

PHOENIX UNIT TRUST MANAGERS

MANAGER'S ANNUAL REPORT

For the year: 1 October 2022 to 30 September 2023

PUTM BOTHWELL INDEX-LINKED STERLING HEDGED FUND



Contents

Investment review*	2-3
Portfolio of investments*	4-6
Top ten purchases and sales	7
Statistical information*	8-10
Statements of total return & change in unitholders' funds	11
Balance sheet	12
Notes to the financial statements	13-23
Distribution tables	24
Responsibilities of the manager and the trustee	25
Trustee's report and directors' statement	26
Independent auditor's report	27-29
Corporate information*	30-32

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

Investment review

Dear Investor

Welcome to the PUTM Bothwell Index-Linked Sterling Hedged Fund report for the 12 months to 30 September 2023.

Performance Review

Over the review period, the PUTM Bothwell Index-Linked Sterling Hedged Fund returned -12.58%. (Source: abrdn for 12 months to 30 September 2023). This was compared to its benchmark index, which returned -12.75%. (Source: abrdn, British Government Index-Linked All Stocks, Total Return for 12 months to 30 September 2023).

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

Standardised Past Performance

	Sep 22-23 % growth	Sep 21-22 % growth	Sep 20-21 % growth	Sep 19-20 % growth	Sep 18-19 % growth
PUTM Bothwell Index-Linked Sterling Hedged Fund	-12.58	-26.07	0.20	0.38	18.50
Benchmark Index	-12.75	-25.85	0.46	0.40	18.43

Source: Fund performance is abrdn for 12 months to 30 September. Benchmark index performance is abrdn, British Government Index-Linked All Stocks, Total Return to 30 September for each year.

Past performance is not a guide to future performance.

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

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

Into the end of 2022, global government bond yields rose, with the Bank of Japan's surprising move to raise its target yield bands. In the UK, bond market turmoil was finally stabilised after the Bank of England (BoE) took the unprecedented step of purchasing index-linked gilts. In January 2023, global government bonds recovered, as investors anticipated that central banks would limit the extent of their monetary policy tightening. However, this was reversed in February, as the global economy did not slow as previously anticipated. March then saw an explosion of volatility due to the collapse of Silicon Valley Bank (SVB) and Signature Bank. During the second quarter of 2023, investor focus returned to the question of inflation. While headline inflation declined across most developed economies, core inflation (excluding food and energy categories) persisted at levels above mandated central bank targets. This resulted in the US Federal Reserve (Fed), the European Central Bank (ECB) and the BoE all raising rates during the second quarter. With central banks raising rates, inflation lingering at elevated levels and economic data showing only hints of fragility, developed market government bonds came under pressure. The effect on inflation curves was varied. UK breakevens were generally wider, given the fear of a structural inflation problem. US and EU inflation curves were steeper but little changed in terms of outright level. The third quarter of 2023 was a weak period for government bonds, as the market contended with developed market central banks looking to pause their rate hiking cycles while advocating higher-for-longer rates in future policy settings. The economic backdrop was mixed, with data surprising to the upside in China and Europe, disappointing in the UK, and proving resilient in the US. The Fed, BoE and ECB all raised rates over the quarter. In July, the Fed and the ECB both hiked rates by 25 bps. In August, the BoE raised rates by 25 bps. Then, in September, the Fed and the BoE both held rates. However, the ECB raised rates by 25 bps to an all-time high of 4%.

In terms of Fund performance, during the final quarter of 2022, the long 30-year US CPI position contributed positively, as the long end of the US inflation curve outperformed. The long New Zealand real yields position was also positive, as real yields generally outperformed. Conversely, the long position in the belly of the UK index-linked Gilts (UKTIs) 44s47s50s contributed negatively, as UKTI 47s underperformed following the market turmoil at the start of the quarter. The UKTI 10s30s flattener position also underperformed, as the shorter-dated tenors outperformed during the period of instability. In the first quarter of 2023, the long New Zealand real yields position contributed positively, as global duration was spurred on by the banking crisis in March. Another positive contributor was our long 30-year US Treasury Inflation-Protected Securities (TIPS) position, which benefitted from the falling yield environment. The short 10-year US bond futures position contributed negatively. Our UKTI 10s30s flattener position contributed negatively, as shorter-dated real yields continued to outperform. This was, in part, due to the modest nominal curve steepening and the upcoming UKTI supply in the 20 to 30-year sector. In the second quarter of 2023, the short US 10-year bond futures position contributed positively, as our expectations for the Fed to continue to hike alongside a persistent inflation backdrop encouraged us to be short US nominal yields. The long 10-year TIPS versus 10-year UKTIs position also contributed positively, as UK bonds continued to underperform global peers. Our long New Zealand real yields position contributed negatively, as they moved higher alongside global duration moves. The long Gilts versus Bunds position contributed negatively, as UK duration continued to underperform other markets and questions around investor appetite for UK assets grew, given the macroeconomic uncertainty and heavy supply. Finally, in the third quarter of 2023, the short position in US 10-year bond futures contributed positively. Economic data in the US was broadly resilient despite tighter monetary policy, allowing yields to move higher. The Fund also benefitted from exposure to US 30-year consumer price index (CPI) swaps, with inflation expectations moving higher as the Fed approaches its terminal rate amid a robust economic backdrop. However, the Fund's position in New Zealand real yields contributed negatively, as New Zealand's central bank was aggressive during this hiking cycle. An overweight position in US TIPS also detracted from performance. Yields have

moved higher as the market questions the neutral rate of interest and the level at which the Fed may hold rates.

