

PHOENIX UNIT TRUST MANAGERS

MANAGER'S ANNUAL REPORT

For the year: 1 October 2022 to 30 September 2023

PUTM FAR EASTERN UNIT TRUST



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

Investment review

Dear Investor

Welcome to the PUTM Far Eastern Unit Trust annual report for the 12 months to 30 September 2023.

Performance Review

Over the review period, the PUTM Far Eastern Unit Trust fell by 1.79%, compared to a return of 2.39% for the MSCI AC Asia Pacific ex Japan Index.

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

Standardised Past Performance

	Sept 22-23 % growth	Sept 21-22 % growth	Sept 20-19 % growth	Sept 19-20 % growth	Sept 18-19 % growth
PUTM Far Eastern Unit Trust	-1.79	-12.82	13.29	7.47	8.64
Benchmark Index	2.39	-11.47	12.08	8.55	4.24

Source: Fund performance is Abrdn for 12 months to 30 September for each year. Benchmark index performance is Factset, MSCI AC Asia Pacific ex Japan Index, 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

Asian markets made modest gains over the twelve months under review, but lagged developed markets in Europe and the US. Volatility was a key theme as the macroeconomic backdrop changed quickly. Early in the period investors reacted positively to a faster-than-expected reopening in China and expectations of a sharp rebound in demand.

Doubts then began to creep in as concerns over inflation, the US Federal Reserve's monetary policy trajectory and the risk of a recession began to weigh on sentiment. Weakness in the US banking system added to the uncertainty as fear of contagion temporarily spread across markets until regulators took action which helped to reassure investors.

Halfway through the review period, China's economic recovery began to stall and consumer sentiment weakened. There were growing calls for the authorities to take steps to support the economy and struggling sectors, especially real estate. Some measures were then taken and, at the July Politburo meeting, the government signalled stronger efforts to boost consumption, support housing demand, improve China's capital markets, and resume private sector confidence and investments. Towards the end of the period, encouraging economic data suggested the action was working.

Elsewhere, the uncertain outcome of Thailand's general election weighed particularly heavily on that market until a new prime minister was elected. On the other hand, India benefited from substantial foreign capital inflows, given that it is one of the few countries around the world still seeing solid growth in its economy and corporate sector. The technology-heavy markets of Taiwan and South Korea made strong gains as investors judged that the semiconductor cycle was nearing its trough and responded to rapid developments made in artificial intelligence (AI).

The Trust's underperformance was largely due to stock selection in China and South Korea. Quality domestic stocks in China and Hong Kong, including China Tourism Duty Free, Budweiser Brewing APAC and AIA, bore the brunt of the sell-off as consumer sentiment weakened. E-commerce group JD.com was another stock affected, although it gained some support from improving sentiment on the regulatory front and the company's decision to float two of its subsidiaries.

Although China was a major drag on performance, it also represents a unique opportunity globally as its economy rebounds from years of Covid-related restrictions. We still see significant potential for China's economy and market to spring back, given that much of the bad news has been priced in while a fundamental recovery is gathering pace. The rollout of more supportive policies in a coordinated manner sends a strong signal to the market that the government is intensifying its effort to prop up the economy. This is likely to result in an incrementally better outlook for the rest of the year and into 2024.

In South Korea, LG Chem initially benefited from expectations that China's reopening would boost demand in the company's core petrochemicals business. However, later in the period the shares were hit by concerns around the impact of a slower-than-expected China recovery in demand

for chemicals, a sell-off in Korean battery names due to falling lithium prices and fears of a slowdown in electric vehicle demand. We expect lower lithium prices to increase the penetration of electric vehicles and drive high demand over the medium to long term.

Samsung Electronics also detracted as the preference shares, which we hold, lagged the ordinary shares that have been boosted by fund flows. We have begun to see signs of this bottoming out, which should provide scope for price increases and an earnings recovery for Samsung.

Good stock selection in Taiwan, especially our holdings in the technology supply chain, made a positive contribution to performance. Accton Technology Corp, which sells high-speed networking switches, performed well alongside Chroma Ate. Accton is heading into a major switch upgrading cycle which should support earnings growth over the next few years.

Our core holding in Taiwan Semiconductor Manufacturing Company benefited from more positive sentiment towards the sector thanks to the potential bottoming of the semiconductor and technology hardware cycle. Its longer-term prospects also strengthened on the back of structural growth from generative AI.

The Indian market performed well in the second half of the period thanks to its buoyant economy. Among our holdings, Power Grid Corporation was lifted by the positive outlook towards capex in the power sector, and expectations of a recovery in the coming year benefited private hospital group Fortis Healthcare. Not having exposure to any of the Adani Group's listed entities was also beneficial, as they sold off sharply following a short-seller report accusing the group of stock manipulation and accounting fraud.

