32,200,000	Dexia Credit Local 1.25% 21/07/2025	30,649	1.19
£26,000,000	Dexia Credit Local 2.125% 12/02/2025	25,378	0.98
£4,400,000	Dexia Credit Local 4.375% 18/02/2026	4,340	0.17
	Germany (15/04/23 – 0.57%)		0.49
£9,900,000	Deutsche Bahn Finance 1.375% 07/07/2025	9,469	0.37
£3,230,000	Deutsche Bahn Finance 1.875% 13/02/2026	3,060	0.12
	Supranational Bonds (15/04/23 – 24.41%)		25.37
£10,000,000	African Development Bank 0.5% 22/06/2026	9,139	0.35
£20,000,000	African Development Bank 1.125% 18/06/2025	19,111	0.74
£5,000,000	African Development Bank 5.5% 13/08/2025	5,023	0.19
£3,500,000	Asian Development Bank 0.625% 15/09/2026	3,182	0.12
£3,770,000	Asian Development Bank 0.75% 07/12/2027	3,304	0.13
£35,000,000	Asian Development Bank 3.875% 22/07/2027	34,305	1.33
£5,000,000	Asian Development Bank 5.125% 24/10/2028	5,130	0.20
£14,384,000	Asian Infrastructure Investment Bank 0.2% 15/12/2025	13,285	0.52
£11,500,000	Asian Infrastructure Investment Bank 1.125% 15/09/2026	10,555	0.41
£24,965,000	Asian Infrastructure Investment Bank 4% 22/07/2027	24,526	0.95
£22,000,000	Asian Infrastructure Investment Bank 4.375% 11/06/2026	21,824	0.85
£10,593,000	Asian Infrastructure Investment Bank 4.375% 11/06/2026	10,508	0.41
£26,187,000	Asian Infrastructure Investment Bank 4.375% 11/06/2026	25,905	1.00
£27,000,000	Council of Europe Development Bank 0.375% 15/12/2025	25,026	0.97
£14,160,000	Council of Europe Development Bank 1.25% 15/09/2026	13,036	0.51
£3,868,000	Council of Europe Development Bank 4.25% 16/03/2026	3,818	0.15
£1,370,000	Eurofima 5.5% 07/06/2032	1,428	0.06
£18,907,000	European Bank for Reconstruction and Development 5.625% 07/12/2028	19,767	0.77

Portfolio of investments (unaudited)

Investments held at 15 April 2024

Holding	Investment	Market value £000	Percentage of total net assets %
Supranational Bonds (continued)			
£350,000	European Investment Bank 0% 07/12/2028	286	0.01
£27,365,000	European Investment Bank 3.625% 12/01/2032	26,239	1.02
£8,002,000	European Investment Bank 3.75% 07/12/2027	7,812	0.30
£1,797,000	European Investment Bank 3.875% 08/06/2037	1,679	0.07
£9,500,000	European Investment Bank 4% 15/02/2029	9,351	0.36
£400,000	European Investment Bank 4.625% 12/10/2054	382	0.01
£728,000	European Investment Bank 5% 15/04/2039	753	0.03
£12,461,000	European Investment Bank 5.625% 07/06/2032	13,607	0.53
£17,066,000	European Investment Bank 6% 07/12/2028	18,199	0.70
£25,000,000	InterAmerican Development Bank 0.5% 15/09/2026	22,638	0.88
£8,453,000	InterAmerican Development Bank 2.125% 15/12/2028	7,649	0.30
£10,300,000	InterAmerican Development Bank 2.375% 03/08/2029	9,328	0.36
£13,459,000	InterAmerican Development Bank 2.5% 22/07/2027	12,640	0.49
£10,000,000	InterAmerican Development Bank 4% 17/12/2029	9,802	0.38
£16,000,000	InterAmerican Development Bank 4.125% 28/04/2028	15,805	0.61
£8,000,000	InterAmerican Development Bank 5% 20/07/2030	8,263	0.32
£6,520,000	International Bank for Reconstruction and Development 1.25% 13/12/2028	5,681	0.22
£23,862,000	International Bank for Reconstruction and Development 3.875% 02/10/2028	23,398	0.91
£5,472,000	International Bank for Reconstruction and Development 4.875% 07/12/2028	5,586	0.22
£67,500,000	International Bank for Reconstruction and Development 4.875% 15/08/2030	69,480	2.69
£16,000,000	International Development Association 0.375% 22/09/2027	13,871	0.54
£21,529,000	International Development Association 0.75% 21/09/2028	18,313	0.71
£10,000,000	International Development Association 4.75% 14/10/2031	10,204	0.40
£8,000,000	International Finance Corporation 0.75% 22/07/2027	7,076	0.27
£4,000,000	International Finance Corporation 4.125% 28/11/2025	3,945	0.15
£10,000,000	International Finance Corporation 5.5% 22/07/2026	10,148	0.39
£21,705,000	Nordic Investment Bank 1.125% 18/06/2025	20,743	0.80
£15,000,000	Nordic Investment Bank 2.375% 22/07/2026	14,226	0.55
£39,142,000	Nordic Investment Bank 3.875% 19/02/2026	38,429	1.49
Public Authorities (15/04/23 – 51.12%)			45.37
United Kingdom (15/04/23 – 2.90%)			2.17
£8,236,000	International Finance Facility f 2.75% 07/06/2025	7,997	0.31
£14,900,000	Transport For London 2.125% 24/04/2025	14,427	0.56
£6,113,000	Transport for London 3.625% 15/05/2045	4,766	0.18
£13,814,000	Transport For London 3.875% 23/07/2042	11,412	0.44
£506,000	Transport For London 4% 12/09/2033	461	0.02
£13,668,000	Transport For London 4% 07/04/2064	11,056	0.43
£6,000,000	Transport For London 5% 31/03/2035	5,901	0.23

Portfolio of investments (unaudited)