At the start of the period, we initiated an underweight position in UKTIs, as we believed UKTIs were over-stretched amid volatility following the mini-budget. We also entered a short position in US 10-year nominal futures, as we thought the Fed would maintain its hiking path. We entered into a UKTI 25-year versus 50-year curve steeper position, as we sought to oppose the extreme inversion of the real yield curve. We also added an underweight position in UK Gilt futures. In the first quarter of 2023, we removed this underweight position in UK Gilt futures, as we looked to soften the short-duration stance of the portfolio amid the strength in government bond markets. We also entered into a UKTI curve trade, going short 30-year bonds versus 20-year and 40-year bonds, as we sought to oppose the richness of the 30-year on the curve. We then took profit on our UKTI curve trade, after the 30-year sector cheapened substantially on the curve and the trade hit our targets. We also initiated a new trade, going long 10-year US TIPS against a short position in 10-year UKTIs. In the second quarter of 2023, we entered into a long 10-year UK nominal Gilt futures against a 10-year Bund futures position, as we believed the underperformance of UK duration might reverse. This trade was removed in May after this underperformance continued. We took profit on our long 10-year US TIPS versus 10-year UKTIs trade, after UK duration underperformed. We closed the UK leg, as we continue to think that 10-year TIPS offer attractive yields, and reduced our long position in 30-year TIPS alongside this. We also reduced our short position in 10-year US Bond futures after yields rose sharply in May amid firm economic data. Finally, we removed our UKTI micro curve position to be long of 2047 bonds, versus 44s and 50s, after it moved back towards our entry levels and we felt the trade's rationale had diminished. In the third quarter of 2023, we added a UK real yield steepening position, as we sought to oppose the flattening seen in June in the 5-year, 30-year curve. The sell-off in duration has hit the UK front-end hard, pushing 5-year yields higher and causing the 5-year, 30-year yield curve to invert. We also increased the size of a small position in 10-year US futures, which we think offer increasingly good value. In August, we opened a US 10-year Treasury versus 10-year Bund position on the expectation that US data would continue to outperform European data. We also reduced US inflation exposure by selling US TIPS and covering part of the US futures short at the 10-year point of the curve. In September, we switched out of 2068 UK index-linked bonds and into 2058s to open a steepening bias in the long end of the UK curve. We cut the 0.2-year duration position in German 10-year bunds in half. We left the US Treasury 10-year exposure at 0.2-year duration, thereby reducing Fund duration overall by 0.1 year.

Market Outlook and Fund Strategy

Future central bank moves will be highly data-dependent, as they gauge how tight current financial conditions are relative to the perceived neutral rate and, thereby, what will be required going forward. A notable change in September was central banks showing more willingness to pause or move towards a pause in an attempt to evaluate the effect of previous hikes.

We maintain our long position in 30-year US CPI, expressing a positive inflation bias in the US, which should benefit if data continues to prove resilient. We have reduced overall duration by trimming the long leg of the Germany versus US spread, leaving us slightly underweight duration in the US. This sits alongside our continued overweight real yield position in New Zealand, which we believe offers attractive return prospects, with real yields being kept at elevated levels in part by the global duration backdrop. We remain neutral outright in terms of UK duration positioning but maintain a curve position that opposes the inversion of the 5s30s real yield curve. Recent moves in duration have pushed the UK front-end higher and have elevated five-year real yields to levels not seen since the September 2022 mini-budget, driving a material flattening in the real yield curve at these points. We think five-year real yields could be well-supported should the BoE be unable to realise the rate hikes priced into the market, while the return of liability-driven investment demand looks to be shorter down the curve, removing a barrier to 30-year underperformance.

