

PHOENIX UNIT TRUST MANAGERS

MANAGER'S ANNUAL REPORT

For the year: 2 May 2023 to 1 May 2024

PUTM UK STOCK MARKET FUND (SERIES 3)



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

Investment review

Dear Investor

Welcome to the PUTM UK Stock Market Fund (Series 3) annual report for the 12 months to 01 May 2024.

Performance Review

Over the review period, the accumulation units in the PUTM UK Stock Market Fund (Series 3) returned 6.28% (Source: State Street Global Advisors (SSGA) for 12 months to 01/05/24). Over the same period, the FTSE 250 (ex Invst Trust) Index returned 6.50% (Source: SSGA, FTSE 250 (ex Investment Trusts) Index for 12 months to 01/05/24).

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

Standardised Past Performance

	May 23-24 % growth	May 22-23 % growth	May 21-22 % growth	May 20-21 % growth	May 19-20 % growth
PUTM UK Stock Market Fund (Series 3)	6.28	-1.97	-6.75	41.07	-17.30
FTSE 250 (ex Invst Trust) Index	6.50	-2.44	-6.71	41.24	-17.22

Source: Fund performance is SSGA to 01 May for each year. Prior to 2023, source is FactSet.

Benchmark index performance is SSGA; FTSE 250 (ex Investment Trusts) Index, to 01 May for each year. Prior to 2023, source is FactSet.

Past performance is not a guide to future performance.

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

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

Investment review

Market Review

The FTSE 250 Index, which contains smaller companies typically more focused on the domestic UK economy, rose over the period but marginally underperformed the FTSE 100 Index, home to multinational companies.

The UK economy continued to stage a lacklustre post-pandemic performance compared with those of other G7 countries. In fact, there was a technical recession in the fourth quarter of 2023 as a 0.3% sequential fall in GDP followed a 0.1% contraction in output over the previous three months. This was due to a combination of elevated inflation, record-high interest rates and weak external demand. In annual terms, the UK economy shrank by 0.2% over the fourth quarter of 2023.

The Bank of England (BoE) announced a further three interest-rate increases over the period, taking its base rate from 3.50% at the start of 2023 to 5.25% by the end of it. The BoE increased its base rate by a further 25 basis points (bps) in May, by 50 bps in June and then by 25 bps in August. As a result of this restrictive stance, UK annual consumer inflation continued to trend downwards over the period, with the headline rate falling from 3.4% in February to 3.2% in March.

However, it has still remained above the BoE's 2% target, in part due to elevated food and energy prices. Supply-chain disruptions, tight labour-market conditions, and post-Brexit trade barriers have also contributed to stubborn inflation.

Market Outlook

Signs are emerging that the action taken by central banks to manage high levels of inflation in the UK and Europe is having the desired effect. However, while the pace of price rises is decelerating, geopolitical risk and wage growth remain elevated, making it more difficult to predict the path to monetary easing. Global growth is expected to slow and the UK and eurozone are already in recession-like conditions. The US economy has remained more resilient than many feared, although household savings and corporate balance sheets are finite. Chinese growth has stabilised, thanks in part to policy easing, but weak consumer confidence and difficulties in the real estate sector continue to weigh on the economy.

The UK equity market remains highly attractive in terms of valuation, both on an absolute basis and relative to global markets. This view is supported by the increased frequency of mergers and acquisitions across the market, which, in our view, will act as a catalyst to address this mispricing.

Finally, our outlook for UK growth is more constructive this year, with a modest recovery likely to be supported by real income growth, looser monetary policy, improving survey data and a pickup in housing activity.

Portfolio of investments (unaudited)

