

## PHOENIX UNIT TRUST MANAGERS

### MANAGER'S ANNUAL REPORT

For the year: 1 February 2024 to 31 January 2025

## PUTM BOTHWELL STERLING GOVERNMENT BOND FUND





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

# Investment review

## Dear Investor

Welcome to the PUTM Bothwell Sterling Government Bond Fund report for the 12 months from 31 January 2024 to 31 January 2025.

## Performance Review

The PUTM Bothwell Sterling Government Bond Fund delivered -0.33% over the review period. (Source: Factset). This was in line with its benchmark index, which returned -0.35%. (Source: Factset, FTSE Actuaries UK Conventional Gilts All Stocks Index, Total Return in GBP terms for 12 months to 31/01/25).

In the table below, you can see how the Fund performed against its benchmark index over the last five discrete one-year periods.

## Standardised Past Performance

	Jan 24-25 % growth	Jan 23-24 % growth	Jan 22-23 % growth	Jan 21-22 % growth	Jan 20-21 % growth
PUTM Bothwell Sterling Government Bond Fund	-0.33	-1.13	-18.78	-7.25	2.80
Benchmark Index	-0.35	-1.13	-18.76	-7.23	2.80

Source: Fund performance: Factset, Gross of AMC, in GBP, based upon the movement in the Cancellation Price from 31 January 2024 to 31 January 2025. Benchmark Index performance: FTSE Actuaries UK Conventional Gilts All Stocks Index, Total Return in GBP terms from 31 January 2024 to 31 January 2025, in GBP.

## 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.

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# Investment review

## Market Review

The review period for global government bonds was characterized by significant market volatility, causing fluctuations in bond prices.

The first three months of 2024 provided a challenging environment for developed market (DM) government bonds. Yields rose as investors reduced their expectations for near-term policy cuts. Robust US economic data and cautious comments from central banks prompted questions on the timing of interest-rate cuts. From year-end lows, at the 10-year point, yields increased for US Treasuries, UK gilts and German bunds. As US data beat market expectations, market pricing for rate cuts was pushed further back into 2024, and the expected number of cuts reduced. As a result, US yields moved higher, taking global yields with them.

Between April and June, there were significant moves in yields after any unexpected movements in inflation and labour market data. Stronger-than-expected US inflation dragged yields higher across most DMs. In June, political volatility in France influenced markets after President Macron called a snap parliamentary election. This caused European government bond spreads to widen materially. The spread between 10-year French and German government bonds widened by 29 basis points (bps) in one week as German bunds outperformed on the general risk-off tone.

The third quarter brought a considerable increase in expectations of interest-rate cuts grew in the third quarter, resulting in a meaningful rally in government bonds. Markets were subject to a dovish shift from the US Federal Reserve (Fed) when it reduced interest rates by a larger-than-consensus 50 bps during September. This was attributable to weaker US labour market data and signs of further easing of inflation measures and was seen as a demonstration that the Fed would be ahead of the curve on the employment front. Nevertheless, the Fed said data dependency would be the determinant of the pace and magnitude of future cuts. The ECB cut rates in September by 25 bps. While President Christine Lagarde echoed the Fed's comments that future cuts would be data dependent, market pricing implies a further 25 bp cut in October and around 50 bps by the end of 2024. Meanwhile, in the UK, the Bank of England's (BoE) Monetary Policy Committee voted to keep rates steady at 5% in September after a 25 bp cut in August. Governor Bailey said the Bank should be able to reduce rates gradually over time. Gilt yields shifted lower in September at the two-year and 10-year points, but the 30-year yield was slightly higher.

Government bond yields rose, and prices fell in the US, the UK and Germany in the final three months of 2024. While interest rates from major central banks were on a downward trajectory, messaging from the US Federal Reserve (Fed) and others seemed to suggest little hurry to lower rates. Indeed, in December, Fed Chairman Powell said it would be appropriate to slow the pace of cuts. US data confirmed the persistence of inflation, leading to a sell-off in bonds across the curve. After Donald Trump's election as US president is expected to continue to drive nominal US Treasury yields higher, dragging other government bond yields higher too, despite their own domestic economies weakening.