Investments held at 15 April 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Canada (15/04/23 – 13.40%)		15.39
£24,416,000	CPPIB Capital 1.125% 14/12/2029	20,338	0.79
£85,584,000	CPPIB Capital 1.25% 07/12/2027	75,974	2.94
£37,787,000	CPPIB Capital 1.625% 22/10/2071	14,928	0.58
£17,248,000	CPPIB Capital 4.375% 02/03/2026	17,073	0.66
£50,500,000	CPPIB Capital 6% 07/06/2025	50,944	1.97
£69,248,000	Ontario Teachers Finance Trust 1.125% 15/05/2026	63,981	2.48
£77,879,000	Province of Ontario Canada 0.25% 15/12/2026	69,003	2.67
£32,381,000	Province of Ontario Canada 2.25% 26/05/2026	30,664	1.19
£57,848,000	Province of Quebec Canada 2.25% 15/09/2026	54,373	2.11
	Denmark (15/04/23 – 1.55%)		0.44
£5,000,000	Kommunekredit 4.125% 20/11/2028	4,927	0.19
£6,500,000	Kommunekredit 4.25% 17/11/2025	6,416	0.25
	Finland (15/04/23 – 1.64%)		1.25
£12,086,000	Kuntarahoitus 0.375% 17/12/2025	11,200	0.43
£19,493,000	Kuntarahoitus 1.125% 19/06/2025	18,625	0.72
£2,500,000	Kuntarahoitus 5% 02/01/2026	2,501	0.10
	France (15/04/23 – 7.31%)		6.50
£10,000,000	Agence Française de Développement 1.25% 18/06/2025	9,561	0.37
£10,000,000	Agence Française de Développement 4.125% 22/07/2027	9,807	0.38
£12,400,000	Agence Française de Développement 4.375% 16/03/2026	12,249	0.47
£10,100,000	Agence France Locale 1.375% 20/06/2025	9,659	0.37
£2,400,000	Bpifrance SACA 4% 30/01/2026	2,357	0.09
£8,000,000	Bpifrance SACA 4% 30/01/2026	7,856	0.30
£5,000,000	Bpifrance SACA 4.125% 22/07/2027	4,908	0.19
£19,000,000	Caisse d'Amortissement de la Dette Sociale 0.125% 15/12/2025	17,539	0.68
£3,600,000	Caisse des dépôts et consignations 0.25% 25/02/2026	3,304	0.13
£10,000,000	Caisse des dépôts et consignations 4% 17/01/2029	9,808	0.38
£3,300,000	Caisse des dépôts et consignations 4.5% 26/08/2025	3,274	0.13
£9,900,000	SNCF 0.875% 28/12/2026	8,889	0.34
£21,490,000	SNCF Mobilites 5.375% 18/03/2027	21,640	0.84
£9,919,000	SNCF Réseau 4.83% 25/03/2060	9,203	0.36
£9,000,000	SNCF Réseau 5% 11/03/2052	8,593	0.33
£20,231,000	SNCF Réseau 5.25% 07/12/2028	20,739	0.80
£8,433,000	SNCF Réseau 5.25% 31/01/2035	8,724	0.34
	Germany (15/04/23 – 6.47%)		4.34
£18,596,000	Deutsche Bahn Finance 3.125% 24/07/2026	17,909	0.69
£12,600,000	Landeskreditbank Baden Wuerttemberg 0.625% 15/12/2025	11,710	0.45
£15,623,000	Landeskreditbank Baden Wuerttemberg 1% 15/12/2026	14,147	0.55
£33,200,000	NRW Bank 0.5% 15/12/2025	30,805	1.19
£7,000,000	NRW Bank 0.5% 18/12/2026	6,261	0.24

Portfolio of investments (unaudited)

Investments held at 15 April 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Germany (continued)		
£5,000,000	NRW Bank 4.125% 20/10/2028	4,932	0.19
£5,000,000	NRW Bank 5.375% 22/07/2026	5,050	0.20
£1,500,000	State of North RhineWestphalia 2.125% 13/06/2025	1,450	0.06
£20,400,000	State of SaxonyAnhalt 2.125% 16/12/2024	19,994	0.77
	Ireland (15/04/23 – 0.35%)		0.25
£16,757,000	UK Municipal Bonds Agency Finance 1.625% 26/08/2060	6,580	0.25
	Japan (15/04/23 – 1.19%)		1.59
£26,629,000	Development Bank of Japan Inc 1.25% 31/01/2025	25,823	1.00
£13,737,000	Development Bank of Japan Inc 4.5% 06/06/2025	13,607	0.53
£1,673,000	Development Bank of Japan Inc 5.25% 30/03/2026	1,677	0.06
	Netherlands (15/04/23 – 8.61%)		8.39
£13,813,000	Bank Nederlandse Gemeenten 0.375% 15/12/2025	12,802	0.50
£8,258,000	Bank Nederlandse Gemeenten 0.5% 21/12/2026	7,391	0.29
£84,500,000	Bank Nederlandse Gemeenten 1.625% 26/08/2025	80,572	3.12
£14,000,000	Bank Nederlandse Gemeenten 4.25% 15/02/2029	13,868	0.54
£8,250,000	Bank Nederlandse Gemeenten 5.2% 07/12/2028	8,403	0.33
£2,300,000	Bank Nederlandse Gemeenten 5.2% 07/12/2028	2,343	0.09
£40,312,000	Nederlandse Waterschapsbank 0.25% 15/12/2025	37,278	1.44
£16,421,000	Nederlandse Waterschapsbank 0.875% 30/09/2026	14,947	0.58
£5,070,000	Nederlandse Waterschapsbank 4.5% 18/06/2025	5,034	0.19
£32,172,000	Nederlandse Waterschapsbank 5.375% 07/06/2032	33,938	1.31
	Norway (15/04/23 – 1.94%)		2.66
£28,132,000	Kommunalbanken AS 0.25% 15/12/2025	26,021	1.01
£43,205,000	Kommunalbanken AS 4% 13/02/2026	42,511	1.65
	Singapore (15/04/23 – 0.61%)		0.50
EUR8,235,000	Temasek Financial 1.5% 01/03/2028	6,530	0.25
£6,248,000	Temasek Financial 5.125% 26/07/2040	6,341	0.25
	Sweden (15/04/23 – 3.91%)		0.74
£6,558,000	Svensk Exportkredit AB 0.125% 15/12/2025	6,042	0.23
£10,000,000	Svensk Exportkredit AB 4.5% 11/03/2026	9,905	0.38
£3,350,000	Svensk Exportkredit AB 4.5% 11/03/2026	3,318	0.13
	United States (15/04/23 – 1.24%)		1.15
£5,922,000	Federal National Mortgage Association 5.375% 07/12/2028	6,068	0.24
£3,130,000	Tennessee Valley Authority 4.625% 07/06/2043	2,839	0.11
£19,853,000	Tennessee Valley Authority 5.625% 07/06/2032	20,746	0.80
	Money Markets (15/04/23 – 0.38%)		1.33
£34,393	Aberdeen Standard Liquidity Fund (Lux) – Seabury Sterling 3 Fund Class Z-1~	34,388	1.33
	Futures (15/04/23 – (0.08%))		(0.15)
	United Kingdom (15/04/23 – (0.08%))		(0.07)
847	ICF Long Gilt Future June 2024	(1,744)	(0.07)

Portfolio of investments (unaudited)