Investments held at 1 May 2024

Holding	Investment	Market value £	Percentage of total net assets %
	United Kingdom (01/05/23 – 88.68%)		85.31
	Aerospace & Defence (01/05/23 – 1.41%)		1.54
18,176	Chemring Group	69,614	0.44
36,009	QinetiQ	124,951	0.80
29,144	Senior	47,680	0.30
	Alternative Energy (01/05/23 – 0.34%)		0.36
12,738	Volution Group	56,238	0.36
	Automobiles & Parts (01/05/23 – 1.11%)		0.85
20,238	Aston Martin Lagonda Global Holdings	28,455	0.18
92,968	Dowlais Group	75,444	0.48
21,373	TI Fluid Systems	29,110	0.19
	Banks (01/05/23 – 1.79%)		2.62
2,361	Bank of Georgia Group	127,258	0.81
3,492	TBC Bank Group	120,649	0.77
75,795	Virgin Money	162,505	1.04
	Beverages (01/05/23 – 1.19%)		1.19
6,233	Barr (A.G.)	34,967	0.22
17,101	Britvic	151,087	0.97
	Chemicals (01/05/23 – 1.11%)		2.24
39,700	Elementis	56,136	0.36
12,326	Johnson Matthey	217,307	1.39
6,107	Victrex	77,192	0.49
	Construction & Materials (01/05/23 – 3.64%)		5.04
36,080	Balfour Beatty	133,568	0.85
21,065	Breedon Group	76,255	0.49
15,689	Genuit Group	68,639	0.44
26,396	lbstock	39,119	0.25
4,984	Keller	54,724	0.35
27,000	Kier Group	36,504	0.23
14,829	Marshalls Group	40,112	0.25
2,949	Morgan Sindall Group	66,500	0.42
17,836	Redrow	114,150	0.73
14,266	Travis Perkins	110,847	0.71
13,693	Tyman	50,596	0.32
	Electricity (01/05/23 – 1.07%)		0.88
26,969	Drax Group	138,756	0.88
	Electronic & Electrical Equipment (01/05/23 – 4.27%)		4.17
18,168	Morgan Advanced Materials	56,866	0.36
3,627	Oxford Instruments	82,514	0.53
2,357	Renishaw	97,816	0.62
59,059	Rotork	189,934	1.21
6,884	Spectris	227,034	1.45

Portfolio of investments (unaudited)

Investments held at 1 May 2024

Holding	Investment	Market value £	Percentage of total net assets %
	Financial Services (01/05/23 – 10.05%)		9.22
20,416	AJ Bell	67,883	0.43
31,464	Ashmore Group	60,914	0.39
15,646	Bridgepoint Group	36,236	0.23
10,392	Close Brothers	47,325	0.30
16,156	Finabl	1,781	0.01
25,580	Hargreaves Lansdown	207,403	1.32
24,059	IG Group Holdings	179,721	1.15
42,378	Investec	217,611	1.39
70,947	IP Group	33,629	0.21
31,120	Network International	122,239	0.78
23,704	Ninety One	40,486	0.26
27,236	OSB Group	112,539	0.72
14,886	Paragon	105,988	0.68
19,000	Petershill Partners	39,425	0.25
95,754	Quilter	105,521	0.67
4,114	Rathbones Group	67,223	0.43
	Fixed Line Telecommunications (01/05/23 – 0.83%)		0.87
52,804	Helios Towers	52,170	0.33
4,862	Telecom Plus	84,696	0.54
	Food & Drug Retailers (01/05/23 – 1.20%)		1.18
6,795	Greggs	184,824	1.18
	Food Producers (01/05/23 – 3.55%)		3.63
10,334	Bakkavör Group	12,246	0.08
3,576	Cranswick	152,874	0.97
5,598	Hilton Food Group	51,390	0.33
43,250	Premier Foods	69,719	0.44
52,315	SSP Group	103,479	0.66
27,666	Tate and Lyle	180,244	1.15
	Gas, Water & Multiutilities (01/05/23 – 0.97%)		0.83
19,173	Pennon Group	129,514	0.83
	General Industrials (01/05/23 – 1.00%)		1.00
106,497	Coats Group	86,795	0.55
14,662	Vesuvius	70,524	0.45
	General Retailers (01/05/23 – 5.97%)		3.75
21,184	AO World	22,370	0.14
69,834	Currys	42,843	0.27
7,482	Dunelm Group	75,793	0.48
25,728	Inchcape	206,596	1.32
31,540	Pets at Home Group	92,538	0.59
16,009	Watches of Switzerland Group	54,014	0.35
8,603	WHSmith	94,633	0.60

Portfolio of investments (unaudited)