Moving into 2025, the Fed delivered a 'hold' vote at January's Federal Open Markets Committee meeting. The tone of the accompanying message was on the hawkish side, noting that "labour market conditions remain solid. The January ECB meeting delivered a 25bps cut, as expected. The accompanying statement reiterated that

the ECB would continue to follow a data-dependent approach. Data was mixed throughout January, with Eurozone inflation in line, while growth was weaker. In the UK, in early January concerns over the fiscal outlook, poor growth and persistent inflation drove yields higher. However, sentiment improved as December inflation figures, released during the month, were lower than expected. Market pricing shifted to favour a 25 bps rate cut at the central bank's February meeting, with around 80 bps priced in for the year.

## Fund Review

The Fund performed in line with its benchmark over the 12-month period. Tracking error was negligible/minimal.

Fund activity was restricted to managing cash inflows and outflows, matching index events and portfolio rebalancing. All activity was undertaken to ensure that Fund returns were in line with the benchmark, as per the objective. No active risk positions were taken.

## Outlook

Geopolitics has taken centre stage of the macroeconomic environment. Donald Trump's re-election as US President is expected to result in protectionist leanings globally. This, in conjunction with continued political uncertainty in Europe, the new UK government and a weakened coalition in Japan, means the range of outcomes has widened considerably. We expect the idiosyncrasies of each market to come to the fore, and global yields to trade more independently.

In the UK, sentiment improved as December inflation figures, released in January, were lower than expected. Market pricing shifted to favour a 25 bps interest rate cut at the Bank of England's February meeting, with around 80 bps priced in for 2025 as a whole.

## Portfolio of investments (unaudited)

### Investments held at 31 January 2025

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>Government Bonds (31/01/24 – 99.50%)</b>		<b>97.24</b>
£8,675,507	UK Treasury 0.125% 30/01/2026	8,373	1.42
£20,073,800	UK Treasury 0.125% 31/01/2028	17,953	3.05
£14,703,600	UK Treasury 0.25% 31/07/2031	11,438	1.94
£13,475,700	UK Treasury 0.375% 22/10/2026	12,683	2.15
£12,184,500	UK Treasury 0.375% 22/10/2030	9,874	1.68
£11,134,800	UK Treasury 0.5% 31/01/2029	9,683	1.64
£8,551,400	UK Treasury 0.5% 22/10/2061	2,419	0.41
£18,991,100	UK Treasury 0.625% 07/06/2025	18,756	3.18
£11,861,800	UK Treasury 0.625% 31/07/2035	8,008	1.36
£12,418,600	UK Treasury 0.625% 22/10/2050	4,689	0.80
£16,094,200	UK Treasury 0.875% 22/10/2029	13,916	2.36
£10,963,800	UK Treasury 0.875% 31/07/2033	8,235	1.40
£7,024,900	UK Treasury 0.875% 31/01/2046	3,290	0.56
£13,366,800	UK Treasury 1% 31/01/2032	10,730	1.82
£7,574,600	UK Treasury 1.125% 31/01/2039	4,783	0.81
£4,095,560	UK Treasury 1.125% 22/10/2073	1,409	0.24
£16,178,900	UK Treasury 1.25% 22/07/2027	15,131	2.57
£11,346,547	UK Treasury 1.25% 22/10/2041	6,675	1.13
£11,080,200	UK Treasury 1.25% 31/07/2051	4,992	0.85
£17,623,300	UK Treasury 1.5% 22/07/2026	16,984	2.88
£9,069,446	UK Treasury 1.5% 22/07/2047	4,799	0.81
£8,078,800	UK Treasury 1.5% 31/07/2053	3,786	0.64
£14,002,800	UK Treasury 1.625% 22/10/2028	12,856	2.18
£9,352,200	UK Treasury 1.625% 22/10/2054	4,490	0.76
£8,485,000	UK Treasury 1.625% 22/10/2071	3,575	0.61
£10,412,100	UK Treasury 1.75% 07/09/2037	7,525	1.28
£10,573,200	UK Treasury 1.75% 22/01/2049	5,786	0.98
£10,988,567	UK Treasury 1.75% 22/07/2057	5,330	0.90
£13,608,000	UK Treasury 2% 07/09/2025	13,418	2.28
£7,146,362	UK Treasury 2.5% 22/07/2065	4,106	0.70
£13,608,900	UK Treasury 3.25% 31/01/2033	12,543	2.13
£11,917,091	UK Treasury 3.25% 22/01/2044	9,332	1.58
£10,849,300	UK Treasury 3.5% 22/10/2025	10,776	1.83
£10,406,280	UK Treasury 3.5% 22/01/2045	8,391	1.42
£7,527,384	UK Treasury 3.5% 22/07/2068	5,578	0.95
£7,976,100	UK Treasury 3.75% 07/03/2027	7,901	1.34
£10,205,300	UK Treasury 3.75% 29/01/2038	9,233	1.57
£9,677,409	UK Treasury 3.75% 22/07/2052	7,761	1.32
£11,255,027	UK Treasury 3.75% 22/10/2053	8,965	1.52
£7,605,600	UK Treasury 4% 22/10/2031	7,455	1.27
£8,938,218	UK Treasury 4% 22/01/2060	7,417	1.26
£5,570,700	UK Treasury 4% 22/10/2063	4,588	0.78