The Australian market outperformed the wider region. Our holdings in BHP and Woodside Energy were among the top contributors, given commodity price strength, while Goodman Group was seen as benefiting from the demand boom for data centres from AI & the cloud. Cochlear, a leading manufacturer and distributor of medical hearing devices, also boosted returns as its resilient healthcare business model proved attractive in a period of uncertainty.

Outlook

Policy developments in China will give us a sense of where Beijing's priorities lie and reveal potential fault lines in balancing deleveraging and keeping the economy on an even keel. We think the market is oversold, but there are signs that growth is stabilising. The rest of Asia is benefiting from global supply-chain diversification. India is in the early stages of a cyclical upswing. As AI-related apps and chips start to proliferate, rising demand will boost the region's semiconductor and consumer electronics segments.

Asian valuations remain attractive versus markets like the US and are supported by expectations of better earnings performance over the fourth quarter and early 2024. There is also support from dividends, where growth is likely to remain healthy into next year. We remain focused on ensuring our conviction is appropriately reflected in our positioning. Therefore, we continue to favour quality companies with solid balance sheets and sustainable earnings prospects that can emerge stronger in tough times.

Portfolio of investments (unaudited)

Investments held at 30 September 2023

Holding	Investment	Market value £	Percentage of total net assets %
	Australia (30/09/22 – 18.22%)		14.85
	Basic Materials (30/09/22 – 6.31%)		
27,827	BHP Billiton	651,865	4.10
	Consumer Services (30/09/22 – 1.20%)		
	Financials (30/09/22 – 4.94%)		
7,485	AUB Group	115,335	0.72
4,280	Commonwealth Bank of Australia	226,518	1.42
19,909	Goodman	225,600	1.42
1,431	Macquarie Group	126,928	0.80
	Healthcare (30/09/22 – 4.28%)		
1,789	Cochlear	239,666	1.51
3,509	CSL	465,072	2.93
	Oil & Gas (30/09/22 – 1.49%)		
16,063	Woodside Energy AUD	309,602	1.95
	Cayman Islands (30/09/22 – 18.85%)		20.75
	Consumer Goods (30/09/22 – 3.31%)		
119,000	Budweiser Brewing	191,536	1.20
	Consumer Services (30/09/22 – 0.74%)		
72,400	Sands China	180,525	1.13
	Financials (30/09/22 – 1.01%)		
54,476	China Resources Land	176,668	1.12
	Healthcare (30/09/22 – 1.18%)		
34,500	Wuxi Biologics	163,786	1.04
	Support Services (30/09/22 – 0.17%)		
	Industrials (30/09/22 – 0.74%)		
16,000	Silergy	123,345	0.77
	Technology 30/09/22 – 11.70%)		
68,444	Alibaba Group	609,962	3.84
6,800	Autohome ADR~	169,030	1.06
75,980	GDS Holdings A	85,431	0.54
21,863	Meituan Dianping	260,848	1.64
8,650	NetEase	143,458	0.90
31,331	Tencent Holdings	998,788	6.28
109,200	Tongcheng Travel	195,317	1.23
	China (30/09/22 – 6.36%)		2.30
	Consumer Goods (30/09/22 – 0.00%)		
4,000	BYD	100,695	0.64

Portfolio of investments (unaudited)

Investments held at 30 September 2023

Holding	Investment	Market value £	Percentage of total net assets %
	Consumer Services (30/09/22 – 2.50%)		
16,200	China Tourism Group Duty Free	174,899	1.10
20,900	Hangzhou Tigermed Consulting	89,430	0.56
	Oil & Gas (30/09/22 – 1.01%)		
	Hong Kong (30/09/22 – 7.61%)		6.97
	Consumer Goods (30/09/22 – 1.80%)		
41,000	Li-Ning	140,648	0.89
	Financials (30/09/22 – 5.06%)		
94,106	AIA Group	625,074	3.93
7,338	Hong Kong Exchanges and Clearing	223,230	1.40
	Utilities (30/09/22 – 0.75%)		
50,000	China Resources Gas Group	119,206	0.75
	India (30/09/22 – 15.22%)		14.53
	Consumer Goods (30/09/22 – 3.25%)		
10,850	Hindustan Unilever	262,639	1.65
2,388	Maruti Suzuki	248,760	1.56
	Financials (30/09/22 – 6.24%)		
32,683	HDFC Bank	489,744	3.08
10,033	Kotak Mahindra Bank	170,967	1.08
26,238	SBI Life Insurance Company	336,265	2.12
	Healthcare (30/09/22 – 0.00%)		
45,500	Fortis Healthcare	151,857	0.96
	Industrials (30/09/22 – 2.16%)		
2,408	UltraTech Cement	195,152	1.23
	Technology (30/09/22 – 2.40%)		
15,768	Infosys	222,214	1.39
	Utilities (30/09/22 – 1.17%)		
118,557	Power Grid Corporation of India	232,499	1.46
	Indonesia (30/09/22 – 4.42%)		3.97
	Financials (30/09/22 – 4.42%)		
659,300	Bank Central Asia	306,920	1.93
19,900	Bank Negara Indonesia	10,839	0.07
831,018	Bank Rakyat Indonesia	229,047	1.44
	Telecommunications (30/09/22 – 0.00%)		
430,000	Telekomunikasi Indonesia	85,060	0.53
	Malaysia (30/09/22 – 0.00%)		0.59