Investments held at 1 May 2024

Holding	Investment	Market value £	Percentage of total net assets %
	Healthcare Equipment & Services (01/05/23 – 1.08%)		0.30
19,276	Spire Healthcare Group	47,612	0.30
	Household Goods (01/05/23 – 2.68%)		3.35
8,275	Bellway	208,365	1.33
17,289	Crest Nicholson Holdings	32,400	0.20
23,374	Vistry Group	285,163	1.82
	Industrial Engineering (01/05/23 – 2.70%)		1.23
12,601	Bodycote	88,207	0.56
5,572	Hill and Smith	104,642	0.67
	Industrial Metals (01/05/23 – 0.13%)		0.06
19,264	Ferrexpo	9,526	0.06
	Industrial Transportation (01/05/23 – 1.10%)		1.20
1,637	Clarkson	64,007	0.41
46,070	International Distributions Services	123,283	0.79
	Leisure Goods (01/05/23 – 1.38%)		1.59
2,271	Games Workshop	220,287	1.40
18,184	Photo-Me International	28,985	0.19
	Life Insurance (01/05/23 – 0.35%)		1.58
67,474	Just Group	69,363	0.44
122,018	Standard Life Aberdeen	178,634	1.14
	Media (01/05/23 – 3.42%)		3.26
1,875	4imprint Group	116,813	0.75
28,844	Ascential	90,109	0.57
7,362	Future	47,338	0.30
256,060	ITV	179,754	1.15
35,672	Moneysupermarket.com	76,909	0.49
	Mining (01/05/23 – 0.00%)		1.54
12,250	Endeavour Mining	208,985	1.33
20,951	Hochschild Mining	32,348	0.21
	Non-Equity Investment Instruments (01/05/23 – 0.24%)		0.15
30,209	Jupiter Fund Management	23,503	0.15
	Non-Life Insurance (01/05/23 – 0.93%)		1.05
89,123	Direct Line Insurance Group	164,967	1.05
	Oil & Gas Producers (01/05/23 – 2.20%)		1.51
9,578	Energean Oil & Gas	105,837	0.67
42,984	Harbour Energy	124,654	0.80
5,696	Ithaca Energy	6,664	0.04
	Oil Equipment & Services (01/05/23 – 0.76%)		0.87
3,246	Diversified Energy	36,031	0.23
9,498	Hunting	33,670	0.22
45,122	John Wood Group	66,149	0.42
	Personal Goods (01/05/23 – 0.63%)		0.30
41,812	Dr Martens	31,694	0.20
15,366	PZ Cussons	15,520	0.10

Portfolio of investments (unaudited)

Investments held at 1 May 2024

Holding	Investment	Market value £	Percentage of total net assets %
	Pharmaceuticals & Biotechnology (01/05/23 – 4.76%)		1.51
4,583	Genus	81,761	0.52
8,429	Invidor	119,355	0.76
17,108	PureTech Health	36,526	0.23
	Real Estate Investment & Services (01/05/23 – 2.73%)		2.83
49,823	Grainger	128,294	0.82
14,377	Great Portland REIT	55,783	0.35
9,191	Savills	99,447	0.63
94,161	Shaftesbury REIT	128,059	0.82
41,871	Target Healthcare	32,701	0.21
	Real Estate Investment Trusts (01/05/23 – 8.53%)		9.89
197,931	Assura REIT	81,627	0.52
12,637	Big Yellow REIT	136,985	0.87
63,823	British Land Real Estate Investment Trust	246,995	1.58
7,606	Derwent London REIT	155,923	0.99
36,804	Empiric Student Property	33,160	0.21
267,212	Hammerson	72,414	0.46
129,501	LondonMetric Property	254,987	1.63
89,241	Primary Health Properties	81,432	0.52
14,817	Safestore Holdings REIT	114,239	0.73
87,283	Supermarket Income REIT	63,018	0.40
128,221	Tritax Big Box REIT	194,255	1.24
54,552	Tritax Euro Box REIT	30,113	0.19
31,092	Urban Logistics REIT	35,756	0.23
10,101	Workspace Group REIT	49,899	0.32
	Software & Computer Services (01/05/23 – 3.69%)		4.67
20,540	Baltic Classifieds	48,064	0.31
14,513	Bytes Technology Group	70,272	0.45
4,770	Computacenter	118,773	0.76
27,784	Darktrace	167,093	1.06
6,527	Kainos Group	63,769	0.41
8,440	Softcat	131,664	0.84
30,909	Trainline	91,614	0.58
22,378	Trustpilot.com	41,757	0.26
	Support Services (01/05/23 – 7.88%)		5.55
34,919	Babcock International	178,785	1.14
7,286	CMC Markets	18,798	0.12
6,490	Discoverie Group	45,884	0.29
20,458	Essentra	36,006	0.23
105,636	Hays	97,238	0.62
18,460	IntegraFin Holdings	54,826	0.35
92,514	Mitie Group	107,316	0.68
21,827	PageGroup	97,698	0.62
15,386	Redde Northgate	59,467	0.38
76,240	Sercos Group	138,986	0.89
8,516	SThree	36,321	0.23

Portfolio of investments (unaudited)