Portfolio of investments (unaudited)

Investments held at 30 September 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	Government Index-Linked (30/09/22 - 95.87%)		90.88
NZ\$498,000	New Zealand 2.5% 20/09/2035	290	2.74
£207,000	UK Treasury 0.125% 22/03/2024	317	3.00
£216,100	UK Treasury 0.125% 22/03/2026	309	2.92
£288,200	UK Treasury 0.125% 10/08/2028	380	3.59
£228,800	UK Treasury 0.125% 22/03/2029	353	3.34
£102,700	UK Treasury 0.125% 10/08/2031	128	1.21
£192,800	UK Treasury 0.125% 22/11/2036	251	2.37
£50,000	UK Treasury 0.125% 22/03/2039	54	0.51
£209,900	UK Treasury 0.125% 10/08/2041	232	2.19
£403,333	UK Treasury 0.125% 22/03/2044	485	4.58
£310,400	UK Treasury 0.125% 22/03/2046	339	3.21
£259,100	UK Treasury 0.125% 10/08/2048	256	2.42
£107,000	UK Treasury 0.125% 22/03/2051	95	0.90
£95,200	UK Treasury 0.125% 22/11/2056	89	0.84
£350,300	UK Treasury 0.125% 22/03/2058	335	3.17
£140,700	UK Treasury 0.125% 22/11/2065	126	1.19
£203,744	UK Treasury 0.125% 22/03/2068	189	1.79
£16,700	UK Treasury 0.125% 22/03/2073	13	0.12
£213,099	UK Treasury 0.25% 22/03/2052	238	2.25
£289,623	UK Treasury 0.375% 22/03/2062	326	3.08
£283,584	UK Treasury 0.5% 22/03/2050	394	3.73
£414,502	UK Treasury 0.625% 22/03/2040	658	6.22
£281,974	UK Treasury 0.625% 22/11/2042	443	4.19
£54,000	UK Treasury 0.625% 22/03/2045	48	0.45
£229,670	UK Treasury 0.75% 22/03/2034	370	3.50
£99,483	UK Treasury 0.75% 22/11/2047	155	1.47
£220,000	UK Treasury 1.125% 22/11/2037	415	3.92
£201,308	UK Treasury 1.25% 22/11/2032	368	3.48
£204,578	UK Treasury 1.25% 22/11/2055	381	3.60
£275,800	UK Treasury 2% 26/01/2035	660	6.24
£72,353	UK Treasury 2.5% 17/07/2024	274	2.59
£189,910	UK Treasury 4.125% 22/07/2030	642	6.07
	Other Index-Linked (30/09/22 - 0.80%)		8.41
£99,000	Network Rail 1.125% 22/11/2047	161	1.52
£50,000	Network Rail 1.375% 22/11/2037	93	0.88
£337,000	Network Rail 1.75% 22/11/2027	636	6.01
	Money Market (30/09/22 - 1.09%)		0.61
£64	Aberdeen Standard Liquidity Fund (Lux) – Seabury Sterling Class Z-1+	64	0.61
	Inflation Rate Swaps (30/09/22 - 0.06%)		0.23
(\$95,000)	Morgan Stanley 2.311% 12/07/2051	(23)	(0.22)
\$95,000	Morgan Stanley CPI 12/07/2051	36	0.34
(\$95,000)	Morgan Stanley 2.425% 09/09/2051	(24)	(0.22)
\$95,000	Morgan Stanley CPI 09/09/2051	35	0.33

Portfolio of investments (unaudited)