Investments held at 15 April 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Australia (15/04/23 – 0.02%)		0.04
(845)	SFE Australian 10Year Bond Future June 2024	955	0.04
	Germany (15/04/23 – 0.02%)		–
579	EUX Euro Bond Future June 2024	(25)	–
(229)	EUX Euro Buxl 30Year Bond Future June 2024	(20)	–
	United States (15/04/23 – 0.00%)		(0.16)
1,530	CBT US 10 Year Note (CBT) June 2024	(4,115)	(0.16)
	Canada (15/04/23 – 0.00%)		0.04
(764)	MSE Canada 10 Year Bond Future June 2024	891	0.04
	Forward Foreign Exchange Contracts (15/04/23 – 0.02%)		–
GBP 6,652,056	GBP Forward Currency Contract 16/05/2024	6,662	0.26
(EUR 7,780,231)	EUR Forward Currency Contract 16/01/2024	(6,648)	(0.26)
	Interest Rate Swaps – Capital Protection (15/04/23 – 0.06%)		–
(EUR 8,235,000)	Morgan Stanley 2.921% 06/02/2028	(729)	(0.03)
EUR 8,235,000	Morgan Stanley EURIB 06/02/2028	726	0.03
(GBP 3,271,000)	Morgan Stanley 3.7437% 22/10/2071	(2,622)	(0.10)
GBP 3,271,000	Morgan Stanley SONIO/N 22/10/2071	2,667	0.10
	Overnight Index Swaps – Capital Protection (15/04/23 – 0.12%)		–
(GBP 12,280,000)	Morgan Stanley 3.775% 15/04/2064	(9,224)	(0.36)
GBP 12,280,000	Morgan Stanley SONIA 15/04/2064	9,493	0.37
(GBP 6,051,000)	Morgan Stanley 3.930% 26/08/2060	(4,525)	(0.18)
GBP 6,051,000	Morgan Stanley SONIA 26/08/2060	4,510	0.17
GBP 131,146,000	Morgan Stanley 4.263% 15/12/2025	8,738	0.34
(GBP 131,146,000)	Morgan Stanley SONIA 15/12/2025	(9,760)	(0.38)
(GBP 6,858,000)	Morgan Stanley 3.4767% 22/10/2071	(5,108)	(0.20)
GBP 6,858,000	Morgan Stanley SONIA 22/10/2071	5,592	0.22
(GBP 105,557,000)	Morgan Stanley 4.263% 15/12/2025	(7,033)	(0.27)
GBP 105,557,000)	Morgan Stanley SONIA 15/12/2025	7,855	0.30
GBP 32,575,000	Morgan Stanley 3.814% 15/02/2029	5,322	0.21
(GBP 32,575,000)	Morgan Stanley SONIA 15/02/2029	(5,767)	(0.22)

Portfolio of investments (unaudited)

Investments held at 15 April 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Portfolio of investments [^]	2,572,330	99.64
	Net other assets	9,293	0.36
	Net assets	<u>2,581,623</u>	<u>100.00</u>

Unless otherwise stated, all investments with the exception of Forwards, Interest Rate Swaps and Overnight Index Swaps are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

The counterparty for the Futures is Morgan Stanley.

The counterparty for the Forwards Foreign Exchange Contracts is National Westminster Bank.

The counterparty for the Overnight Index Swaps and Interest Rate Swaps is Morgan Stanley.

[^] Includes investment liabilities.

[~]SICAVs (open ended investment schemes registered outside the UK).

Credit Ratings	£000	%
Investment grade	<u>2,541,851</u>	<u>98.46</u>
Total investment in bonds	<u>2,541,851</u>	<u>98.46</u>

Top ten purchases and sales

For the year ended 15 April 2024

Purchases	Cost £000	Sales	Proceeds £000
Aberdeen Standard Liquidity Fund (Lux) – Seabury Sterling 3 Fund Class Z-1	837,856	Aberdeen Standard Liquidity Fund (Lux) – Seabury Sterling 3 Fund Class Z-1	811,780
UK Treasury 0.5% 31/01/2029	82,307	Kommuninvest I Sverige 1% 12/05/2025	65,957
International Bank for Reconstruction and Development 4.875% 15/08/2030	69,969	European Investment Bank 1.0% 21/09/2026	58,955
CPPIB Capital 6% 07/06/2025	50,434	European Investment Bank 5.5% 15/04/2025	35,064
Bank Nederlandse Gemeenten 1.625% 26/08/2025	47,022	State of North Rhine Westphalia 0.625% 16/12/2024	33,449
UK Treasury 4% 22/10/2063	38,073	UK Treasury 4% 22/10/2063	30,676
UK Treasury 1.125% 31/01/2039	36,650	BNG Bank 2% 12/04/2024	29,423
Asian Development Bank 3.875% 22/07/2027	34,950	CPPIB Capital Inc 0.875% 17/12/2024	28,987
European Investment Bank 3.625% 12/01/2032	34,759	European Investment Bank 6% 07/12/2028	27,559
UK Treasury 3.25% 22/01/2044	31,154	Kreditanstalt fuer Wiederaufbau 1.125% 04/07/2025	26,649
Subtotal	<u>1,263,174</u>	Subtotal	<u>1,148,499</u>
Other purchases	907,419	Other sales	586,506
Total purchases for the year	<u><u>2,170,593</u></u>	Total sales for the year	<u><u>1,735,005</u></u>

Statistical information

Comparative tables

	15/04/24 pence	Class 'A' Accumulation 15/04/23 pence	15/04/22 pence
Change in net assets per unit			
Opening net asset value per unit	91.46	98.03	105.04
Return before operating charges*	2.24	(5.53)	(5.85)
Operating charges	(1.02)	(1.04)	(1.16)
Return after operating charges*	1.22	(6.57)	(7.01)
Distributions on accumulation units	(1.63)	(0.53)	(0.01)
Retained distributions on accumulation units	1.63	0.53	0.01
Closing net asset value per unit	92.68	91.46	98.03
*after direct transaction costs of: ^	0.00	0.01	0.01

Performance

Return after charges	1.33%	(6.70%)	(6.67%)
----------------------	-------	---------	---------

Other information

Closing net asset value (£000)	14,213	17,087	18,338
Closing number of units	15,334,603	18,683,211	18,706,990
Operating charges	1.11%	1.11%	1.11%
Direct transaction costs	0.01%	0.01%	0.01%

Prices⁺

Highest unit price (pence)	101.70	106.56	106.17
Lowest unit price (pence)	87.35	85.57	98.03

^ The direct transaction costs includes commission on futures.

+ 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

Comparative tables

	15/04/24 pence	Class 'B' Accumulation 15/04/23 pence	15/04/22 pence
Change in net assets per unit			
Opening net asset value per unit	95.31	101.04	107.08
Return before operating charges*	2.45	(5.72)	(6.02)
Operating charges	(0.01)	(0.01)	(0.02)
Return after operating charges*	2.44	(5.73)	(6.04)
Distributions on accumulation units	(2.76)	(1.61)	(1.17)
Retained distributions on accumulation units	2.76	1.61	1.17
Closing net asset value per unit	97.75	95.31	101.04
*after direct transaction costs of: ^	0.00	0.01	0.01

Performance

Return after charges	2.56%	(5.67%)	(5.64%)
----------------------	-------	---------	---------

Other information

Closing net asset value (£000)	2,567,410	2,145,725	2,202,446
Closing number of units	2,626,479,601	2,251,277,595	2,179,823,313
Operating charges	0.01%	0.01%	0.01%
Direct transaction costs	0.01%	0.01%	0.01%

Prices⁺

Highest unit price (pence)	99.33	102.24	108.57
Lowest unit price (pence)	91.26	88.64	101.03

^ The direct transaction costs includes commission on futures.

+ 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 growth and income) by outperforming the benchmark (before fees) by 0.1% to 0.5% per annum over any given 3 year period.

The benchmark is the Markit iBoxx £ Sub-Sovereign All Maturities Index (the "Index").

Investment policy

The Fund aims to achieve its objective by investing at least 70% in Sterling denominated fixed interest or index-linked sub-sovereign bonds. The Fund may also invest in non-Sterling denominated fixed interest or index-linked sub-sovereign bonds, bonds issued by governments, companies, or institutions worldwide which may be denominated in any currency.

The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash and other collective investment schemes.

The Fund may invest more than 35% in individual issuers of government and public securities.