Investments held at 1 May 2024

Holding	Investment	Market value £	Percentage of total net assets %
	Technology Hardware & Equipment (01/05/23 – 0.76%)		0.89
5,782	Auction Technology	28,563	0.18
20,043	Moonpig Group	31,187	0.20
38,440	Spirent Communications	73,882	0.47
9,006	W. A. G. Payment Solutions	5,764	0.04
	Travel & Leisure (01/05/23 – 3.23%)		2.61
10,071	Carnival	108,263	0.69
26,342	Domino's Pizza	85,348	0.54
44,031	FirstGroup	72,959	0.47
10,000	Hollywood Bowl Group	34,100	0.22
17,896	Mitchells & Butlers	43,308	0.28
38,180	National Express	20,961	0.13
6,017	Wetherspoon (JD)	43,744	0.28
	Bermuda (01/05/23 – 0.62%)		2.42
	Non-Life Insurance (01/05/23 – 0.62%)		2.42
22,743	Hiscox	277,237	1.77
16,750	Lancashire Holdings	101,673	0.65
	Channel Islands (01/05/23 – 4.84%)		5.56
	Equity Investment Instruments (01/05/23 – 0.16%)		0.21
49,482	UK Commercial Property Trust	33,103	0.21
	Financial Services (01/05/23 – 2.17%)		2.70
5,288	Foresight Group Holdings	23,426	0.15
9,828	JTC	82,948	0.53
81,245	Man Group	208,962	1.33
51,600	TP ICAP Group	107,586	0.69
	Mining (01/05/23 – 0.52%)		0.59
77,216	Centamin	92,428	0.59
	Real Estate Investment & Services (01/05/23 – 0.54%)		0.75
38,680	BMO Commercial Property Trust	30,093	0.19
89,684	Sirius Real Estate	86,814	0.56
	Support Services (01/05/23 – 0.51%)		0.60
50,389	International Workplace Group	94,429	0.60
	Travel & Leisure (01/05/23 – 0.94%)		0.71
5,129	Wizz Air Holdings	112,017	0.71
	Germany (01/05/23 – 0.70%)		0.80
	Travel & Leisure (01/05/23 – 0.70%)		0.80
22,229	TUI AG	124,816	0.80
	Guernsey (01/05/23 – 0.00%)		0.12
	Travel & Leisure (01/05/23 – 0.00%)		0.12
1,318	PPHE Hotel Group	19,243	0.12
	Ireland (01/05/23 – 1.00%)		1.11
	Beverages (01/05/23 – 0.25%)		0.29
27,160	C&C Group	45,031	0.29

Portfolio of investments (unaudited)

Investments held at 1 May 2024

Holding	Investment	Market value £	Percentage of total net assets %
	Support Services (01/05/23 – 0.75%)		0.82
13,723	Grafton Group	128,749	0.82
	Isle of Man (01/05/23 – 0.71%)		0.68
	Software & Computer Services (01/05/23 – 0.71%)		0.68
21,321	Playtech	106,818	0.68
	Israel (01/05/23 – 0.65%)		0.76
	Financial Services (01/05/23 – 0.65%)		0.76
5,453	Plus500	118,875	0.76
	Netherlands (01/05/23 – 0.26%)		0.29
	Construction & Materials (01/05/23 – 0.26%)		0.29
1,263	RHI Magnesita	45,531	0.29
	Portfolio of investments	15,222,050	97.05
	Net other assets	463,478	2.95
	Net assets	15,685,528	100.00

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

Top ten purchases and sales

For the year ended 1 May 2024

Purchases	Cost	Sales	Proceeds
	£		£
Hiscox	256,058	Intermediate Capital Group	335,338
Persimmon	246,007	Persimmon	324,701
British Land Real Estate Investment Trust	242,595	Marks & Spencer	300,623
Johnson Matthey	231,836	Dechra Pharmaceuticals	297,285
Standard Life Aberdeen	225,406	IMI	292,181
Hargreaves Lansdown	195,459	Diploma	290,285
Endeavour Mining	182,121	Howden Joinery Group	284,803
Breedon Group	80,214	easyJet	253,174
RHI Magnesita	63,557	Hikma Pharmaceuticals	239,699
Tyman	58,103	Mediclinic International	135,190
Subtotal	<u>1,781,356</u>	Subtotal	<u>2,753,279</u>
Other purchases	<u>1,628,990</u>	Other sales	<u>1,865,574</u>
Total purchases for the year	<u>3,410,346</u>	Total sales for the year	<u>4,618,853</u>