Investments held at 30 September 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	Forward Foreign Exchange Contracts (30/09/22 - 0.06%)		(0.13)
USD 1,377	USD Forward Currency Contract 05/10/2023	1	0.01
(GBP 1,093)	GBP Forward Currency Contract 05/10/2023	(1)	(0.01)
GBP 281,965	GBP Forward Currency Contract 05/10/2023	282	2.67
(NZD 601,270)	NZD Forward Currency Contract 05/10/2023	(296)	(2.80)
GBP 15,990	GBP Forward Currency Contract 05/10/2023	16	0.15
(USD 20,135)	USD Forward Currency Contract 05/10/2023	(16)	(0.15)
USD 1,310	USD Forward Currency Contract 05/10/2023	1	0.01
(GBP 1,038)	GBP Forward Currency Contract 05/10/2023	(1)	(0.01)
GBP 3,115	GBP Forward Currency Contract 05/10/2023	3	0.03
(NZD 6,616)	NZD Forward Currency Contract 05/10/2023	(3)	(0.03)
USD 1,003	USD Forward Currency Contract 05/10/2023	1	0.01
(GBP 791)	GBP Forward Currency Contract 05/10/2023	(1)	(0.01)
USD 413	USD Forward Currency Contract 05/10/2023	-	0.00
(GBP 328)	GBP Forward Currency Contract 05/10/2023	-	0.00
GBP 799	GBP Forward Currency Contract 05/10/2023	1	0.01
(USD 1,003)	USD Forward Currency Contract 05/10/2023	(1)	(0.01)
GBP 707	GBP Forward Currency Contract 05/10/2023	1	0.01
(USD 882)	USD Forward Currency Contract 05/10/2023	(1)	(0.01)
GBP 360	GBP Forward Currency Contract 05/10/2023	-	0.00
(USD 451)	USD Forward Currency Contract 05/10/2023	-	0.00
GBP 739	GBP Forward Currency Contract 05/10/2023	1	0.01
(USD 921)	USD Forward Currency Contract 05/10/2023	(1)	(0.01)
NZD 9,373	NZD Forward Currency Contract 05/10/2023	4	0.04
(GBP 4,435)	GBP Forward Currency Contract 05/10/2023	(4)	(0.04)
GBP 290,999	GBP Forward Currency Contract 03/11/2023	291	2.75
(NZD 598,513)	NZD Forward Currency Contract 03/11/2023	(295)	(2.79)
NZD 598,513	NZD Forward Currency Contract 05/10/2023	295	2.79
(GBP 291,043)	GBP Forward Currency Contract 05/10/2023	(291)	(2.75)
USD 19,289	USD Forward Currency Contract 05/10/2023	16	0.15
(GBP 15,759)	GBP Forward Currency Contract 05/10/2023	(16)	(0.15)
GBP 15,757	GBP Forward Currency Contract 03/11/2023	16	0.15
(USD 19,289)	USD Forward Currency Contract 03/11/2023	(16)	(0.15)
GBP 235	GBP Forward Currency Contract 03/11/2023	-	0.00
(USD 286)	USD Forward Currency Contract 03/11/2023	-	0.00
USD 1,241	USD Forward Currency Contract 03/11/2023	1	0.01
(GBP 1,021)	GBP Forward Currency Contract 03/11/2023	(1)	(0.01)
GBP 250	GBP Forward Currency Contract 03/11/2023	-	0.00
(USD 304)	USD Forward Currency Contract 03/11/2023	-	0.00
GBP 899	GBP Forward Currency Contract 03/11/2023	1	0.01
(USD 1,100)	USD Forward Currency Contract 03/11/2023	(1)	(0.01)
	Futures (30/09/22 - 0.26%)		0.08
(5)	CBT US 10Y Ultra Futures December 2023	12	0.11
1	EUX Euro-Bund Futures December 2023	(3)	(0.03)

Portfolio of investments (unaudited)

Investments held at 30 September 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	Portfolio of investments ^	10,586	100.08
	Net other liabilities	(8)	(0.08)
	Net assets	<u>10,578</u>	<u>100.00</u>

Unless otherwise stated, all investments with the exception of Forward Foreign Exchange Contracts and Inflation Rate Swaps are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

The counterparty for the Futures Contracts is Morgan Stanley.

The counterparties for the Forward Foreign Exchange contracts are BNP Paribas, Citigroup, JP Morgan Chase Bank, Lloyds Bank Corporate Markets, Merrill Lynch, Morgan Stanley, National Westminster Bank and Royal Bank of Canada.

The counterparty for the Inflation Rate Swaps is Morgan Stanley.

^ Includes investment liabilities.

+SICAVs (open ended investment schemes registered outside the UK).

Credit Ratings	£000	%
Investment grade	<u>10,503</u>	<u>99.29</u>
Total investment in bonds	<u>10,503</u>	<u>99.29</u>

Top ten purchases and sales

For the year ended 30 September 2023

Purchases	Cost £000	Sales	Proceeds £000
Aberdeen Standard Liquidity Fund (Lux) – Seabury Sterling Class Z-1	1,407	Aberdeen Standard Liquidity Fund (Lux) – Seabury Sterling Class Z-1	1,476
Network Rail 1.75% 22/11/2027	616	UK Treasury 0.75% 22/11/2047	476
UK Treasury 0.125% 10/08/2028	403	UK Treasury 1.25% 22/11/2027	456
UK Treasury 1.25% 22/11/2032	347	UK Treasury 0.625% 22/03/2040	335
UK Treasury 0.625% 22/03/2040	319	UK Treasury 0.125% 22/03/2024	287
UK Treasury 0.125% 22/11/2036	297	UK Treasury 1.25% 22/11/2032	267
UK Treasury 0.125% 22/03/2044	293	UK Treasury 1.875% 22/11/2022	253
UK Treasury 0.125% 22/03/2051	261	UK Treasury 0.125% 22/03/2026	194
UK Treasury 0.375% 22/03/2062	183	UK Treasury 0.125% 22/03/2029	178
Network Rail 1.125% 22/11/2047	181	UK Treasury 0.125% 22/03/2068	152
Subtotal	4,307	Subtotal	4,074
Other purchases	1,528	Other sales	1,613
Total purchases for the year	5,835	Total sales for the year	5,687

Please note that the top ten purchases and sales excludes derivatives instruments.