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

Investment strategy

Although at least 70% of the Fund is invested in components of the index, the Fund is actively managed. The investment adviser uses a stock selection model to select individual holdings, where they believe there is misalignment in the assessment of growth prospects and creditworthiness of the holdings and that of the market, while giving consideration to future economic and business conditions. The Fund is managed within constraints, so that divergence from the index is controlled. The Fund's portfolio may, therefore, be similar to the components of the index.

Revenue distribution and pricing

Units of the Fund are available as either Class 'A' Accumulation or 'B' Accumulation units (where revenue is reinvested to enhance the unit price).

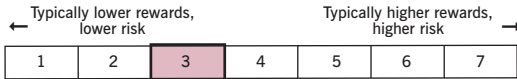
There will be two potential distributions in each accounting year: an interim distribution as at 15 October and a final distribution as at 15 April.

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 3 (15/04/23: 3) because funds of this type have experienced low to medium rises and falls in value in the past. The above figure applies to the following unit classes:

- Class 'A' Accumulation
- 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 credit worthiness of the security issuer.
- Securities that produce a higher level of income usually also carry greater risk as such security issuers may have difficulty in paying their debts.
- There may be cases where the organisation from which we buy a security fails to carry out its obligations, which could cause losses to the Fund.
- There is no guarantee that an asset which provides the security for a bond will maintain its value.
- 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.

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 (KIDs). These are available online at www.phoenixunittrust.co.uk.

Annual financial statements

For the year ended 15 April 2024

Statement of total return

	Notes	15/04/24		15/04/23	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	4		4,806		(172,565)
Revenue	5	72,757		37,224	
Expenses	6	(505)		(496)	
Interest payable and similar charges		(5)		(20)	
Net revenue before taxation		<u>72,247</u>		<u>36,708</u>	
Taxation	7	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>72,247</u>		<u>36,708</u>
Total return/(deficit) before distributions			77,053		(135,857)
Distributions	8		(72,394)		(36,840)
Change in net assets attributable to unitholders from investment activities			<u>4,659</u>		<u>(172,697)</u>

Statement of change in net assets attributable to unitholders

	15/04/24		15/04/23	
	£000	£000	£000	£000
Opening net assets attributable to unitholders		2,162,812		2,220,784
Amounts receivable on issue of units	680,906		391,584	
Amounts payable on cancellation of units	<u>(340,085)</u>		<u>(313,012)</u>	
		340,821		78,572
Change in net assets attributable to unitholders from investment activities		4,659		(172,697)
Retained distributions on accumulation units		73,331		36,153
Closing net assets attributable to unitholders		<u>2,581,623</u>		<u>2,162,812</u>

Annual financial statements

As at 15 April 2024

Balance sheet

	Notes	15/04/24		15/04/23	
		£000	£000	£000	£000
Assets:					
Fixed assets:					
Investments			2,579,719		2,131,690
Current assets:					
Debtors	9	42,743		24,460	
Cash and bank balances	10	12,931		13,674	
Total current assets			<u>55,674</u>		<u>38,134</u>
Total assets			<u>2,635,393</u>		<u>2,169,824</u>
Liabilities:					
Investment liabilities			(7,389)		(4,160)
Creditors:					
Bank overdraft	11	(616)		(12)	
Other creditors	12	<u>(45,765)</u>		<u>(2,840)</u>	
Total creditors			<u>(46,381)</u>		<u>(2,852)</u>
Total liabilities			<u>(53,770)</u>		<u>(7,012)</u>
Net assets attributable to unitholders			<u>2,581,623</u>		<u>2,162,812</u>

Notes to the financial statements

Note 1 Accounting policies

(a) Basis of preparation

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

These financial statements are prepared on a going concern basis. The Manager has made an assessment of the Fund's ability to continue as a going concern, and is satisfied it has the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment is made for a period of 12 months from when the financial statements are authorised for issue and considers liquidity, declines in global capital markets, known redemption levels, expense projections and key service provider's operational resilience.

(b) Valuation of investments

The quoted investments of the Fund have been valued at bid dealing prices as at close of business on 15 April 2024, the last valuation point in the accounting year, in accordance with the Trust Deed.

Investments in collective investment schemes have been valued at bid price for dual priced funds or the single price for single priced funds. Where these investments are managed by the Manager or an associate of the Manager, the holdings have been valued at the cancellation price for dual priced funds or the single price for single priced funds. This price is the last available published price at the year end.

Derivatives are valued as at close of business on 15 April 2024, the last valuation point of the accounting year.

Exchange traded derivatives are priced at fair value, which is deemed to be the bid price.

Over-the-counter derivatives are priced at fair value using valuation models or data sourced from market data providers.

(c) Foreign exchange

Transactions in foreign currencies during the year are translated into Sterling (the functional currency of the Fund), at the rates of exchange ruling on the transaction date. Amounts held in foreign currencies have been translated at the rate of exchange ruling at close of business, 15 April 2024, the last valuation point in the accounting year.

(d) Revenue

Interest receivable on bank deposits and money market funds is accounted for on an accruals basis. Interest receivable from debt securities is accounted for on an effective interest rate basis. Accrued interest purchased or sold is excluded from the cost of the security and is accounted for as revenue.

Any commission arising from stocklending is recognised on an accruals basis and is disclosed net of fees.

Interest received from or paid to the Fund from over-the-counter derivatives designed to protect income is treated as revenue. Interest received from or paid to the Fund from over-the-counter derivatives designed to protect capital is treated as capital.

(e) Expenses

Expenses are accounted for on an accruals basis. Expenses of the Fund are charged against revenue, except for the safe custody charge and costs associated with the purchase and sale of investments, which are charged to capital.

Notes to the financial statements

Note 1 Accounting policies (continued)

(f) Taxation

The Fund satisfied the rules of SI 2006/964, Reg 19 throughout the period. All distributions made are therefore made as interest distributions. The Fund has no corporate tax liability as interest distributions are tax deductible.

(g) Deferred taxation

Deferred tax is provided at current rates of corporation tax on all timing differences which have originated but not reversed by the Balance sheet date. Deferred tax is not recognised on permanent differences.

Deferred tax assets are recognised only to the extent that the Manager considers it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

Note 2 Distribution policies

(a) Basis of distribution

Revenue produced by the Fund's investments accumulates during each accounting period. If, at the end of each accounting period, revenue exceeds expenses, the net revenue of the Fund is available to be accumulated to unitholders.

The Fund is more than 60% invested in qualifying investments (as defined by SI 2006/964, Reg 20) and will pay an interest distribution.

(b) Unclaimed distributions

Distributions remaining unclaimed after six years are paid into the Fund as part of the capital property.

(c) Apportionment to multiple unit classes

With the exception of the Manager's periodic charge, the allocation of revenue and expenses to each unit class is based upon the proportion of the Fund's assets attributable to each unit class on the day the revenue is earned or the expense is suffered. The Manager's periodic charge is specific to each unit class. Tax will be allocated between the unit classes according to income. Consequently, the revenue available to distribute for each unit class will differ.

(d) Interest from debt securities

Future cash flows on all assets are considered when calculating revenue on an effective interest rate basis and where, in the Manager's view there is doubt as to the final maturity value, an estimate of the final redemption proceeds will be made in determining those cash flows. The impact of this will be to reduce the revenue from debt securities, and therefore the revenue distributed, whilst preserving capital within the Fund.

(e) Expenses

In determining the net revenue available for distribution, charges in relation to the safe custody of investments are ultimately borne by capital.

