

PHOENIX UNIT TRUST MANAGERS

MANAGER'S INTERIM REPORT

For the half year: 16 May 2023 to 15 November 2023 (unaudited)

PUTM BOTHWELL UK LISTED EQUITY INCOME FUND



Contents

Investment review	2-4
Portfolio of investments	5-7
Top ten purchases and sales	8
Statistical information	9-11
Statements of total return & change in net assets attributable to unitholders	12
Balance sheet	13
Distribution table	14
Corporate information	15-16

Investment review

Dear Investor

Welcome to the PUTM Bothwell UK Listed Equity Income Fund interim report for the six months to 15 November 2023.

Performance Review The Fund returned -1.9% (gross of fees) over the review period, overperforming its benchmark (FTSE All Shares ex Investment Trusts Index) which returned -2.0% over the same period (Source: Franklin Templeton Investments).

The table shows how the Fund performed against its benchmark index over the last five discrete one-year periods.

Standardised Past Performance

	15 Nov 22 to 15 Nov 23 % Growth	15 Nov 21 to 15 Nov 22 % Growth	15 Nov 20 to 15 Nov 21 % Growth	1 Nov 20 to 15 Nov 20 % Growth**	15 Nov 19 to 30 Aug 20 % Growth	15 Nov 18 to 15 Nov 19 % Growth
PUTM Bothwell UK Listed Equity Income Fund	4.4	4.3	21.6	14.7	-19.9	4.0
Benchmark Index*	5.0	1.3	21.7	13.7	-17.8	9.0

*FTSE All Shares ex Investment Trusts Index

**The Fund changed its Investment Adviser as at COB 30 September 2020. New Investment Adviser appointed from 01 October 2020.

Source: Fund performance is Franklin Templeton Investments; and benchmark index performance is FactSet: FTSE All Share (ex-Investment Trusts) Index to 15 November for each year.

Past performance is not an indicator or a guarantee of future performance.

Performance data is shown rounded to the nearest hundredth. Gross of fee returns do not include management fees, which would be incurred by a separate account client, and would reduce returns. When performance for either the portfolio or its benchmark has been converted into another currency, different foreign exchange (FX) closing rates may be used for the conversion of the portfolio and benchmark 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.

Investment review

Portfolio and Market Review

After a seemingly short-lived rotation back in favour of growth assets (H1 NASDAQ returns 32%), H2 growth sentiment waned as geopolitical factors once again returned to the fore.

A sharp recovery in crude oil prices driven by Saudi and Russia's extended decision to limit exports supported the UK-listed oil majors – BP and Shell responded well and collectively account for over 10% of the UK market. Furthermore, UK quoted diversified energy and materials businesses also benefitted from sterling weakness vs USD, a trend that generally supports blue chip companies where 70% of earnings are sourced internationally. Finally, the humanitarian tragedies unfolding in the middle east generated second order impacts to the UK stock market, particularly the defence names.

Conversely, a large detractor from UK market returns were utility businesses as investors priced in double jeopardy from rising rates – 'bond proxies' are considered less attractive in a higher interest rate environment, and utility companies tend to operate higher levels of leverage meaning that refinancing risk is increasingly considered. As pragmatic investors the Investment Adviser naturally keeps a watchful eye on portfolio leverage however the Investment Adviser appreciates the capital intensity of the utility industry and believes that select opportunities still exist which exploit its inherent stable cash flow, defensive characteristics, and clean energy themes.

Furthermore, destocking trends continued to emerge post-pandemic which impacted some of the FMCG businesses listed in the UK, where retailers deferred orders whilst continuing to run down existing inventories.

The fund declined by 1.9% (gross of fees) over the review period, slightly outperforming its benchmark, the FTSE All-Share ex Investment Trusts Index, which declined 2.0% over the same period.