Portfolio of investments (unaudited)

Investments held at 30 September 2023

Holding	Investment	Market value £	Percentage of total net assets %
	Financials (30/09/22 – 0.00%)		
100,000	CIMB Group Holdings	94,284	0.59
	Philippines (30/09/22 – 0.87%)		0.02
	Industrials (30/09/22 – 0.85%)		
	Oil & Gas (30/09/22- 0.02%)		
38,700	AC Energy	2,736	0.02
	Singapore (30/09/22 – 5.32%)		3.70
	Financials (30/09/22 – 5.32%)		
14,319	DBS Group	288,233	1.81
39,202	Overseas-Chinese Banking	300,581	1.89
	South Korea (30/09/22 – 8.93%)		10.74
	Basic Materials (30/09/22 – 1.17%)		
702	LG Chem	211,542	1.33
	Healthcare (30/09/22 – 1.28%)		
445	Samsung Biologics	183,928	1.16
	Industrials (30/09/22 – 5.84%)		
1,460	Hyundai Heavy Industries	98,359	0.62
2,445	Samsung Electronics	101,502	0.64
26,589	Samsung Electronics Preference	877,892	5.52
478	Samsung SDI	148,538	0.94
	Technology (30/09/22 – 0.64%)		
910	Leeno Industrial	84,890	0.53
	Taiwan (30/09/22 – 11.62%)		16.15
	Consumer Goods (30/09/22 – 0.00%)		
4,000	Makalot Industrial	34,032	0.21
	Industrials (30/09/22 – 3.03%)		
33,000	Chroma ATE	230,968	1.45
23,000	Delta Electronics	189,266	1.19
87,000	Hon Hai Precision Industry	228,344	1.44
9,000	Yageo	119,364	0.75
	Technology (30/09/22 – 8.59%)		
17,000	Accton Technology	212,317	1.34
13,000	Globalwafers	149,503	0.94
106,040	Taiwan Semiconductor Manufacturing	1,403,685	8.83
	Thailand (30/09/22 – 1.21%)		0.51
	Financials (30/09/22 – 1.21%)		
695,000	WHA	80,899	0.51

Portfolio of investments (unaudited)

Investments held at 30 September 2023

Holding	Investment	Market value £	Percentage of total net assets %
	United Kingdom (30/09/22 – 0.85%)		1.52
	Basic Materials (30/09/22 – 0.85%)		
4,625	Rio Tinto	241,518	1.52
	United States (30/09/22 – 0.00%)		1.16
	Consumer Services (30/09/22 – 0.00%)		
4,000	Yum China	183,900	1.16
	Money Markets (30/09/22 – 0.66%)		1.69
£268,079	Aberdeen Standard Liquidity Fund (Lux) - Seabury Sterling Class Z-1+	268,064	1.69
	Portfolio of investments	<u>15,808,772</u>	<u>99.45</u>
	Net other assets	<u>87,049</u>	<u>0.55</u>
	Net assets	<u>15,895,821</u>	<u>100.00</u>

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

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

~ADR - American Depository Receipt.

Top ten purchases and sales

For the year ended 30 September 2023

Purchases	Cost	Sales	Proceeds
	£		£
Aberdeen Standard Liquidity Fund (Lux) –		Aberdeen Standard Liquidity Fund (Lux) –	
Seabury Sterling Class Z-1	3,912,568	Seabury Sterling Class Z-1	3,771,931
Alibaba Group	310,445	OZ Minerals	463,767
Tencent Holdings	251,267	China Merchants Bank	317,321
Chroma ATE	248,124	DBS Group	308,268
Yum China	197,635	Larsen & Toubro	274,166
Autohome ADR	186,758	National Australia Bank	258,088
Taiwan Semiconductor Manufacturing	178,661	Tata Consultancy Services	248,040
Meituan Dianping	153,163	Taiwan Semiconductor Manufacturing	227,253
Infosys	149,881	Bank Central Asia	215,954
Samsung Electronics Preference	147,787	JD.com	211,839
Subtotal	5,736,289	Subtotal	6,296,627
Other purchases	1,896,832	Other sales	3,949,610
Total purchases for the year	<u>7,633,121</u>	Total sales for the year	<u>10,246,237</u>