Note 3 Risk management policies

The risks arising from the Fund's financial instruments are market price risk, interest rate risk, foreign currency risk, liquidity risk, credit risk and counterparty risk. The Manager's policies for managing these risks are summarised below and have been applied throughout the year.

Notes to the financial statements

Note 3 Risk management policies (continued)

(a) Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market fluctuations which are monitored by the Manager in pursuit of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the Collective Investment Schemes Sourcebook ("the Sourcebook") mitigates the risk of excessive exposure to any particular type of security or issuer.

(b) Interest rate risk

The Fund's assets are comprised of mainly fixed interest rate securities. There is therefore a risk that the capital value of investments will vary as a result of the market's sentiment regarding future interest rates.

Expectations of future rates may result in an increase or decrease in the value of investments held. In general, if interest rates rise the revenue potential of the Fund also rises but the value of fixed interest rate securities will decline. A decline in interest rates will in general have the opposite effect.

Any transactions in fixed interest securities must be used in accordance with the investment objective of the Fund and must be deemed by the Investment Manager to be economically appropriate. Regular production of portfolio risk reports highlight concentrations of risk, including interest rate risk, for this Fund.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

(c) Foreign currency risk

A substantial proportion of the Fund's investment portfolio is invested in overseas securities and the Balance sheet can be significantly affected by movements in foreign exchange rates. The Fund may be subject to short term exposure to exchange rate movements between placing the purchase or sale of securities and agreeing a related currency transaction albeit usually the two transactions are agreed at the same time.

Any such currency transactions must be used in accordance with the investment objective of the Fund and must be deemed by the Investment Manager to be economically appropriate. Regular production of portfolio risk reports highlight concentrations of risk, including currency risk, for the Fund.

(d) Liquidity risk

The Fund's assets are comprised of mainly readily realisable securities. If insufficient cash is available to finance unit holder redemptions then securities held by the Fund may need to be sold. The risk of low market liquidity, through reduced trading volumes, may affect the ability of the Fund to trade financial instruments at values previously indicated by financial brokers. From time to time, liquidity may also be affected by stock specific or economic events. To manage these risks the Manager performs market research in order to achieve the best price for any transactions entered into on behalf of the Fund. All stocks are valued daily but those stocks identified as being less liquid are reviewed on a regular basis for pricing accuracy.

Notes to the financial statements

Note 3 Risk management policies (continued)

(e) Credit risk

At the Balance sheet date some 25.37% (15/04/23: 24.41%) of the Fund's assets were held in supranational bonds, 21.33% (15/04/23: 16.04%) in government bonds, 45.37% (15/04/23: 51.36%) in public authorities, and 6.39% (15/04/23: 6.06%) in corporate bonds.

Corporate, supranational and government bonds involve the risk that the bond issuer will be unable to meet its liability to pay interest or redeem the bond.

The Fund Manager selects bonds taking into account the credit rating, bearing in mind the Fund's objective.

(f) Counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty. This list is reviewed annually.

(g) Derivatives

Derivative transactions may be used by the Fund for the purposes of meeting its investment objectives and also for hedging. In doing so the Manager may make use of a variety of derivative instruments in accordance with the Sourcebook. The use of derivatives for investment purposes means that the net asset value of the Fund may at times have high volatility, although derivatives will not be used with the intention of raising the risk profile of the Fund. Where derivatives are used for hedging this will not compromise the risk profile of the Fund. Use of derivatives will not knowingly contravene any relevant investment objective or limits.

The Manager has used exchange traded futures to hedge the value of those assets denominated in foreign currency.

The Manager has used forward foreign currency contracts to hedge the portfolio where assets are denominated in foreign currency. The purpose of undertaking these contracts is to protect the portfolio as far as possible from a movement in the value of exchange rates.

Interest Rate Swaps and Overnight Index Rate Swaps have been used to hedge the interest rate risk of holding fixed rate bonds during the year.

The derivative counterparty is shown at the bottom of the Portfolio of investments on page 13.

Note 4 Net capital gains/(losses)

	15/04/24 £000	15/04/23 £000
The net capital gains/(losses) during the year comprise:		
Gains/(losses) on non-derivative securities	11,731	(190,064)
(Losses)/gains on derivative contracts	(10,086)	17,314
Currency (losses)/gains	(265)	76
Handling charges	(1)	(1)
Interest on derivative contracts	3,427	110
Net capital gains/(losses)	<u>4,806</u>	<u>(172,565)</u>

Notes to the financial statements

Note 5 Revenue	15/04/24	15/04/23
	£000	£000
Interest on debt securities	70,556	35,751
Stocklending commission	19	48
Bank interest	330	521
Liquidity interest	1,852	904
Total revenue	<u>72,757</u>	<u>37,224</u>

Note 6 Expenses	15/04/24	15/04/23
	£000	£000
(a) Payable to the Manager or associates of the Manager and agents of either of them:		
Manager's periodic charge	<u>291</u>	<u>302</u>
(b) Payable to the Trustee or associates of the Trustee and agents of either of them:		
Trustee's fees	<u>51</u>	<u>48</u>
(c) Other expenses:		
Audit fee	12	10
Safe custody charges	147	131
Professional fees	<u>4</u>	<u>5</u>
	<u>163</u>	<u>146</u>
Total expenses	<u>505</u>	<u>496</u>

Note 7 Taxation	15/04/24	15/04/23
	£000	£000
(a) Analysis of tax charge for the year		
Total taxation	<u>-</u>	<u>-</u>
(b) Factors affecting the tax charge for the year		
The tax assessed for the year is lower than that calculated when the standard rate of corporation tax for Authorised Unit Trusts is applied to total revenue return. The differences are explained below:		
Net revenue before taxation	<u>72,247</u>	<u>36,708</u>
Corporation tax at 20% (15/04/23: 20%)	<u>14,449</u>	<u>7,342</u>
Effects of:		
Deductible interest distributions	<u>(14,449)</u>	<u>(7,342)</u>
Total tax charge for the year (Note 7(a))	<u>-</u>	<u>-</u>
Authorised Unit Trusts are exempt from tax on capital gains in the UK.		
(c) Provision for deferred taxation		
No deferred tax asset has been recognised in the year or the prior year.		

Notes to the financial statements

Note 8 Distributions

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

	15/04/24	15/04/23
	£000	£000
Interim	32,541	15,680
Final	40,790	20,473
	<u>73,331</u>	<u>36,153</u>
Amounts deducted on cancellation of units	2,133	1,394
Amounts added on issue of units	(3,070)	(707)
Net distribution for the year	<u>72,394</u>	<u>36,840</u>
Net revenue after taxation	72,247	36,708
Expenses taken to capital	147	131
Movement of undistributed revenue	–	1
Net distribution for the year	<u>72,394</u>	<u>36,840</u>

Details of the distribution per unit are set out in the tables on page 32.