Statistical information

Comparative table

	01/05/24 pence	Accumulation 01/05/23 pence	01/05/22 pence
Change in net assets per unit			
Opening net asset value per unit	602.91	626.27	664.40
Return before operating charges*	41.50	(22.59)	(37.47)
Operating charges	(0.82)	(0.77)	(0.66)
Return after operating charges*	40.68	(23.36)	(38.13)
Distributions on accumulation units	(20.72)	(18.05)	(14.69)
Retained distributions on accumulation units	20.72	18.05	14.69
Closing net asset value per unit	643.59	602.91	626.27
*after direct transaction costs of: ^	0.67	0.96	0.78

Performance

Return after charges	6.75%	(3.73%)	(5.74%)
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Other information

Closing net asset value (£000)	15,686	16,423	18,618
Closing number of units	2,437,204	2,723,992	2,972,882
Operating charges	0.14%**	0.14%	0.10%
Direct transaction costs	0.11%	0.16%	0.11%

Prices⁺

Highest unit price (pence)	649.20	635.60	733.80
Lowest unit price (pence)	530.10	503.30	561.20

^The direct transaction costs includes commission on futures.

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

**From May 2024, the operating charges % excludes a synthetic OCF for underlying closed ended investments held.

Statistical information

Investment objective

The Fund aims to provide a total return (a combination of capital growth and income) by delivering an overall return in line with the FTSE 250 (ex IT) Index (the "Index") before fees.

Investment policy

The Fund will seek to physically replicate the Index, which consists of a diversified portfolio of UK equities. 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 Scheme may also invest in deposits, collective investment schemes, money market instruments and use derivative contracts.

Investment strategy

It is anticipated that for the Fund that in normal market conditions the tracking error of the Fund will be a maximum of 0.5%.

The tracking error measures the standard deviation of the relative returns. It is the annualised standard deviation of the returns of a fund minus those of its benchmark (relative returns) and not the standard deviation of each fund's unique returns. The lower the tracking error of a fund, the more the fund resembles its benchmark or the market regarding risk and return characteristics. Small differences in returns between the index-tracking fund and the index (and tracking error) are due to levels of cash, expenses and portfolio turnover.

Revenue distribution and pricing

Units of the Fund are available as 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 1 November and a final distribution as at 1 May.

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

Statistical information

Risk and reward profile

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

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

This Fund is ranked at 6 (01/05/23: 6) because funds of this type have experienced high rises and falls in value in the past. Although this is a high risk ranking it is not the highest. The above figure applies to the following unit class:

- 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:

- The small differences in the returns between the index tracking Fund and the Index (and tracking error) are due to levels of cash, expenses and portfolio turnover.
- Counterparty Risk: the insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.
- 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 1 May 2024

Statement of total return

Notes	01/05/24		01/05/23	
	£	£	£	£
Income				
Net capital gains/(losses)	4	448,513	(1,255,748)	
Revenue	5	568,850	545,215	
Expenses	6	(17,861)	(19,511)	
Interest payable and similar charges		–	(113)	
Net revenue before taxation		<u>550,989</u>	<u>525,591</u>	
Taxation	7	(18,879)	(13,033)	
Net revenue after taxation		<u>532,110</u>	<u>512,558</u>	
Total return/(deficit) before distributions		980,623	(743,190)	
Distributions	8	(532,110)	(512,557)	
Change in unitholders' funds from investment activities		<u>448,513</u>	<u>(1,255,747)</u>	

Statement of change in unitholders' funds

	01/05/24		01/05/23	
	£	£	£	£
Opening net assets		16,423,105		18,618,295
Amounts payable on cancellation of units	(1,704,836)		(1,442,526)	
		(1,704,836)		(1,442,526)
Change in unitholders' funds from investment activities		448,513		(1,255,747)
Retained distributions on accumulation units		518,746		503,083
Closing net assets		<u>15,685,528</u>		<u>16,423,105</u>

Annual financial statements

As at 1 May 2024

Balance sheet

	Notes	01/05/24		01/05/23	
		£	£	£	£
Assets:					
Fixed assets:					
Investments			15,222,050		16,005,226
Current assets:					
Debtors	9	143,527		122,749	
Cash and bank balances	10	384,041		317,904	
Total current assets			<u>527,568</u>		<u>440,653</u>
Total assets			15,749,618		16,445,879
Liabilities:					
Creditors:					
Bank overdraft	11	–		(1,383)	
Other creditors	12	(64,090)		(21,391)	
Total liabilities			(64,090)		(22,774)
Net assets			<u>15,685,528</u>		<u>16,423,105</u>
Unitholders' funds			<u>15,685,528</u>		<u>16,423,105</u>

Notes to the financial statements

Note 1 Accounting policies

(a) Basis of preparation

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

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

(b) Valuation of investments

The quoted investments of the Fund have been valued at bid dealing prices as at 12 noon business on 1 May 2024, the last valuation point in the accounting year, in accordance with the Trust Deed.