Many of the strong performers this year have been consumer names, indicating that domestically, all is not as bad news headlines sometimes suggest. Consumer confidence has remained resilient, real wage growth is once again present,

and with inflation and interest rates beginning to moderate, consumer budgets are stretching a lot further than they were 12 months ago. Some of the beneficiaries of this trend were AB Foods (a large portion of which is the Primark business), Next (fashion retailer), and Cranswick (poultry/pork provider). Another contributor to relative performance this year has been an absence of tobacco names. The sector is challenged by menthol bans in the US and investors taking profits from a sector that performed very well through 2022.

The main detractors were names that the Investment Adviser does not own. Not owning HSBC has detracted 30bps from relative returns over the period given its significant index weighting and strong performance, however it is believed that more attractive opportunities exist with the domestically focussed, less complex, UK banks such as NatWest. Progressing through the peak of the rate rising cycle, the Investment Adviser believes that the structural hedge that exists over NatWest's assets will lead to outperformance in the periods ahead. Whilst it did not participate in all of the upside as rates rose, similarly its interest income will be protected on the downside, which should protect bottom line relative to banks without this structural hedge, such as HSBC.

Rolls Royce is another that the Investment Adviser do not own but has performed well. Rolls Royce, now under new management, has rallied 137% YTD from a very low base following various profit warnings and scandals. The Investment Adviser remain of the view that the business has a very complex business model and one that misaligns with the Investment Adviser's philosophy of pragmatic investors.

Out of the names held, wealth manager SJP has struggled given its sensitivity to consumer duty regulations leading to a reduction in fees, and a generally soft environment for financials businesses where profits are sensitive to capital markets/cyclicality. Furthermore, as mentioned earlier, FMCG companies have been a detractor from relative returns with Diageo, Unilever, and Reckitt Benckiser all encountering destocking headwinds.

Outlook and Strategy

Until now, the impact of government indebtedness on interest payments has been moderated by the decline in market interest rates. This looks set to change - Chancellor Jeremy Hunt recently warned that the government needs to locate an extra £23bn to service its debt compared with March due to the rate rises. To further contextualise, forecasters predict that this means the UK will allocate 3% of GDP solely to servicing its debt over the coming years, versus 1% two years ago.

It is always a challenge to predict with any certainty what this actually means for markets, but government austerity may challenge consumer sentiment. However, this must be considered on balance with recently observed consumer confidence growth, the degree of household deposits still saved, and robust employment figures still coming out of the UK. The Investment Adviser believes that these points alone provide enough support for consumer focussed areas of the markets to weather some of the macro headwinds encountered. It cannot be forgotten that the conservative government will have to keep one eye on the general election just around the corner too.

There are some supportive statistics for the Investment Adviser's base case environment where rates are higher for longer – corporate debt and deposits as a % of GDP remain historically attractive, and as quality focussed managers this only broadens the pool that the Investment Manager is able to search in. By constructing the portfolios in a core, style agnostic manner the Investment Manager mitigates extreme style risk – high growth portfolios are set to encounter challenges in an extended period of elevated interest rates. Furthermore, the FTSE 250 is no longer considered just the UK's growth engine. Although the mid cap index has delivered superior growth versus the FTSE 100 over the long run, its dividend yield is now approaching parity with the blue-chip index which is recognised for its income generation, providing ample opportunity for both income and growth to thrive. With dividends such an important component of UK total return, the Investment Adviser remains of the view that companies in quality financial positions are set to outperform given the propensity to weather challenging market environments whilst continuing to return capital to shareholders.

Critically, the Investment Adviser believes that the world is entering a new post-Covid regime. Inflation and rates are higher than in recent years which are both set to moderate the significance of market returns as central banks pivot to fight fires rather than bolster

the economy. Thus, the Investment Adviser believes that stock selection is increasingly important to an overall return profile, and that the opportunities for skilled, high conviction managers to add active returns will significantly outweigh the opportunity for market returns.