Note 9 Debtors

	15/04/24	15/04/23
	£000	£000
Sales awaiting settlement	9,719	1,207
Accrued income	33,024	23,253
Total debtors	<u>42,743</u>	<u>24,460</u>

Note 10 Cash and bank balances

	15/04/24	15/04/23
	£000	£000
Cash and bank balances	107	115
Amounts held at futures clearing houses	12,634	10,666
Swaps collateral	190	2,893
Total cash and bank balances	<u>12,931</u>	<u>13,674</u>

Note 11 Bank overdraft

	15/04/24	15/04/23
	£000	£000
Amounts due to futures clearing houses	616	1
Swaps collateral	–	11
Total bank overdraft	<u>616</u>	<u>12</u>

Note 12 Other creditors

	15/04/24	15/04/23
	£000	£000
Cancellations awaiting settlement	2,780	30
Purchases awaiting settlement	42,894	2,725
Manager's periodic charge payable	36	38
Trustee's fees payable	11	9
Safe custody charges payable	31	27
Audit fee payable	11	10
Transaction charge payable	2	1
Total other creditors	<u>45,765</u>	<u>2,840</u>

Notes to the financial statements

Note 13 Reconciliation of units

	Class 'A' Accumulation	Class 'B' Accumulation
Opening units issued at 16/04/23	18,683,211	2,251,277,595
Unit movements in year:		
Units issued	49,202	732,714,542
Units cancelled	(3,397,810)	(357,512,536)
Closing units at 15/04/24	<u>15,334,603</u>	<u>2,626,479,601</u>

Note 14 Contingencies and commitments

At 15 April 2024 the Fund had no outstanding calls on partly paid shares, no potential underwriting commitments or any other contingent liabilities (15/04/23: £nil).

Note 15 Stocklending

The total value of securities on loan at the Balance sheet date was £120,384,716 (15/04/23: £8,768,760). Collateral was held in the following form:

	15/04/24 £000	15/04/23 £000
Government bonds	97,337	9,016
Equities	<u>30,102</u>	<u>339</u>
	<u>127,439</u>	<u>9,355</u>

The gross earnings and fees paid for the year were £23,853 (15/04/23: £58,443) and £4,294 (15/04/23: £10,520) respectively.

The gross earnings were split by the lending agent as follows:

- 82% to the Lender (PUTM Bothwell Sub-Sovereign Bond Fund)
- 8% to the Manager (Phoenix Unit Trust Managers Limited)
- 10% retained by the Lending Agent (eSec)

The counterparties for the securities on loan are shown in the appendix on page 38.

Note 16 Unitholders' funds

There are two unit classes in issue within the Fund. These are Class 'A' Accumulation and Class 'B' Accumulation. The Manager's periodic charge in respect of Class 'A' and Class 'B' units is expressed as an annual percentage of the value of the property of the Fund attributable to each unit class and is currently 1.1050% in respect of Class 'A' units and 0.0050% in respect of Class 'B' units.

Consequently, the level of net revenue attributable to each unit class will differ. Should it be necessary to wind-up the Fund, each unit class will have the same rights as regards to the distribution of the property of the Fund.

Note 17 Related party transactions

The Manager is a related party to the Fund by virtue of its controlling influence.

The Manager is part of the Phoenix Group. Phoenix Life Limited which is also part of the Phoenix Group, is a material unitholder in the Fund and therefore a related party, holding 100% of the units in Class 'A' Accumulation at the year end (15/04/23: 100%) and 100% of the units in Class 'B' Accumulation at the year end (15/04/23: 100%).

Notes to the financial statements

Note 17 Related party transactions (continued)

Manager's periodic charge paid to the Manager, Phoenix Unit Trust Managers Limited, or its associates, is shown in Note 6(a) and details of the units issued and cancelled by the Manager are shown in the Statement of change in net assets attributable to unitholder in Note 8.

Any balances due to the Manager or its associates at 15 April 2024 in respect of these transactions are shown in Notes 9 and 11.

Note 18 Financial instruments

In accordance with the investment objective, the Fund holds certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- derivative transactions which the Fund may also enter, the purpose of which is to manage the currency and market risks arising from the Fund's investment activities; and
- cash and short term debtors and creditors arising directly from operations.

Counterparty exposure

At 15 April 2024, the Fund had following counterparty exposure on open Forward Foreign Exchange Contracts:

National Westminster Bank £14,437

At 15 April 2024, the Fund had the following counterparty exposure on Overnight Index Swaps and Interest Rate Swaps:

Morgan Stanley £1,620,654

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparties are disclosed in the Portfolio of investments.

Currency exposure

An analysis of the monetary assets and liabilities at the year end is shown below:

Currency	Net currency assets 15/04/24			Net currency assets 15/04/23		
	Monetary exposure	Non- monetary exposure	Total exposure	Monetary exposure	Non- monetary exposure	Total exposure
	£000	£000	£000	£000	£000	£000
Sterling	9,778	2,574,764	2,584,542	35,135	2,127,938	2,163,073
Australian Dollar	–	955	955	1	(887)	(886)
Canadian Dollar	(1)	891	890	–	–	–
Euro	131	(165)	(34)	115	1,505	1,620
Swedish Krona	–	–	–	31	(1,026)	(995)
US Dollar	(615)	(4,115)	(4,730)	–	–	–
	<u>9,293</u>	<u>2,572,330</u>	<u>2,581,623</u>	<u>35,282</u>	<u>2,127,530</u>	<u>2,162,812</u>

Income received in other currencies is converted to Sterling on or near the date of receipt. The Fund does not hedge or otherwise seek to avoid, movement risk on accrued income.

Notes to the financial statements

Note 18 Financial instruments (continued)

Interest profile

The interest rate risk profile of financial assets and liabilities at 15 April 2024 was:

Currency	Fixed rate financial assets £000	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	2,535,319	47,213	51,001	2,633,533
Australian Dollar	–	–	955	955
Canadian Dollar	–	–	891	891
Euro	6,530	106	25	6,661
	2,541,849	47,319	52,872	2,642,040

Currency	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	–	(48,991)	(48,991)
Canadian Dollar	(1)	–	(1)
Euro	–	(6,695)	(6,695)
US Dollar	(615)	(4,115)	(4,730)
	(616)	(59,801)	(60,417)

The interest rate risk profile of financial assets and liabilities at 15 April 2023 was:

Currency	Fixed rate financial assets £000	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	2,041,528	21,847	104,950	2,168,325
Australian Dollar	–	2	472	474
Euro	6,663	111	1,956	8,730
Swedish Krona	68,845	1	449	69,295
	2,117,036	21,961	107,827	2,246,824

Currency	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	(1)	(5,251)	(5,252)
Australian Dollar	(1)	(1,359)	(1,360)
Euro	(10)	(7,100)	(7,110)
Swedish Krona	–	(70,290)	(70,290)
	(12)	(84,000)	(84,012)

Interest rates earned/paid on deposits are earned/paid at a rate linked to SONIA (Sterling Overnight Index Average) or international equivalent. Interest was also earned on the investments in the Aberdeen Standard Liquidity Fund.

Notes to the financial statements

Note 18 Financial instruments (continued)

Sensitivity analysis

Interest rate risk sensitivity

Changes in interest rates or changes in expectation of future interest rates may result in an increase or decrease in the the market value of the investments held. A one percent increase in interest rates (based on current parameters used by the Manager's Investment Risk department) would have the effect of increasing the return and net assets by £107,653,679 (15/04/23: £97,326,540). A one percent decrease would have an equal and opposite effect.

Foreign currency risk sensitivity

A five percent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets by (£145,999) (15/04/23: (£13,076)). A five percent decrease would have an equal and opposite effect.