(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 12 noon, 1 May 2024, the last valuation point in the accounting year.

(d) Revenue

Dividends receivable from equity investments are credited to revenue when they are first quoted ex-dividend. Interest receivable on bank deposits is accounted for on a receipts basis and money market funds is accounted for on an accruals basis.

(e) Special dividends

Special dividends are treated either as revenue or repayments of capital depending on the facts of each particular case. It is likely that where the receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend should be treated as capital in nature so as to ensure the matching principle is applied to gains and losses. Otherwise, the special dividend should be treated as revenue.

(f) Stock dividends

The ordinary element of stocks received in lieu of cash is recognised as revenue. Any excess in value of shares received over the amount of cash forgone would be treated as capital.

(g) Expenses

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

(h) Taxation

The charge for taxation is based on taxable income for the year less allowable expenses. UK dividends and franked distributions from UK collective investment schemes are disclosed net of any related tax credit.

Overseas dividends, unfranked distributions from UK collective investment schemes, and distributions from overseas collective investment schemes are disclosed gross of any tax suffered, the tax element being separately disclosed in the taxation note.

Notes to the financial statements

Note 1 Accounting policies (continued)

(i) Deferred taxation

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

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

Note 2 Distribution policies

(a) Basis of distribution

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

The Fund is not more than 60% invested in qualifying investments (as defined by SI 2006/964, Reg 20) and will pay a dividend distribution.

(b) Unclaimed distributions

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

(c) Stock dividends

It is the policy of the Fund, where applicable, to distribute the revenue element of stock dividends.

(d) Special dividends

It is the policy of the Fund, where applicable, to distribute special dividends which have been treated as revenue.

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, 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 majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. 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.

Notes to the financial statements

Note 3 Risk management policies (continued)

(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) 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.

(f) Derivatives

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

There were no derivatives held at the year end.

Note 4 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/05/24	01/05/23
	£	£
Gains/(losses) on non-derivative securities	425,330	(1,294,843)
Gains on derivative contracts	1,247	1,344
Currency gains	42	175
Handling charges	(3,061)	(2,359)
Capital special dividends	24,955	39,935
Net capital gains/(losses)	<u>448,513</u>	<u>(1,255,748)</u>

Note 5 Revenue

	01/05/24	01/05/23
	£	£
UK dividends	412,086	419,968
UK REIT property income distributions	83,406	64,852
Overseas dividends	63,995	56,203
Bank interest	9,363	4,192
Total revenue	<u>568,850</u>	<u>545,215</u>

Notes to the financial statements

Note 6 Expenses	01/05/24 £	01/05/23 £
(a) Payable to the Manager or associates of the Manager and agents of either of them:		
Manager's periodic charge	<u>2,308</u>	<u>2,497</u>
(b) Payable to the Trustee or associates of the Trustee and agents of either of them:		
Trustee's fees	<u>735</u>	<u>805</u>
(c) Other expenses:		
Audit fee	10,144	10,248
Safe custody charges	330	467
Printing & stationery	890	445
Professional fees	<u>3,454</u>	<u>5,049</u>
	<u>14,818</u>	<u>16,209</u>
Total expenses	<u>17,861</u>	<u>19,511</u>

Note 7 Taxation	01/05/24 £	01/05/23 £
(a) Analysis of tax charge for the year		
Corporation tax	14,982	9,884
Overseas withholding tax	3,897	3,031
Reclaimable tax written off	<u>-</u>	<u>118</u>
Total taxation (Note 7(b))	<u>18,879</u>	<u>13,033</u>
(b) Factors affecting the tax charge for the year		
The tax assessed for the year is lower (2023: 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>550,989</u>	<u>525,591</u>
Corporation tax at 20% (01/05/23: 20%)	110,198	105,118
Effects of:		
Revenue not subject to taxation	(95,216)	(95,234)
Overseas withholding tax	3,897	3,031
Reclaimable tax written off	<u>-</u>	<u>118</u>
Total tax charge for the year (Note 7(a))	<u>18,879</u>	<u>13,033</u>
(c) Provision for deferred taxation		
At 1 May 2024 the Fund had no potential deferred tax asset (01/05/23: £nil) in relation to surplus management expenses.		