Portfolio of investments

Investments held at 15 November 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	UK Equities (15/05/23 – 96.95%)		96.09
	Aerospace & Defence (15/05/23 – 2.47%)		2.67
254,000	BAE Systems	2,713	2.67
	Banks (15/05/23 – 1.57%)		1.52
752,000	NatWest Group	1,539	1.52
	Beverages (15/05/23 – 3.83%)		3.33
195,000	Britvic	1,653	1.63
60,599	Diageo	1,724	1.70
	Chemicals (15/05/23 – 1.35%)		1.59
103,000	Victrex	1,609	1.59
	Electricity (15/05/23 – 2.44%)		2.29
132,456	SSE	2,319	2.29
	Electronic & Electrical Equipment (15/05/23 – 1.68%)		
	Financial Services (15/05/23 – 8.44%)		8.61
735,000	Ashmore Group	1,312	1.29
189,000	Close Brothers	1,491	1.47
223,000	IG Group Holdings	1,503	1.48
119,586	Intermediate Capital Group	1,767	1.74
85,000	Rathbone Brothers	1,425	1.40
306,693	Schroders	1,243	1.23
	Food Producers (15/05/23 – 5.84%)		5.92
88,000	Associated British Foods	2,073	2.04
49,000	Cranswick	1,785	1.76
785,000	Tesco	2,147	2.12
	Gas, Water & Multiutilities (15/05/23 – 2.82%)		2.82
289,026	National Grid	2,858	2.82
	General Industrials (15/05/23 – 3.72%)		3.76
640,000	Smith (DS)	1,906	1.88
116,000	Smiths Group	1,913	1.88
	General Retailers (15/05/23 – 1.62%)		1.83
24,000	Next Group	1,854	1.83
	Healthcare Equipment & Services (15/05/23 – 1.68%)		1.57
55,676	NMC Health#	-	0.00
154,000	Smith & Nephew	1,589	1.57
	Household Goods (15/05/23 – 5.48%)		5.21
70,223	Bellway	1,671	1.65
39,406	Reckitt Benckiser	2,150	2.12
1,185,000	Taylor Wimpey	1,464	1.44
	Industrial Engineering (15/05/23 – 3.63%)		3.00
265,393	Bodycote	1,600	1.58
90,000	IMI	1,441	1.42

Portfolio of investments

Investments held at 15 November 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	Life Insurance (15/05/23 – 7.46%)		7.19
528,000	Aviva	2,185	2.15
1,041,633	Legal & General	2,385	2.35
730,000	M&G Prudential	1,492	1.47
176,000	St.James's Place	1,239	1.22
	Media (15/05/23 – 4.25%)		4.90
264,000	Informa	1,963	1.93
102,953	RELX	3,009	2.97
	Mining (15/05/23 – 4.96%)		5.67
91,679	Anglo American	2,027	2.00
68,503	Rio Tinto	3,721	3.67
	Mobile Telecommunications (15/05/23 – 1.19%)		0.52
722,500	Vodafone Group	525	0.52
	Non-Life Insurance (15/05/23 – 0.02%)		0.03
21,652	Saga	28	0.03
	Oil & Gas Producers (15/05/23 – 10.80%)		11.47
1,155,000	BP	5,567	5.48
230,500	Shell	6,075	5.99
	Personal Goods (15/05/23 – 7.41%)		6.72
87,500	Burberry Group	1,526	1.50
136,000	Unilever	5,294	5.22
	Pharmaceuticals & Biotechnology (15/05/23 – 7.83%)		7.52
42,623	AstraZeneca	4,301	4.24
239,381	GSK	3,332	3.28
	Real Estate Investment Services (15/05/23 – 0.00%)		1.66
262,023	Land Securities	1,684	1.66
	Real Estate Investment Trusts (15/05/23 – 3.09%)		1.70
940,000	LondonMetric Property	1,728	1.70
	Support Services (15/05/23 – 3.37%)		4.59
51,947	Bunzl	1,530	1.51
38,000	Intertek Group	1,442	1.42
380,000	PageGroup	1,682	1.66
	Channel Islands (15/05/23 – 1.95%)		1.68
	Media (15/05/23 – 1.95%)		1.68
238,500	WPP	1,707	1.68
	Ireland (15/05/23 – 1.75%)		2.00
	Support Services (15/05/23 – 1.75%)		
38,722	DCC (London listed)	2,024	2.00