## Portfolio of investments (unaudited)

### Investments held at 31 January 2025

Holding	Investment	Market value £000	Percentage of total net assets %
<b>Government Bonds (continued)</b>			
£9,333,343	UK Treasury 4.25% 07/09/2039	8,759	1.49
£8,610,803	UK Treasury 4.25% 07/12/2040	7,995	1.36
£8,504,016	UK Treasury 4.25% 07/12/2046	7,577	1.29
£8,985,303	UK Treasury 4.25% 07/12/2049	7,924	1.34
£10,012,172	UK Treasury 4.25% 07/12/2055	8,716	1.48
£5,871,900	UK Treasury 4.375% 31/01/2040	5,562	0.94
£5,915,700	UK Treasury 4.375% 31/07/2054	5,254	0.89
£14,367,300	UK Treasury 4.5% 07/06/2028	14,500	2.46
£13,080,000	UK Treasury 4.5% 07/09/2034	13,071	2.22
£9,931,535	UK Treasury 4.5% 07/12/2042	9,375	1.59
£10,820,400	UK Treasury 4.625% 31/01/2034	10,917	1.85
£15,848,861	UK Treasury 4.75% 07/12/2030	16,302	2.77
£11,563,855	UK Treasury 4.75% 07/12/2038	11,519	1.95
£10,042,900	UK Treasury 4.75% 22/10/2043	9,706	1.65
£7,707,378	UK Treasury 6% 07/12/2028	8,241	1.40
<b>Money Markets (31/01/24 – 2.28%)</b>			<b>4.16</b>
24,536	abrdn Liquidity Fund (Lux) –		
	Seabury Sterling 3 Fund Class Z-1 ~	24,537	4.16
<b>Portfolio of investments</b>		<b>597,518</b>	<b>101.40</b>
<b>Net other liabilities</b>		<b>(8,256)</b>	<b>(1.40)</b>
<b>Net assets</b>		<b>589,262</b>	<b>100.00</b>

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.

~SICAV (open ended investment scheme registered outside the UK).

# Top ten purchases and sales

For the year ended 31 January 2025

Purchases	Cost £000	Sales	Proceeds £000
UK Treasury 4.25% 31/07/2034	11,991	UK Treasury 0.25% 31/01/2025	15,183
UK Treasury 0.125% 31/01/2028	8,247	UK Treasury 5% 07/03/2025	14,490
UK Treasury 3.75% 07/03/2027	7,940	UK Treasury 2.75% 07/09/2024	13,705
UK Treasury 4% 22/10/2031	7,539	UK Treasury 1% 22/04/2024	13,342
UK Treasury 4.125% 22/07/2029	6,665	UK Treasury 0.125% 30/01/2026	5,722
UK Treasury 4.5% 07/06/2028	6,321	UK Treasury 1.125% 31/01/2039	3,708
UK Treasury 4.75% 22/10/2043	6,198	UK Treasury 3.5% 22/10/2025	3,409
UK Treasury 4.375% 31/01/2040	5,716	UK Treasury 0.625% 31/07/2035	1,850
UK Treasury 4.625% 31/01/2034	5,196	UK Treasury 3.75% 22/07/2052	1,552
UK Treasury 4.375% 31/07/2054	3,761	UK Treasury 4.5% 07/09/2034	1,512
Subtotal	69,574	Subtotal	74,473
Other purchases	19,700	Other sales	21,506
Total purchases for the year	89,274	Total sales for the year	95,979