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

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:

	01/05/24 £	01/05/23 £
Interim	267,395	271,604
Final	<u>251,351</u>	<u>231,479</u>
	518,746	503,083
Amounts deducted on cancellation of units	<u>13,364</u>	<u>9,474</u>
Net distribution for the year	<u>532,110</u>	<u>512,557</u>
Net revenue after taxation	532,110	512,558
Movement of undistributed revenue	<u>–</u>	<u>(1)</u>
Net distribution for the year	<u>532,110</u>	<u>512,557</u>

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

Note 9 Debtors

	01/05/24 £	01/05/23 £
Sales awaiting settlement	37,701	–
Accrued income	100,803	117,270
Overseas tax recoverable	<u>5,023</u>	<u>5,479</u>
Total debtors	<u>143,527</u>	<u>122,749</u>

Note 10 Cash and bank balances

	01/05/24 £	01/05/23 £
Cash and bank balances	<u>384,041</u>	<u>317,904</u>
Total cash and bank balances	<u>384,041</u>	<u>317,904</u>

Note 11 Bank overdraft

	01/05/24 £	01/05/23 £
Amounts due to futures clearing houses	<u>–</u>	<u>(1,383)</u>
Total bank overdraft	<u>–</u>	<u>(1,383)</u>

Note 12 Other creditors

	01/05/24 £	01/05/23 £
Cancellations awaiting settlement	37,300	–
Manager's periodic charge payable	396	414
Trustee's fees payable	183	141
Safe custody charges payable	207	239
Audit fee payable	9,477	8,784
Handling charges payable	1,884	2,043
Corporation tax payable	<u>14,643</u>	<u>9,770</u>
Total other creditors	<u>64,090</u>	<u>21,391</u>

Note 13 Reconciliation of units

	Accumulation
Opening units issued at 02/05/23	2,723,992
Unit movements in year:	
Units cancelled	<u>(286,788)</u>
Closing units at 01/05/24	<u>2,437,204</u>

Notes to the financial statements

Note 14 Contingencies and commitments

At 1 May 2024 the Fund had no outstanding calls on partly paid shares, no potential underwriting commitments or any other contingent liabilities (01/05/23: £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 at the year end (01/05/23: 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 1 May 2024 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 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 at the year end.

Interest profile

At the year end date, 2.45% (01/05/23: 1.94%) of the Fund's net assets by value were interest bearing.

Interest rates earned/paid on deposits are earned/paid at a rate linked to SONIA (Sterling Overnight Index Average) or international equivalent.

Sensitivity analysis

Interest rate risk sensitivity

As the majority of the Fund's financial assets are non-interest bearing, the Fund is only subject to limited exposure to fair value interest rate risk due to fluctuations in levels of market interest rates and therefore, no sensitivity analysis has been provided.

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 £761,102 (01/05/23: £800,261). 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 01/05/24

Level	1	2	3	Total
Investment assets	£	£	£	£
Equities	15,220,269	–	1,781	15,222,050
	15,220,269	–	1,781	15,222,050

For the year ended 01/05/23

Level	1	2	3	Total
Investment assets	£	£	£	£
Equities	16,003,445	–	1,781	16,005,226
	16,003,445	–	1,781	16,005,226

Note 18 Portfolio transaction costs

For the year ended 01/05/24

Analysis of total purchases costs	Value	Commission	%	Taxes		Other expenses		Total costs
	£	£		£	%	£	%	£
Equity transactions	3,384,437	437	0.01	12,357	0.37	2,313	0.07	3,399,544
Corporate actions	10,802	–	–	–	–	–	–	10,802
Total	3,395,239	437		12,357		2,313		3,410,346

Analysis of total sales costs	Value	Commission	%	Taxes		Other expenses		Total costs
	£	£		£	%	£	%	£
Equity transactions	4,430,118	(564)	(0.01)	(183)	–	(11)	–	4,429,360
Corporate actions	189,493	–	–	–	–	–	–	189,493
Total	4,619,611	(564)		(183)		(11)		4,618,853

The Fund has paid £1,383 as commission on purchases and sales of derivatives transactions for the year ended 01/05/24.