Statistical information

Comparative table

	30/09/23	Class 'B' Accumulation 30/09/22	30/09/21
	pence	pence	pence
Change in net assets per unit			
Opening net asset value per unit	157.43	214.45	214.41
Return before operating charges*	(18.85)	(56.82)	0.21
Operating charges	(0.24)	(0.20)	(0.17)
Return after operating charges*	(19.09)	(57.02)	0.04
Distributions on accumulation units	(13.45)	(16.47)	(3.17)
Retained distributions on accumulation units	13.45	16.47	3.17
Closing net asset value per unit	138.34	157.43	214.45
*after direct transaction costs of: ^	0.00	0.06	0.04

Performance

Return after charges	(12.13%)	(26.59%)	0.02%
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Other information

Closing net asset value (£000)	10,578	12,268	19,114
Closing number of units	7,646,204	7,792,249	8,913,205
Operating charges	0.16%	0.10%	0.08%
Direct transaction costs	0.00%	0.03%	0.02%

Prices⁺

Highest unit price (pence)	163.39	240.10	230.75
Lowest unit price (pence)	123.99	122.42	196.58

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

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

Statistical information

Investment objective

The fund aims to provide a total return (a combination of capital growth and income) by outperforming the benchmark by 0.25% to 0.75% per annum over any given 3 year period.

The benchmark as the FTSE UK Index-Linked Gilts All Stocks Index (the "Index").

Investment policy

The Fund aims to achieve its objective by investing at least 80% of the portfolio in index-linked securities (indexed against the UK Retail Prices Index or a similar UK inflation index) issued by approved supranational bodies and OECD governments. Non-Sterling exposure will be predominantly hedged back to Sterling.

In meeting the Fund objective and to aid diversification, the Fund may invest up to 20% in investment grade fixed and floating rate government backed corporate bonds and up to 10% in fixed rate UK Government Treasury Stock. The Fund may also invest in other transferable securities, units in collective investment schemes and may hold up to 20% of its assets in money market instruments, deposits, cash and near cash. Derivatives may be used for efficient portfolio management and hedging only.

Investment strategy

Although at least 80% of the Fund is invested in components of the Index, the Fund is actively managed. The investment Adviser uses a stock selection model to select individual holdings, where they believe there is misalignment in the assessment of growth prospects and creditworthiness of the holdings and that of the market, while giving consideration to future economic and business conditions. The Fund is managed within constraints, so that divergence from the Index is controlled. The Fund's portfolio may, therefore, be similar to the components of the Index.

Revenue distribution and pricing

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

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

Statistical information

Risk and reward profile

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

← Typically lower rewards, lower risk			Typically higher rewards, higher risk →			
1	2	3	4	5	6	7

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

- Class 'B' Accumulation

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

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

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

Annual financial statements

For the year ended 30 September 2023

Statement of total return

	Notes	30/09/23		30/09/22	
		£000	£000	£000	£000
Income					
Net capital losses	4		(2,486)		(5,423)
Revenue	5	1,059		1,297	
Expenses	6	(18)		(16)	
Interest payable and similar charges		(1)		–	
Net revenue before taxation		<u>1,040</u>		<u>1,281</u>	
Taxation	7	–		–	
Net revenue after taxation			<u>1,040</u>		<u>1,281</u>
Total deficit before distributions			(1,446)		(4,142)
Distributions	8		(1,040)		(1,281)
Change in unitholders' funds from investment activities			<u>(2,486)</u>		<u>(5,423)</u>

Statement of change in unitholders' funds

	£000	30/09/23		30/09/22	
		£000	£000	£000	£000
Opening net assets			12,268		19,114
Amounts receivable on issue of units	1,355			2,884	
Amounts payable on cancellation of units	<u>(1,597)</u>			<u>(5,555)</u>	
			(242)		(2,671)
Change in unitholders' funds from investment activities			(2,486)		(5,423)
Retained distributions on accumulation units			1,038		1,248
Closing net assets			<u>10,578</u>		<u>12,268</u>

Annual financial statements

As at 30 September 2023

Balance sheet

	Notes	30/09/23		30/09/22	
		£000	£000	£000	£000
Assets:					
Fixed assets:					
Investments			10,607		12,046
Current assets:					
Debtors	9	13		377	
Cash and bank balances	10	9		10	
Total current assets			22		387
Total assets			10,629		12,433
Liabilities:					
Investment liabilities			(21)		(6)
Creditors:					
Bank overdraft	11	(19)		(29)	
Other creditors	12	(11)		(130)	
Total creditors			(30)		(159)
Total liabilities			(51)		(165)
Net assets			10,578		12,268
Unitholders' funds			10,578		12,268

Notes to the financial statements

Note 1 Accounting policies

(a) Basis of preparation

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

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

(b) Valuation of investments

The quoted investments of the Fund have been valued at bid dealing prices as at close of business on 29 September 2023, the last valuation point in the accounting year, in accordance with the Trust Deed.

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

Derivatives are valued as at close of business on 29 September 2023, the last valuation point of the accounting year.

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

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

(c) Foreign exchange

Transactions in foreign currencies during the year are translated into Sterling (the functional currency of the Fund), at the rates of exchange ruling on the transaction date. Amounts held in foreign currencies have been translated at the rate of exchange ruling at close of business, 29 September 2023, 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.