Market price risk sensitivity

A five percent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £128,616,502 (15/04/23: £106,376,498). A five percent decrease would have an equal and opposite effect.

Note 19 Fair value of investments

The fair value of the Fund's investments has been determined using the hierarchy below.

This complies with the 'Amendments to FRS 102 - Fair value hierarchy disclosures' issued by the Financial Reporting Council in March 2016.

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

Notes to the financial statements

Note 19 Fair value of investments (continued)

For the year ended 15/04/24				
Level	1	2	3	Total
Investment assets	£000	£000	£000	£000
Bonds	2,448,264	93,587	–	2,541,851
Derivatives	1,846	1,634	–	3,480
Money markets	34,388	–	–	34,388
	2,484,498	95,221	–	2,579,719
Investment liabilities	£000	£000	£000	£000
Derivatives	(5,904)	(1,485)	–	(7,389)
	(5,904)	(1,485)	–	(7,389)
For the year ended 15/04/23				
Level	1	2	3	Total
Investment assets	£000	£000	£000	£000
Bonds	2,056,443	60,592	–	2,117,035
Derivatives	460	5,908	–	6,368
Money markets	8,287	–	–	8,287
	2,065,190	66,500	–	2,131,690
Investment liabilities	£000	£000	£000	£000
Derivatives	(2,171)	(1,989)	–	(4,160)
	(2,171)	(1,989)	–	(4,160)

Notes to the financial statements

Note 20 Portfolio transaction costs

For the year ended 15/04/24

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total expenses £000
Analysis of total purchases costs								
Bond transactions	1,332,735	–	–	–	–	–	–	1,332,735
Pooled Investment Vehicle	837,812	–	–	–	–	–	–	837,812
Corporate actions	46	–	–	–	–	–	–	46
Total	2,170,593	–	–	–	–	–	–	2,170,593

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total expenses £000
Analysis of total sales costs								
Bond transactions	921,221	–	–	–	–	–	–	921,221
Pooled Investment Vehicle	811,780	–	–	–	–	–	–	811,780
Corporate actions	2,004	–	–	–	–	–	–	2,004
Total	1,735,005	–	–	–	–	–	–	1,735,005

The Fund has paid £56,202 as commission on purchases and sales of derivatives transactions for the year ended 15/04/24.

Commission, taxes and other expenses as % of average net assets:

Commission	0.00%
Taxes	0.00%
Other expenses	0.00%

For the year ended 15/04/23

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total expenses £000
Analysis of total purchases costs								
Bond transactions	704,417	–	–	–	–	–	–	704,417
Pooled Investment Vehicle	872,452	–	–	–	–	–	–	872,452
Corporate actions	64	–	–	–	–	–	–	64
Total	1,576,933	–	–	–	–	–	–	1,576,933

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total expenses £000
Analysis of total sales costs								
Bond transactions	514,904	–	–	–	–	–	–	514,904
Pooled Investment Vehicle	864,229	–	–	–	–	–	–	864,229
Corporate actions	32,574	–	–	–	–	–	–	32,574
Total	1,411,707	–	–	–	–	–	–	1,411,707

The Fund has paid £95,351 as commission on purchases and sales of derivatives transactions for the year ended 15/04/23.

Commission, taxes and other expenses as % of average net assets:

Commission	0.00%
Taxes	0.00%
Other expenses	0.00%

Notes to the financial statements

Note 20 Portfolio transaction costs (continued)

The purchases and sales of securities incurred no direct transaction costs during the year or prior year.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: "Dealing spread" - the difference between buying and selling prices of the underlying investments.

At the Balance sheet date the portfolio dealing spread was 0.21% (15/04/23: 0.33%) being the difference between the respective bid and offer prices for the Fund's investments.

Distribution tables

For the year ended 15 April 2024

Interest distributions

Interim distribution in pence per unit

Group 1: units purchased prior to 16 April 2023

Group 2: units purchased 16 April 2023 to 15 October 2023

	Gross income	Equalisation	2023 pence per unit paid 15 Dec	2022 pence per unit paid 15 Dec
Class 'A' Accumulation				
Group 1	0.6694	—	0.6694	0.1550
Group 2	0.6404	0.0290	0.6694	0.1550

Class 'B' Accumulation

Group 1	1.2165	—	1.2165	0.7004
Group 2	0.7987	0.4178	1.2165	0.7004

Final distribution in pence per unit

Group 1: units purchased prior to 16 October 2023

Group 2: units purchased 16 October 2023 to 15 April 2024

	Gross income	Equalisation	2024 pence per unit payable 14 Jun	2023 pence per unit paid 14 Jun
Class 'A' Accumulation				
Group 1	0.9615	—	0.9615	0.3717
Group 2	0.9615	0.0000	0.9615	0.3717

Class 'B' Accumulation

Group 1	1.5474	—	1.5474	0.9063
Group 2	1.1444	0.4030	1.5474	0.9063

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.

Responsibilities of the manager and the trustee

- a) The Manager of the Fund is required by the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('the Sourcebook') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund at the end of that period and the net revenue or expense and the net gains or losses on the property of the Fund for the period then ended.

In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable;
- state whether applicable accounting standards have been followed subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed, the Prospectus and the Sourcebook, maintain proper financial records to enable them to ensure that the financial statements comply with the Statement of Recommended Practice for Authorised Funds as issued by the IA in May 2014 (amended June 2017) and the Sourcebook and take reasonable steps for the prevention and detection of fraud and other irregularities.

- b) The Depositary in its capacity as Trustee of the PUTM Bothwell Sub-Sovereign Bond Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Trustee's report and directors' statement

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the PUTM Bothwell Sub-Sovereign Bond Fund of the PUTM Bothwell Range of Unit Trusts ("the Trust") for the Period Ended 15 April 2024.

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

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

London
13 August 2024

HSBC Bank plc

Directors' statement

In accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority, we hereby certify the report on behalf of the Directors of Phoenix Unit Trust Managers Limited.

Birmingham
13 August 2024

Mike Eakins, Director
Frances Clare Maclachlan, Director

Independent auditor's report to the unitholders of PUTM Bothwell Sub-Sovereign Bond Fund

Opinion

We have audited the financial statements of the PUTM Bothwell Sub-Sovereign Bond Fund ("the Fund") for the year ended 15 April 2024 which comprise the Statement of Total Return, the Statement of Change in Net Assets attributable to Unitholders, the Balance Sheet, the Distribution Tables and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 15 April 2024 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Fund Manager's ("the Manager") use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the unitholders of PUTM Bothwell Sub-Sovereign Bond Fund

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority ("the FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Trust Deed;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 33, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud.

The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent auditor's report to the unitholders of the PUTM Bothwell Sub-Sovereign Bond Fund

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Investment Management Association Statement of Recommended practice (the "IMA SORP"), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrator and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities which included the use of specialists where appropriate to identify non-compliance with the applicable laws and regulations.

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

Use of our report

This report is made solely to the unitholders of the Fund, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority.

Our audit work has been undertaken so that we might state to the unitholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the unitholders of the Fund as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh
13 August 2024

Appendix (unaudited)

The Fund carried out stocklending activities for the purpose of efficient portfolio management and in order to generate income.

Revenue earned from these activities is shown in the Statement of Total Return.