# Statistical information

## Comparative tables

	31/01/25 pence	Class 'A' Accumulation 31/01/24 pence	31/01/23 pence
<b>Change in net assets per unit</b>			
Opening net asset value per unit	135.94	138.91	172.91
Return before operating charges*	(0.45)	(1.59)	(32.44)
Operating charges	(1.42)	(1.38)	(1.56)
Return after operating charges*	(1.87)	(2.97)	(34.00)
Distributions on accumulation units	(1.63)	(0.99)	(0.27)
Retained distributions on accumulation units	1.63	0.99	0.27
Closing net asset value per unit	134.07	135.94	138.91
*after direct transaction costs of:	0.00	0.00	0.00

## Performance

Return after charges	(1.38)%	(2.14)%	(19.66)%
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## Other information

Closing net asset value (£000)	36,613	37,709	44,849
Closing number of units	27,309,142	27,739,186	32,286,434
Operating charges	1.04%	1.04%	1.04%
Direct transaction costs	0.00%	0.00%	0.00%

## Prices<sup>+</sup>

Highest unit price (pence)	140.50	152.87	188.47
Lowest unit price (pence)	130.41	126.53	124.04

<sup>+</sup>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

	31/01/25 pence	Class 'B' Accumulation 31/01/24 pence	31/01/23 pence
<b>Change in net assets per unit</b>			
Opening net asset value per unit	156.40	158.15	194.87
Return before operating charges*	(0.54)	(1.72)	(36.69)
Operating charges	(0.05)	(0.03)	(0.03)
Return after operating charges*	(0.59)	(1.75)	(36.72)
Distributions on accumulation units	(3.47)	(2.72)	(2.06)
Retained distributions on accumulation units	3.47	2.72	2.06
Closing net asset value per unit	155.81	156.40	158.15
*after direct transaction costs of:	0.00	0.00	0.00

## Performance

Return after charges	(0.38)%	(1.11)%	(18.84)%
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## Other information

Closing net asset value (£000)	552,649	564,190	589,997
Closing number of units	354,688,703	360,738,918	373,058,297
Operating charges	0.02%	0.02%	0.02%
Direct transaction costs	0.00%	0.00%	0.00%

## Prices<sup>+</sup>

Highest unit price (pence)	162.60	161.93	197.73
Lowest unit price (pence)	151.49	144.91	140.74

<sup>+</sup>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.

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# Statistical information

## Investment objective

The PUTM Bothwell Sterling Government Bond Fund (the 'Fund') aims to provide a total return (a combination of capital growth and income) delivering an overall return in line with the benchmark before fees and expenses.

The benchmark is the FTSE Actuaries UK Conventional Gilts All Stocks Index (the "Index").

## Investment policy

It will seek to achieve this objective by investing a minimum of 90% in fixed income securities of companies that are constituents of the index in approximate proportion to their weighting in the index. The Fund is not permitted to invest overseas. These securities will almost exclusively be debt securities issued by the UK Government.

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

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

A minimum of 90% of the Fund is invested in components of the Index. The Fund will seek to physically replicate the Index. This process will involve investing in components of the Index, though not necessarily in the same proportions of the Index at all times. Consequently, the Fund may not track the Index exactly but will contain a meaningful exposure to the market. Stock Index Futures contracts may also be used to manage the cash portion of the Fund. It is intended that the Fund will normally be close to fully invested as outlined above.

The Investment Advisor may use various indexation or sampling techniques to achieve the objective of tracking the Index. In doing so the Investment Advisor may use discretion in deciding which investments are to be included in the portfolio. The number of investments so included may vary. The Investment Advisor may at its discretion replace the current Index with such similar index as it may consider appropriate, subject to regulatory approval and appropriate notification to Unitholders.

## Revenue distribution and pricing

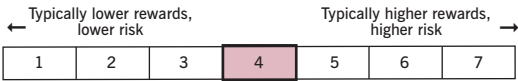
Units of the Fund are available as either Class 'A' or 'B' Accumulation units (where revenue is reinvested to enhance the unit price). There will be two potential distributions in each accounting year: an interim distribution as at 31 July and a final distribution as at 31 January.