Portfolio of investments

Investments held at 15 November 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	Portfolio of investments	101,215	99.77
	Net other assets	233	0.23
	Net assets	<u>101,448</u>	<u>100.00</u>

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

Unlisted

Top ten purchases and sales

For the half year ended 15 November 2023

Purchases	Cost £000	Sales	Proceeds £000
Intertek Group	1,053	Spectris	1,699
Vodafone Group	546	Vodafone Group	1,114
GSK	434	IMI	641
National Grid	324	Shell	609
PageGroup	298	Associated British Foods	535
NatWest Group	261	Cranswick	403
Anglo American	253	AstraZeneca	348
Burberry Group	231	Aviva	332
Ashmore Group	207	Intermediate Capital Group	325
St.James's Place	204	BP	313
Subtotal	3,811	Subtotal	6,319
Other purchases	2,022	Other sales	3,585
Total purchases for the half year	5,833	Total sales for the half year	9,904

Statistical information

Comparative table

	15/11/23 pence	Class 'B' Income		15/05/21 pence
		15/05/23 pence	15/05/22 pence	
Change in net assets per unit				
Opening net asset value per unit	109.40	108.14	102.57	83.14
Return before operating charges*	(2.28)	6.20	10.25	23.19
Operating charges	(0.01)	(0.03)	(0.03)	(0.03)
Return after operating charges*	(2.29)	6.17	10.22	23.16
Distributions on income units	(2.52)	(4.91)	(4.65)	(3.73)
Closing net asset value per unit	104.59	109.4	108.14	102.57
* after direct transaction costs of:	0.04	0.11	0.26	0.30

Performance

Return after charges	(2.09%)	5.71%	9.96%	27.86%
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Other information

Closing net asset value (£000)	101,448	109,333	115,488	90,850
Closing number of units	96,998,279	99,942,185	106,793,758	88,573,946
Operating charges	0.02%	0.03%	0.02%	0.03%
Direct transaction costs	0.03%	0.10%	0.25%	0.33%

Prices⁺

Highest unit price (pence)	110.08	114.53	112.26	106.20
Lowest unit price (pence)	101.17	96.90	100.07	80.16

⁺ 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 achieve a gross income yield higher than the yield on the FTSE All Share ex IT Index (the "Index") and outperform the benchmark (before fees) by 0.5% to 1% per annum over any given 3 year period.

The benchmark is the FTSE All Share ex IT Index (the "Index").

Investment policy

The Fund aims to achieve its objective by investing at least 85% of the portfolio in shares of UK companies. The Fund will focus on companies which have the prospect of producing a dividend yield in excess of the yield on the Index. The Fund can also invest up to 15% in UK bonds and/or in overseas investments.

The Fund's holdings will typically consist of equities or "equity related securities" which will include convertible stocks, stock exchange listed warrants, depository receipts, and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the Investment Adviser, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, which are non-approved securities (essentially unlisted securities), money-market instruments, deposits, cash and near cash and other collective investment schemes. Derivatives may be used for efficient portfolio management and hedging only.

Investment strategy

Although at least 85% of the Fund is invested in components of the Index, the Fund is actively managed. The Investment Adviser uses research techniques to select individual holdings. The research process is focused on identifying companies where the management team have a different view of a company's prospects to that of the market, and which align with their views regarding future economic and business conditions. The Investment Adviser references the Index, which means that while the Fund is not required to match the weightings of the Index and does not concentrate on any particular sector, 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

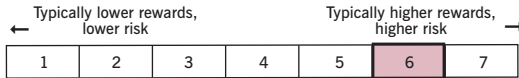
Units of the Fund are available as Class 'B' Income (where revenue is distributed to unitholders). There will be two potential distributions in each accounting year: an interim distribution as at 15 November and a final distribution as at 15 May.