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

Notes to the financial statements

Note 1 Accounting policies (continued)

(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.

(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) 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.

(d) Expenses

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

Note 3 Risk management policies

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

(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

Notes to the financial statements

Note 3 Risk management policies (continued)

(a) Market price risk (continued)

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 partly/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

The Fund has no significant exposure to foreign currency risk.

(d) Liquidity risk

The Fund's assets are comprised of mainly readily realisable securities. If insufficient cash is available to finance unit/shareholder 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 90.88% (30/09/22: 95.87%) of the Fund's assets were held in government bonds, 8.41% (30/09/22: 0.80%) in other 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.

(f) Counterparty risk

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

(g) Derivatives

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

Notes to the financial statements

Note 3 Risk management policies (continued)

(g) Derivatives (continued)

compromise the risk profile of the Fund. Use of derivatives will not knowingly contravene any relevant investment objective or limits.

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

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

The Manager has used inflation rate swaps to hedge the interest rate risk of holding fixed rate bonds during the period.

The derivative counterparty is shown at the bottom of the Portfolio of investments on page 8.

Note 4 Net capital losses

The net capital losses during the year comprise:

	30/09/23	30/09/22
	£000	£000
Losses on non-derivative securities	(2,528)	(5,490)
Gains on derivative contracts	44	67
Currency (losses)/gains	(1)	1
Handling charges	(1)	(1)
Net capital losses	<u>(2,486)</u>	<u>(5,423)</u>

Note 5 Revenue

	30/09/23	30/09/22
	£000	£000
Interest on debt securities	1,056	1,296
Liquidity interest	3	1
Total revenue	<u>1,059</u>	<u>1,297</u>

Note 6 Expenses

	30/09/23	30/09/22
	£000	£000
(a) Payable to the Manager or associates of the Manager and agents of either of them: Manager's periodic charge	<u>1</u>	<u>1</u>
(b) Payable to the Trustee or associates of the Trustee and agents of either of them: Trustee's fees	<u>1</u>	<u>1</u>
(c) Other expenses: Audit fee	10	10
Printing & stationery	1	1
Professional fees	5	3
	<u>16</u>	<u>14</u>
Total expenses	<u>18</u>	<u>16</u>

Notes to the financial statements

Note 7 Taxation

	30/09/23 £000	30/09/22 £000
(a) Analysis of tax charge for the year		
Total taxation	–	–
(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	1,040	1,281
Corporation tax at 20% (30/09/22: 20%)	208	256
Effects of:		
RPI indexation adjustment	(190)	(416)
Current period expenses not utilised	(18)	160
Total tax charge for the year (Note 7(a))	–	–

Authorised Unit Trusts are exempt from tax on capital gains in the UK.

(c) Provision for deferred taxation

At 30 September 2023 the Fund had a potential deferred tax asset of £446,911 (30/09/22: £464,473) in relation to surplus management expenses of £207,281 (30/09/22: £207,281) and non-trading deficits of £2,027,271 (30/09/22: £2,115,086).

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:

	30/09/23 £000	30/09/22 £000
Interim	581	339
Final	457	909
	1,038	1,248
Amounts deducted on cancellation of units	45	99
Amounts added on issue of units	(43)	(65)
Net distribution for the year	1,040	1,282
Net revenue after taxation	1,040	1,281
Expenses taken to capital	–	1
Net distribution for the year	1,040	1,282

Details of the distribution per unit are set out in the tables on page 24.

Notes to the financial statements

Note 9 Debtors	30/09/23	30/09/22
	£000	£000
Creations awaiting settlement	–	270
Sales awaiting settlement	–	92
Accrued income	13	15
Total debtors	<u>13</u>	<u>377</u>

Note 10 Cash and bank balances	30/09/23	30/09/22
	£000	£000
Cash and bank balances	1	2
Amounts held at futures clearing houses	8	8
Total cash and bank balances	<u>9</u>	<u>10</u>

Note 11 Bank overdraft	30/09/23	30/09/22
	£000	£000
Amounts due to futures clearing houses	2	24
Swaps collateral	17	5
Total bank overdraft	<u>19</u>	<u>29</u>

Note 12 Other creditors	30/09/23	30/09/22
	£000	£000
Purchases awaiting settlement	–	120
Audit fee payable	10	10
Handling charges payable	1	–
Total other creditors	<u>11</u>	<u>130</u>

Note 13 Reconciliation of units	Class 'B' Accumulation
Opening units issued at 01/10/22	7,792,249
Unit movements in year:	
Units issued	957,291
Units cancelled	(1,103,336)
Closing units at 30/09/23	<u>7,646,204</u>

Notes to the financial statements

Note 14 Contingencies and commitments

At 30 September 2023 the Fund had no outstanding calls on partly paid shares, no potential underwriting commitments or any other contingent liabilities (30/09/22: £nil).