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 4 (31/01/24: 4) because funds of this type have experienced average 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 creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in paying their debts.
- Although the Investment Manager will use currency trades to reduce exchange rate risk on investments not priced in Sterling, this may not completely eliminate the Fund's exchange rate risk.
- The Fund may use derivatives to reduce risk or cost or to generate additional capital or income at low risk, or to meet its investment objective.

For more information on the Risk and Reward profiles of our funds, the KIIDs are available free of charge and upon request by contacting Client Services on 0345 584 2803.

# Annual financial statements

For the year ended 31 January 2025

## Statement of total return

	Notes	31/01/25		31/01/24	
		£000	£000	£000	£000
Income					
Net capital losses	4		(15,320)		(19,160)
Revenue	5	13,647		10,801	
Expenses	6	(550)		(516)	
Interest payable and similar charges		<u>—</u>		<u>(1)</u>	
Net revenue before taxation		<u>13,097</u>		<u>10,284</u>	
Net revenue after taxation			<u>13,097</u>		<u>10,284</u>
Total return before distributions			(2,223)		(8,876)
Distributions	8		(13,100)		(10,296)
Change in net assets attributable to unitholders from investment activities			<u>(15,323)</u>		<u>(19,172)</u>

## Statement of change in net assets attributable to unitholders

	31/01/25		31/01/24	
	£000	£000	£000	£000
Opening net assets attributable to unitholders		601,899		634,846
Amounts receivable on issue of units	25,995		31,545	
Amounts payable on cancellation of units	<u>(36,292)</u>		<u>(55,562)</u>	
		(10,297)		(24,017)
Change in net assets attributable to unitholders from investment activities		(15,323)		(19,172)
Retained distributions on accumulation units		12,983		10,242
Closing net assets attributable to unitholders		<u>589,262</u>		<u>601,899</u>

# Annual financial statements

As at 31 January 2025

## Balance sheet

	Notes	31/01/25 £000	31/01/24 £000
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		597,518	612,628
<b>Current assets:</b>			
Debtors	9	2,687	14,616
Cash and bank balances	10	–	1
Total assets		<u>600,205</u>	<u>627,245</u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	11	<u>(10,943)</u>	<u>(25,346)</u>
Total liabilities		<u>(10,943)</u>	<u>(25,346)</u>
Net assets attributable to unitholders		<u>589,262</u>	<u>601,899</u>

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# 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, fluctuations 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 31 January 2025, 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 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.

### **(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, 31 January 2025, the last valuation point in the accounting year.

### **(d) Revenue**

Interest receivable on bank deposits is accounted for on a receipts basis 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.

### **(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.

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# 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 distributed/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) Distributions from collective investment schemes

It is the policy of the Fund to distribute revenue from both income and accumulation distributions.

### (f) Expenses

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



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# Notes to the financial statements

## **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.

### **(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**

Currency risk is the risk that the revenue and net asset value of the Fund may be adversely affected by movements in foreign exchange rates.

### **(d) Liquidity risk**

The Fund's assets are comprised of mainly readily realisable securities. If insufficient cash is available to finance unitholder 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.

### **(e) Credit risk**

At the Balance sheet date some 97.24% (31/01/24: 99.50%) of the Fund's assets were held in government bonds.

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.

# Notes to the financial statements

## Note 3 Risk management policies (continued)

### (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 efficient portfolio management and hedging only. In doing so the Manager may make use of a variety of derivative instruments in accordance with the Sourcebook. 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.

## Note 4 Net capital losses

	31/01/25 £000	31/01/24 £000
The net capital losses during the year comprise:		
Losses on non-derivative securities	(15,314)	(19,159)
Handling charges	(6)	(1)
Net capital losses	<u>(15,320)</u>	<u>(19,160)</u>

## Note 5 Revenue

	31/01/25 £000	31/01/24 £000
Interest on debt securities	13,541	10,704
Bank interest	1	–
Liquidity fund interest	105	97
Total revenue	<u>13,647</u>	<u>10,801</u>

## Notes to the financial statements

<b>Note 6 Expenses</b>	31/01/25 £000	31/01/24 £000
(a) Payable to the Manager or associates of the Manager and agents of either of them:		
Manager's periodic charge	<u>411</u>	<u>442</u>
(b) Payable to the Trustee or associates of the Trustee and agents of either of them:		
Trustee's fees	<u>24</u>	<u>23</u>
(c) Other expenses:		
Audit fee	13	12
Safe custody charges	3	12
Printing & stationery	–	1
FTSE licence fees	96	22
Professional fees	<u>3</u>	<u>4</u>
	<u>115</u>	<u>51</u>
Total expenses	<u>550</u>	<u>516</u>

Audit fees including VAT for the year were £12,000 (31/01/24: £11,570).