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

Commission	0.02%
Taxes	0.08%
Other expenses	0.01%

Notes to the financial statements

Note 18 Portfolio transaction costs (continued)

For the year ended 01/05/23

	Value	Commission		Taxes		Other expenses		Total costs
Analysis of total purchases costs	£	£	%	£	%	£	%	£
Equity transactions	4,869,815	687	0.01	18,817	0.39	4,537	0.09	4,893,856
Corporate actions	236,815	–	–	–	–	–	–	236,815
Total	5,106,630	687		18,817		4,537		5,130,671

	Value	Commission		Taxes		Other expenses		Total costs
Analysis of total sales costs	£	£	%	£	%	£	%	£
Equity transactions	5,406,874	(781)	(0.01)	(24)	–	(50)	–	5,406,019
Corporate actions	651,442	–	–	–	–	–	–	651,442
Total	6,058,316	(781)		(24)		(50)		6,057,461

The Fund has paid £2,286 as commission on purchases and sales of derivatives transactions for the year ended 01/05/23.

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

Commission	0.02%
Taxes	0.11%
Other expenses	0.03%

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 0.28% (01/05/23: 0.24%) being the difference between the respective bid and offer prices for the Fund's investments.

Note 19 Post Balance sheet events

As indicated in the accounting policies in Note 1(b), the investments have been valued at 12 noon on 1 May 2024. Since the balance sheet date, the bid price of each of the Fund's share classes have moved as follows:

	Bid Price 01/05/24 pence	Bid Price 21/08/24 pence	Movement (%)
Accumulation	643.59	691.81	7.49

Distribution tables

For the year ended 1 May 2024

Interim distribution in pence per unit

Group 1: units purchased prior to 2 May 2023

Group 2: units purchased 2 May 2023 to 1 November 2023

			2024 pence per unit paid 1 Jan	2023 pence per unit paid 1 Jan
	Net income	Equalisation		
Accumulation				
Group 1	10.4078	—	10.4078	9.5512
Group 2	10.4078	0.0000	10.4078	9.5512

Final distribution in pence per unit

Group 1: units purchased prior to 2 November 2023

Group 2: units purchased 2 November 2023 to 1 May 2024

			2024 pence per unit payable 1 Jul	2023 pence per unit paid 1 Jul
	Net income	Equalisation		
Accumulation				
Group 1	10.3131	—	10.3131	8.4978
Group 2	10.3131	0.0000	10.3131	8.4978

Equalisation

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

Responsibilities of the manager and the trustee

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

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

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

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

- b) The Depositary in its capacity as Trustee of the PUTM UK Stock Market Fund (Series 3) must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Depositary must ensure that:

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

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

Trustee's report and directors' statement

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the PUTM UK Stock Market Fund (Series 3) of the PUTM UK Stock Market Funds ("the Trust") for the Period Ended 01 May 2024.

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

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

London
29 August 2024

HSBC Bank plc

Directors' statement

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

29 August 2024

Mike Eakins, Director

Frances Clare Maclachlan, Director

Independent auditor's report to the unitholders of the PUTM UK Stock Market Fund (Series 3)

Opinion

We have audited the financial statements of the PUTM UK Stock Market Fund (Series 3) ("the Fund") for the year ended 1 May 2024 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 1 May 2024 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

Independent auditor's report to the unitholders of the PUTM UK Stock Market Fund (Series 3)

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 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 UK Stock Market Fund (Series 3)

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. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested appropriateness of management's classification of material special dividends as either a capital or revenue return.
- 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
29 August 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 2023

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

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

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

Corporate information (unaudited)

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

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

Total remuneration can include any of the following;

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

Senior Management includes – PUTM Board and PUTM Executive Committees.

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

Assessment of Value

We are required to perform an annual assessment of the value for money for each unit class of PUTM UK Stock Market Fund (Series 3) Unit Trust. This has been performed based on the information available as at 01 May 2024.

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

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

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

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

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

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

Fund Climate Report

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

Risks

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

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

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

Corporate information (unaudited)

Manager

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

Directors

Mike Eakins	PUTM Director, Group Chief Investment Officer;
Frances Clare Maclachlan	PUTM Director, Chief Finance Officer SLF UK, Sun Life of Canada;
Timothy Harris	Non Executive Director of PUTM;
Nick Poyntz-Wright	Non Executive Director of PUTM.

Registrar and correspondence address

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

Investment Adviser

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

Trustee

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

Independent Auditor

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

Authorised status

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

Investment Manager

State Street Global Advisors Limited
20 Churchill Place
Canary Wharf
London E14 5HJ
Authorised and regulated by the Financial Conduct Authority.

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.