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

Statistical information

Risk and reward profile

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



This Fund is ranked at 6 (15/05/23: 6) because funds of this type have experienced high rises and falls in value in the past. Although this is a high risk ranking it is not the highest. The above figure applies to the following unit class:

- Class 'B' Income

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:

- The level of income is not guaranteed.
- The Fund may use derivatives to reduce risk or cost or to generate additional capital or income at low risk, or to meet its investment objective.

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

Directors' statement

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

12 January 2024

Craig Baker, Director
Brid Meaney, Director

Interim financial statements

For the half year ended 15 November 2023

Statement of total return

	15/11/23		15/11/22	
	£000	£000	£000	£000
Income				
Net capital losses		(4,763)		(3,744)
Revenue	2,468		2,763	
Expenses	(12)		(13)	
Interest payable and similar charges	(2)		–	
Net revenue before taxation	<u>2,454</u>		<u>2,750</u>	
Taxation	10		(5)	
Net revenue after taxation		<u>2,464</u>		<u>2,745</u>
Total deficit before distributions		(2,299)		(999)
Distributions		(2,467)		(2,748)
Change in net assets attributable to unitholders from investment activities		<u>(4,766)</u>		<u>(3,747)</u>

Statement of change in net assets attributable to unitholders

	15/11/23		15/11/22	
	£000	£000	£000	£000
Opening net assets attributable to unitholders		109,333		115,488
Amounts receivable on issue of units	2,229		1,745	
Amounts payable on cancellation of units	<u>(5,348)</u>		<u>(5,526)</u>	
		(3,119)		(3,781)
Change in net assets attributable to unitholders from investment activities		(4,766)		(3,747)
Closing net assets attributable to unitholders		<u>101,448</u>		<u>107,960</u>

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

Interim financial statements

As at 15 November 2023

Balance sheet

	15/11/23		15/05/23	
	£000	£000	£000	£000
Assets:				
Fixed assets:				
Investments		101,215		110,048
Current assets:				
Debtors	400		682	
Cash and bank balances	2,942		1,096	
Total current assets		3,342		1,778
Total assets		104,557		111,826
Liabilities:				
Creditors:				
Other creditors	(669)		(189)	
Distribution payable	(2,440)		(2,304)	
Total liabilities		(3,109)		(2,493)
Net assets attributable to unitholders		101,448		109,333

Notes to the interim financial statements

Accounting policies

The interim financial statements have been prepared under the historical cost basis, as modified by the valuation of investments and in compliance with FRS 102 and in accordance with the Statement of Recommended Practice (2014 SORP) for financial statements of Authorised Funds issued by The Investment Association in May 2014 (and amended in June 2017). Unless otherwise stated all accounting policies applied are consistent with those of the Annual Report for the year ended 15 May 2023 and are described in those financial statements.

Distribution table

For the half year ended 15 November 2023

Interim distribution in pence per unit

Group 1: units purchased prior to 16 May 2023

Group 2: units purchased 16 May 2023 to 15 November 2023

	Net income	Equalisation	2024 pence per unit payable 15 Jan	2023 pence per unit paid 15 Jan
Class 'B' Income				
Group 1	2.5159	—	2.5159	2.6023
Group 2	0.9545	1.5614	2.5159	2.6023

Equalisation

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

Corporate information

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

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

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

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

Remuneration

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

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

Manager

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

Directors

Brid Meaney PUTM Director, Chief Executive
Phoenix Life;

Craig Baker PUTM Director, Head of
Policyholder Assets;

Timothy Harris Non Executive Director of PUTM;

Nick Poyntz-Wright Non Executive Director of PUTM.

Registrar and correspondence address

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and regulated by the Financial Conduct Authority and the
Prudential Regulation Authority.

Independent Auditor

Ernst & Young LLP
Atria One
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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**

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

Visit: **phoenixunittrust.co.uk**

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

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

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