<b>Note 7 Taxation</b>	31/01/25 £000	31/01/24 £000
(a) Analysis of tax charge for the year		
Total taxation (Note 7(b))	<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>13,097</u>	<u>10,284</u>
Corporation tax at 20% (31/01/24: 20%)	<u>2,619</u>	<u>2,057</u>
Effects of:		
Deductible interest distributions	<u>(2,619)</u>	<u>(2,057)</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:

	31/01/25 £000	31/01/24 £000
Interim	6,238	4,783
Final	6,745	5,459
	<u>12,983</u>	<u>10,242</u>
Amounts deducted on cancellation of units	232	185
Amounts added on issue of units	(115)	(131)
Net distribution for the year	<u>13,100</u>	<u>10,296</u>
Net revenue after taxation	13,097	10,284
Expenses taken to capital	3	12
Net distribution for the year	<u>13,100</u>	<u>10,296</u>

Details of the distribution per unit are set out in the tables on page 25.

## Note 9 Debtors

	31/01/25 £000	31/01/24 £000
Creations awaiting settlement	–	10,140
Sales awaiting settlement	–	1,615
Accrued income	2,676	2,861
Other debtors	11	–
Total debtors	<u>2,687</u>	<u>14,616</u>

## Note 10 Cash and bank balances

	31/01/25 £000	31/01/24 £000
Cash and bank balances	–	1
Total cash and bank balances	<u>–</u>	<u>1</u>

## Note 11 Other creditors

	31/01/25 £000	31/01/24 £000
Cancellations awaiting settlement	138	373
Purchases awaiting settlement	10,616	24,891
Manager's periodic charge payable	137	37
Trustee's fees payable	8	9
Safe custody charges payable	3	12
Audit fee payable	12	11
Handling charges payable	–	2
FTSE licence fees payable	29	11
Total other creditors	<u>10,943</u>	<u>25,346</u>

# Notes to the financial statements

## Note 12 Reconciliation of units

	Class 'A'	Class 'B'
	Accumulation	Accumulation
Opening units issued at 01/02/24	27,739,186	360,738,918
Unit movements in year:		
Units issued	35,674	16,813,563
Units cancelled	(465,718)	(22,863,778)
Closing units at 31/01/25	27,309,142	354,688,703

## Note 13 Contingencies and commitments

At 31 January 2025 the Fund had no outstanding calls on partly paid shares, no potential underwriting commitments or any other contingent liabilities (31/01/24: £nil).

## Note 14 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 1.025% in respect of Class 'A' units and 0.005% 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 15 Related party transactions

The Manager, Phoenix Unit Trust Managers Limited (PUTM) is a related party due to PUTM acting as key management personnel to the Fund and is regarded as a controlling party by virtue of having the ability to act in respect of operation of the Fund.

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 the following percentage of the units at the year end:

	Class 'A'	Class 'B'
	%	%
As at 31 January 2025:	100.00	100.00
As at 31 January 2024:	100.00	100.00

The 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 and Note 8.

Any balances due to/from the Manager or its associates at the current and prior year end in respect of these transactions are shown in Notes 9 and 11.

# Notes to the financial statements

## Note 16 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 into, 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

There was no counterparty exposure held in respect of derivatives at the year end (31.01.24: £nil).

### Currency exposure

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

Currency	Net currency assets/(liabilities) 31/01/25			Net currency assets/(liabilities) 31/01/24		
	Monetary exposure £000	Non-monetary exposure £000	Total exposure £000	Monetary exposure £000	Non-monetary exposure £000	Total exposure £000
Sterling	(8,256)	597,518	589,262	(10,729)	612,628	601,899
	(8,256)	597,518	589,262	(10,729)	612,628	601,899

### Interest profile

The interest rate risk profile of financial assets and liabilities at 31 January 2025 was:

Currency	Fixed rate financial assets £000	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	572,981	24,537	2,687	600,205
	572,981	24,537	2,687	600,205

Currency	Fixed rate financial liabilities £000	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	–	–	(10,943)	(10,943)
	–	–	(10,943)	(10,943)

# Notes to the financial statements

## Note 16 Financial instruments (continued)

### Interest profile (continued)

The interest rate risk profile of financial assets and liabilities at 31 January 2024 was:

Currency	Fixed rate financial assets £000	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	598,913	13,716	14,616	627,245
	598,913	13,716	14,616	627,245

Currency	Fixed rate financial liabilities £000	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	–	–	(25,346)	(25,346)
	–	–	(25,346)	(25,346)

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 abrdn Liquidity Fund.