Global Data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	4.74

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£120,384,716	4.66

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration Data

All collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £000
Note AS 3.5% 2025	76,358,000	60,293
Note AK 1.5% 2025	17,599,400	13,755
France (Government of) 1.25% 25/05/2036	14,567,000	10,290
Canada (Government of) 0.5% 01/12/2030	13,465,000	6,462
Canada Treasury 0% 12/09/2024	6,000,000	3,437
Note BG 5% 2025	3,100,100	2,506
PayPal Holdings	38,795	2,015
Centrica	1,511,616	2,015
BP	373,768	2,015
Monster Beverage	45,551	2,015

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £000
Citigroup Global Markets Limited	57,428
Bank of Nova Scotia	40,219
Barclays	13,022
BNP Paribas	9,716

Appendix (unaudited)

Aggregate Data

Type and quality of collateral

Type	Quality*	Fair value £000
Bonds	Investment grade	97,337
Equities	n/a	30,102
		127,439

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £000
Rolling Maturity	127,439
	127,439

Currency of collateral

Currency	Fair value £000
Sterling	127,439
	127,439

Maturity tenor of SFTs

Maturity	Fair value £000
Rolling Maturity	120,385
	120,385

Country in which counterparties are established

Counterparty

All counterparties are UK based

Return and cost

	Gross Return £000	Cost £000	% of overall returns	Net Return £000
Fund	24	4	82.00	20
	24	4		20

The gross earnings were split by the lending agent as follows:

- 82% to the Lender (PUTM Bothwell Sub-Sovereign Bond Fund)
- 8% to the Manager (Phoenix Unit Trust Managers Limited)
- 10% retained by the Lending Agent (eSec)

Corporate information (unaudited)

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. This statement describes how remuneration and benefits are calculated and identifies the committee which oversees and controls this policy. A paper copy of these details can be requested free of charge from the Manager.

This statement fulfils Phoenix Unit Trust Managers Limited's ('the Manager') obligations as an authorised UK UCITS Manager in respect of compliance with the UCITS V Remuneration Code and contains relevant remuneration disclosures.

PUTM Unit Trusts are managed by Phoenix Unit Trust Managers Limited, which is a subsidiary of Phoenix Life Limited, part of The Phoenix Group plc ('the Group').

The Remuneration Committee ('the Committee') of the Group has established a Remuneration Policy which applies to all entities of the Group. The guiding principles of this policy ensure sound and effective risk management so as not to encourage risk-taking outside of the Group's risk appetite, and support management in the operation of their business through identification of minimum control standards and key controls. The Committee approves the list of UK UCITS Code Staff annually and identified UK UCITS Code Staff are annually notified of their status and the associated implications.

Further information on the Group Remuneration Policy can be found in the Group annual reports and accounts which can be found on www.phoenixgroup.com.

The below table provides detail of remuneration provided, split between fixed and variable remuneration, for UK UCITS Code Staff (defined as all staff whose professional activities have material impact on the risk profiles of the fund it manages).

As at 31 December 2023

	Headcount	Total remuneration
Phoenix Unit Trust Managers	2	113,487.36
of which		
Fixed Remuneration	2	71,167.36
Variable Remuneration	1	42,320.00
Carried Interest	n/a	
Highest paid Director's Remuneration		44,005.66

The Directors are employed by fellow entities of the Group. The total compensation paid to the Directors of the Manager is in respect of services to the Manager, irrespective of which entity within the Phoenix Group has paid the compensation.

Please note that due to the employment structure and resourcing practices of the Group, the staff indicated in this table may also provide services to other companies in the Group.

Corporate information (unaudited)

The table states the actual number of employees who are fully or partly involved in the activities of the Manager, no attempt has been made to apportion the time spent specifically in support of each fund as this data is not captured as part of the Manager's normal processes.

The remuneration disclosed is the total remuneration for the year and has been apportioned between the provisions of services to the Manager and not the Fund.

Total remuneration can include any of the following;

- Fixed pay and annual/long term incentive bonuses.
- Where fixed pay is directly attributable to PUTM Unit Trusts (for example, fees for Phoenix Unit Trust Managers Limited), 100% of those fees.
- For other individuals, pro-rated using the average AUM of PUTM Unit Trusts (as a proportion of the aggregate average AUM of The Phoenix Group plc) as proxy.

Senior Management includes – PUTM Board and PUTM Executive Committees.

Other Code Staff includes all other UCITS Code Staff not covered by the above.

Assessment of Value

We are required to perform an annual assessment of the value for money for each unit class of PUTM Bothwell Sub-Sovereign Bond Fund. This has been performed based on the information available as at 15 April 2024.

We have performed this review having regard to a wide range of factors. In doing so, we have made comparison with the other unit classes of the relevant fund, with the unit classes and sub-funds within our fund ranges and also with comparable unit classes and sub-funds in the rest of the market.

Broadly speaking, assessment of value requires consideration of a combination of factors, including the return achieved, the price paid, the risk taken and the quality and range of services provided by the asset manager. This also needs to be considered in the context of the investment objectives and policy for the Fund, the target investor and the recommended holding period.

In considering cost, regard needs to be had to the total cost of investing, including any adviser charges, platform charges, adviser fees and the on-going annual management charge. Regard also needs to be had to the degree of active management; as an investor, you would not be receiving value, if you were being charged fees for active portfolio management, where in fact, the Fund's composition of performance is staying very close to a benchmark. These factors also need to be considered in the context of the size of the portfolio and the ability of larger funds to benefit from economies of scale. As regards performance, it is important that performance is considered over an appropriate timescale given the Fund's objectives, and should be measured net of fees.

Based on our assessment of the value of each unit class, PUTM can confirm that the Fund meets all of the required Assessment of Value criteria. No immediate action is required.

Further details of the Assessment of Value can be found at the following link:

<http://www.phoenixunittrust.co.uk/report-and-accounts.aspx>

Fund Climate Report

We're working towards a more sustainable way of investing. For the latest information about what we're doing and our fund climate report, go to phoenix-unit-trust-managers.co.uk/fund-climate-report.

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 (unaudited)

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

Mike Eakins PUTM Director, Group Chief Investment Officer;

Frances Clare MacLachlan PUTM Director, Chief Finance Officer, SLF UK- Sun Life of Canada;

Timothy Harris Non Executive Director of PUTM;

Nick Poyntz-Wright Non Executive Director of PUTM.

Registrar and correspondence address

Phoenix Unit Trust Managers Limited
Floor 1, 1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland
Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

Abrdn Investment Management Limited
1 George Street
Edinburgh EH2 2LL
Registered in Scotland - No.SC123321
Authorised and regulated by the Financial Conduct Authority.

Trustee

HSBC Bank plc
1-2 Lochside Way
Edinburgh Park
Edinburgh EH12 9DT
Authorised by the Prudential Regulation Authority 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.

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.

Phoenix Unit Trust Managers Limited does not accept liability for any claims or losses of any nature arising directly or indirectly from use of the data or material in this report. The information supplied is not intended to constitute investment, tax, legal or other advice.

Phoenix Unit Trust Managers Limited* is a Phoenix Group Company. Registered in England No 3588031.
Registered office: 1 Wythall Green Way, Wythall, Birmingham B47 6WG.

*Authorised and regulated by the Financial Conduct Authority.