Note 15 Related party transactions

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

The Manager is part of the Phoenix Group. Phoenix Life Limited, which is also part of the Phoenix Group, is a material unitholder in the Fund and therefore a related party, holding 100% of the units in Class 'B' Accumulation at the year end (30/09/22: 100%).

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 unitholders' funds and Note 8.

Any balances due to/from the Manager or its associates at 30 September 2023 in respect of these transactions are shown in Notes 9 and 12.

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 enters 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

At 30 September 2023, the Fund had the following counterparty exposure on open Forward Foreign Exchange Contracts:

BNP Paribas	£36
JP Morgan Chase	£3,582
Lloyds Bank	£44
Merrill Lynch	£1
Morgan Stanley	£179
National Westminster Bank	£42
Royal Bank of Canada	£35

At 30 September 2023, the Fund had the following counterparty exposure on Inflation Rate Swaps:

Morgan Stanley	£24,464
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The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparties are disclosed in the Portfolio of investments.

Notes to the financial statements

Note 16 Financial instruments (continued)

Currency exposure

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

Currency	Net currency assets 30/09/23			Net currency assets 30/09/22		
	Monetary exposure £000	Non- monetary exposure £000	Total exposure £000	Monetary exposure £000	Non- monetary exposure £000	Total exposure £000
Sterling	3	10,573	10,576	225	12,011	12,236
Euro	(2)	(3)	(5)	–	–	–
New Zealand Dollar	–	(5)	(5)	–	(4)	(4)
US Dollar	(9)	21	12	3	33	36
	(8)	10,586	10,578	228	12,040	12,268

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

Interest profile

The interest rate risk profile of financial assets and liabilities at 30 September 2023 was:

Currency	Fixed rate	Floating rate	Financial assets not carrying interest £000	Total £000
	financial assets £000	financial assets £000		
Sterling	–	10,286	633	10,919
New Zealand Dollar	–	290	299	589
US Dollar	–	–	96	96
	–	10,576	1,028	11,604

Currency	Floating rate	Financial liabilities	Total £000
	financial liabilities £000	not carrying interest £000	
Sterling	(16)	(327)	(343)
Euro	(2)	(3)	(5)
New Zealand Dollar	–	(594)	(594)
US Dollar	(1)	(83)	(84)
	(19)	(1,007)	(1,026)

Notes to the financial statements

Note 16 Financial instruments (continued)

Interest profile (continued)

The interest rate risk profile of financial assets and liabilities at 30 September 2022 was:

Currency	Fixed rate financial assets £000	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	–	11,636	849	12,485
New Zealand Dollar	–	296	57	353
US Dollar	–	69	136	205
	–	12,001	1,042	13,043

Currency	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	(29)	(220)	(249)
New Zealand Dollar	–	(357)	(357)
US Dollar	–	(169)	(169)
	(29)	(746)	(775)

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

Sensitivity analysis

Interest rate risk sensitivity

Changes in interest rates or changes in expectation of future interest rates may result in an increase or decrease in the the market value of the investments held. A one percent increase in interest rates (based on current parameters used by the Manager's Investment Risk department) would have the effect of decreasing the return and net assets by £1,532,707 (30/09/22: £2,030,088). 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 £529,306 (30/09/22: £591,020). 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.

For the year ended 30/09/23

Level	1	2	3	Total
Investment assets	£000	£000	£000	£000
Bonds	10,503	–	–	10,503
Derivatives	12	28	–	40
Money markets	64	–	–	64
	10,579	28	–	10,607
Investment liabilities	£000	£000	£000	£000
Derivatives	(3)	(18)	–	(21)
	(3)	(18)	–	(21)

For the year ended 30/09/22

Level	1	2	3	Total
Investment assets	£000	£000	£000	£000
Bonds	11,859	–	–	11,859
Derivatives	32	22	–	54
Money markets	133	–	–	133
	12,024	22	–	12,046
Investment liabilities	£000	£000	£000	£000
Derivatives	–	(6)	–	(6)
	–	(6)	–	(6)

Note 18 Portfolio transaction costs

For the year ended 30/09/23

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%
Analysis of total purchases costs	£000	£000	%	£000	%	£000	%
Bond transactions	4,428	–	–	–	–	–	–
Money markets	1,407	–	–	–	–	–	–
Total	5,835	–	–	–	–	–	–
Analysis of total sales costs	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%
Bond transactions	4,042	–	–	–	–	–	–
Money markets	1,476	–	–	–	–	–	–
Corporate actions	169	–	–	–	–	–	–
Total	5,687	–	–	–	–	–	–

Notes to the financial statements

Note 18 Portfolio transaction costs (continued)

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

Commission	0.00%
Taxes	0.00%
Other expenses	0.00%

The Fund has paid £92 as commission on purchases and sales of derivatives transactions for the year ended 30/09/23.