Credit Ratings	31/01/25		31/01/24	
	£000	%	£000	%
Investment grade	572,981	100.00	598,913	100.00
Total investment in bonds	572,981	100.00	598,913	100.00

### 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 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 decreasing the return and net assets by £45,491,026 (31/01/24: £51,703,124). A one percent decrease would have an equal and opposite effect.

#### Foreign currency risk sensitivity

As the majority of the Fund's financial assets are in the base currency of the Fund (Sterling), the Fund is only subject to limited exposure to fluctuations in foreign currency and therefore, no sensitivity analysis has been provided.

#### 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 £29,875,910 (31/01/24: £30,631,408). A five percent decrease would have an equal and opposite effect.

# Notes to the financial statements

## Note 17 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.

As at 31/01/25				
Level	1	2	3	Total
Investment assets	£000	£000	£000	£000
Bonds	572,982	–	–	572,982
Money market funds	24,536	–	–	24,536
	597,518	–	–	597,518

As at 31/01/24				
Level	1	2	3	Total
Investment assets	£000	£000	£000	£000
Bonds	598,913	–	–	598,913
Money market funds	13,715	–	–	13,715
	612,628	–	–	612,628



# Notes to the financial statements

## Note 18 Portfolio transaction costs

For the year ended 31/01/25

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
<b>Analysis of total purchases costs</b>								
Bond transactions	89,274	–	–	–	–	–	–	89,274
Total	89,274	–		–		–		89,274

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
<b>Analysis of total sales costs</b>								
Bond transactions	95,979	–	–	–	–	–	–	95,979
Total	95,979	–		–		–		95,979

The Fund has paid £nil as commission on purchases and sales of derivatives transactions for the year ended 31.01.25.

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

Commission	0.00%
Taxes	0.00%
Other expenses	0.00%

For the year ended 31/01/24

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
<b>Analysis of total purchases costs</b>								
Bond transactions	94,959	–	–	–	–	–	–	94,959
Money market funds	66,430	–	–	–	–	–	–	66,430
Total	161,389	–		–		–		161,389

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
<b>Analysis of total sales costs</b>								
Bond transactions	65,610	–	–	–	–	–	–	65,610
Money market funds	60,111	–	–	–	–	–	–	60,111
Corporate actions	35,903	–	–	–	–	–	–	35,903
Total	161,624	–		–		–		161,624

The Fund has paid £524 as commission on purchases and sales of derivatives transactions for the year ended 31/01/24.

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

Commission	0.00%
Taxes	0.00%
Other expenses	0.00%

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# Notes to the financial statements

## **Note 18 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 0.04% (31/01/24: 0.07%) being the difference between the respective bid and offer prices for the Fund's investments.

# Distribution tables

For the year ended 31 January 2025

## Interest distributions

### Interim distribution in pence per unit

Group 1: units purchased prior to 1 February 2024

Group 2: units purchased 1 February 2024 to 31 July 2024

	Gross income	Equalisation	2024 pence per unit paid 30 Sep	2023 pence per unit paid 30 Sep
<b>Class 'A' Accumulation</b>				
Group 1	0.7498	—	0.7498	0.3901
Group 2	0.2242	0.5256	0.7498	0.3901

### Class 'B' Accumulation

Group 1	1.6401	—	1.6401	1.2510
Group 2	1.0189	0.6212	1.6401	1.2510

### Final distribution in pence per unit

Group 1: units purchased prior to 1 August 2024

Group 2: units purchased 1 August 2024 to 31 January 2025

	Gross income	Equalisation	2025 pence per unit payable 31 Mar	2024 pence per unit paid 31 Mar
<b>Class 'A' Accumulation</b>				
Group 1	0.8848	—	0.8848	0.6012
Group 2	0.3342	0.5506	0.8848	0.6012

### Class 'B' Accumulation

Group 1	1.8334	—	1.8334	1.4671
Group 2	0.9798	0.8536	1.8334	1.4671

## 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.

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## Responsibilities of the manager and the trustee

- a) The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual and interim accounting period which give a true and fair view of the financial position of the Fund and of the net revenue and the net capital losses on the property of the Fund for the year.