For the year ended 30/09/22

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%
Analysis of total purchases costs							
Bond transactions	4,545	–	–	–	–	–	–
Money markets	2,599	–	–	–	–	–	–
Total	<u>7,144</u>	<u>–</u>		<u>–</u>		<u>–</u>	

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%
Analysis of total sales costs							
Bond transactions	7,381	–	–	–	–	–	–
Money markets	2,614	–	–	–	–	–	–
Total	<u>9,995</u>	<u>–</u>		<u>–</u>		<u>–</u>	

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

Commission	0.03%
Taxes	0.00%
Other expenses	0.00%

The Fund has paid £4,888 as commission on purchases and sales of derivatives transactions for the year ended 30/09/22.

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 0.29% (30/09/22: 0.89%) being the difference between the respective bid and offer prices for the Fund's investments.

Distribution tables

For the year ended 30 September 2023

Interest distributions

Interim distribution in pence per unit

Group 1: units purchased prior to 1 October 2022

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

	Gross income	Equalisation	2023 pence per unit paid 31 May	2022 pence per unit paid 31 May
Class 'B' Accumulation				
Group 1	7.4788	—	7.4788	4.8126
Group 2	7.4105	0.0683	7.4788	4.8126

Final distribution in pence per unit

Group 1: units purchased prior to 1 April 2023

Group 2: units purchased 1 April 2023 to 30 September 2023

	Gross income	Equalisation	2023 pence per unit payable 30 Nov	2022 pence per unit paid 30 Nov
Class 'B' Accumulation				
Group 1	5.9721	—	5.9721	11.6594
Group 2	2.8539	3.1182	5.9721	11.6594

Equalisation

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

Responsibilities of the manager and the trustee

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

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

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

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

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

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

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

The Depositary must ensure that:

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

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

Trustee's report and directors' statement

Statement of the Depositary's Responsibilities in respect of the Scheme and Report of the Depositary to the Unitholders of the PUTM Bothwell Index-Linked Sterling Hedged Fund of the PUTM Bothwell Range of Unit Trusts ("the Trust") for the Period Ended 30 September 2023

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 January 2024

HSBC Bank plc

Directors' statement

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

Birmingham
29 January 2024

Brid Meaney, Director
Craig Baker, Director

Independent auditor's report to the unitholders of the PUTM Bothwell Index-Linked Sterling Hedged Fund

Opinion

We have audited the financial statements of the PUTM Bothwell Index-Linked Sterling Hedged Fund ("the Fund") for the year ended 30 September 2023 which comprise the Statement of Total Return, the Statement of Change in Unitholders' Funds, the Balance Sheet, the Distribution Tables and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 30 September 2023 and of the net revenue and the net capital losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

Independent auditor's report to the unitholders of the PUTM Bothwell Index-Linked Sterling Hedged Fund

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 25, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Independent auditor's report to the unitholders of the PUTM Bothwell Index-Linked Sterling Hedged Fund

Our approach was as follows:

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

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

Use of our report

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

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

Ernst & Young LLP
Statutory Auditor
Edinburgh
29 January 2024

Corporate information (unaudited)

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

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

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

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

Remuneration

The Manager has adopted a remuneration policy, up-to-date details of which can be found on www.phoenixunittrust.co.uk. This statement describes how remuneration and benefits are calculated and identifies the committee which oversees and controls this policy. A paper copy of these details can be requested free of charge from the Manager.

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

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

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

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

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

As at 31 December 2022

	Headcount	Total remuneration
Phoenix Unit Trust Managers	2	99,305.63
of which		
Fixed Remuneration	2	65,211.04
Variable Remuneration	1	34,094.59
Carried Interest	n/a	
Highest paid Director's Remuneration		39,922.40

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

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

Corporate information (unaudited)

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

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

Total remuneration can include any of the following;

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

Senior Management includes – PUTM Board and PUTM Executive Committees.

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

Assessment of Value

We are required to perform an annual assessment of the value for money for each unit class of PUTM Bothwell Index - Linked Sterling Hedged Fund. This has been performed based on the information available as at 30 September 2023.

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

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

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

Based on our assessment of the value of each unit class, PUTM are generally comfortable that the Fund meets most of the required Assessment of Value criteria. However, the Fund is not meeting its target outperformance of the benchmark index. PUTM will continue to monitor the Fund's performance and may take action, if required, which could involve change of investment strategy or investment manager.

Further details of the Assessment of Value can be found at 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 [phoenix-unit-trust-managers.co.uk/fund-climate-report](https://www.phoenix-unit-trust-managers.co.uk/fund-climate-report).

Risks

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

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

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

Corporate information (unaudited)

Manager

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

Directors

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

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

Investment Adviser

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

Trustee

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

Independent Auditor

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

Authorised status

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

Contact: **Client Services**

Call: **0345 584 2803**

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

Visit: **phoenixunittrust.co.uk**

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

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

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

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

*Authorised and regulated by the Financial Conduct Authority.