In preparing the accounts the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on its website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

- b) The Depositary in its capacity as Trustee of the PUTM Bothwell Sterling Government 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.

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# 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 Sterling Government Bond Fund of the PUTM Bothwell Range of Unit Trusts ("the Trust") for the Period Ended 31 January 2025**

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  
29 May 2025

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  
29 May 2025

Michael Eakins, Director  
William Swift, Director

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# Independent auditor's report to the unitholders of the PUTM Bothwell Sterling Government Bond Fund

## Opinion

We have audited the financial statements of PUTM Bothwell Sterling Government Bond Fund (the 'Fund') for the year ended 31 January 2025 which comprise the Statement of total return, the Statement of Change in the Net Assets Attributable to Unitholders, the Balance sheet, the Related notes and Distribution tables for the Fund and the accounting policies set out on pages 13 and 14.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Fund as at 31 January 2025 and of the net revenue and the net capital losses on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going Concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Fund or to cease their operations, and as they have concluded that the Fund's financial position means that this is realistic.

They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the Fund's business model and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Fund will continue in operation..

## Fraud and breaches of laws and regulations - ability to detect

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors as to the Fund's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Adviser; and
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on

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# Independent auditor's report to the unitholders of the PUTM Bothwell Sterling Government Bond Fund

publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

## ***Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Fund is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## ***Context of the ability of the audit to detect fraud or breaches of law or regulation***

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## ***Other information***

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

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# Independent auditor's report to the unitholders of the PUTM Bothwell Sterling Government Bond Fund

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

## **Manager's responsibilities**

As explained more fully in its statement set out on page 26, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders 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 Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

## **Grant Archer**

### **for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
319 St Vincent Street  
Glasgow  
G2 5AS  
29 May 2025



# 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](http://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](http://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](http://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 2024

	Headcount	Total remuneration
<b>Phoenix Unit Trust Managers</b>	2	85,616.40
of which		
Fixed Remuneration	2	56,532.92
Variable Remuneration	1	29,083.47
Carried Interest	n/a	
<b>Highest paid Director's Remuneration</b>		<b>19,581.99</b>

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.

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## 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 UK UCITS Code Staff not covered by the above.

### Assessment of Value

We are required to perform an annual Assessment of Value for each unit class of the PUTM Bothwell Sterling Government Bond Fund. A consolidated report has been published on the PUTM website which can be found in the 'Accounts and report' section. This is published within 4 months of the annual 'reference date' of 31 January 2025.

The Assessment of Value consolidated report can be accessed using the following link:  
<https://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 <https://www.thephoenixgroup.com/phoenix-unit-trust-managers/>.

### 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.

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# Corporate information (unaudited)

## Manager

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

## Directors

**Michael Eakins**  
(appointed 29 April 2024)  
PUTM Director, Group Chief  
Investment Officer;

**William Swift**  
(appointed 31 March 2025)  
PUTM Director, Group  
Financial Controller;

**Craig Baker**  
(resigned 28 April 2024)  
PUTM Director, Head of  
Policyholder Assets;

**Frances Clare MacLachlan**  
(resigned 30 March 2025)  
PUTM Director, Chief  
Finance Officer SLF UK,  
Sun Life of Canada;

**Brid Meany**  
(resigned 19 April 2024)  
PUTM Director, Chief  
Executive Phoenix Life;

**Martin John Muir**  
(appointed 20 March 2025)  
Non Executive Director of  
PUTM;

**Timothy Harris**  
Non Executive Director of  
PUTM;

**Nick Poyntz-Wright**  
Non Executive Director of  
PUTM;

**Ian Craston**  
(resigned 28 February 2025)  
Non Executive Director of  
PUTM.

## Investment Adviser

abrdrn 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

KPMG LLP  
319 St. Vincent Street  
Glasgow  
G2 5AS

## 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.

## 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.

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# Notes

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# Notes

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# Notes



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](http://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.