Statistical information

Comparative Table

	30/09/23	Accumulation 30/09/22	30/09/21
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	913.03	1,053.44	946.91
Return before operating charges*	(27.21)	(128.68)	119.03
Operating charges	(11.30)	(11.73)	(12.50)
Return after operating charges*	(38.51)	(140.41)	106.53
Distributions on accumulation units	(9.31)	(8.57)	(5.75)
Retained distributions on accumulation units	9.31	8.57	5.75
Closing net asset value per unit	874.52	913.03	1053.44
*after direct transaction costs of:	0.73	0.82	0.84

Performance

Return after charges	(4.22%)	(13.33%)	11.25%
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Other information

Closing net asset value (£000)	15,896	19,241	24,829
Closing number of units	1,817,668	2,107,407	2,356,942
Operating charges	1.22%	1.18%	1.15%
Direct transaction costs	0.08%	0.08%	0.08%

Prices⁺

Highest unit price (pence)	1,092.25	1,155.83	1,256.60
Lowest unit price (pence)	828.59	893.87	948.10

⁺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 capital growth by outperforming the MSCI AC Asia Pacific ex Japan Index ("the Index") before fees by 0.5% to 1.5% over any given 3 year period.

Investment policy

The Fund aims to achieve its objective by investing at least 70% of the portfolio in equities or equity related securities in far eastern markets excluding Japan that are constituents of the Index. The Fund may invest up to 30% in developed Asian companies listed outside of the Index.

The Fund may also invest in convertible stocks, stock exchange listed warrants, depositary receipts, and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the Investment Manager, influenced significantly by the stock market performance of the company's ordinary shares. Not more than 10% in value of the property of any of the Schemes may consist of transferable securities, which are non-approved securities and/or unlisted securities. The Fund may invest in collective investment schemes, money-market instruments, deposits, cash and near cash.

Derivatives will be used for efficient portfolio management only.

Investment strategy

Although at least 70% of the Fund is invested in components of the Index, the Fund is actively managed. The Investment Adviser uses research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term. The Investment Adviser references the Index, which means that while the Fund is not required to match the weightings of the Index and does not concentrate on any particular sector, the Fund is managed within constraints, so that divergence from the Index is controlled. The Fund's portfolio may, therefore, be similar to the components of the Index.

Revenue distribution and pricing

Units of the Fund are available as Class A 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 31st March and a final distribution as at 30th 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 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 (30/09/22: 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:

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
- 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	£
Income							
Net capital losses	4		(870,825)			(3,302,879)	
Revenue	5	434,608			479,152		
Expenses	6	(218,784)			(256,203)		
Interest payable and similar charges		(119)			(249)		
Net revenue before taxation		<u>215,705</u>			<u>222,700</u>		
Taxation	7	(25,487)			(35)		
Net revenue after taxation			<u>190,218</u>			<u>222,665</u>	
Total deficit before distributions			(680,607)			(3,080,214)	
Distributions	8		(178,274)			(181,729)	
Change in unitholders' funds from investment activities			<u>(858,881)</u>			<u>(3,261,943)</u>	

Statement of change in unitholders' funds

		£	30/09/23	£	£	30/09/22	£
Opening net assets			19,241,227			24,829,041	
Amounts receivable on issue of units		10,501			16,982		
Amounts payable on cancellation of units		<u>(2,669,309)</u>			<u>(2,523,359)</u>		
			(2,658,808)			(2,506,377)	
Change in unitholders' funds from investment activities			(858,881)			(3,261,943)	
Retained distributions on accumulation units			172,283			180,506	
Closing net assets			<u>15,895,821</u>			<u>19,241,227</u>	

Annual financial statements

As at 30 September 2023

Balance sheet

	Notes	£	30/09/23	£	£	30/09/22	£
Assets:							
Fixed assets:							
Investments			15,808,772			19,267,422	
Current assets:							
Debtors	9	70,540		19,881			
Cash and bank balances	10	159,846		212,836			
Total current assets			<u>230,386</u>		<u>232,717</u>		<u>232,717</u>
Total assets			16,039,158			19,500,139	
Liabilities:							
Creditors:							
Deferred tax liability	7	–		(41,767)			
Other creditors	11	(143,337)		(217,145)			
Total liabilities			(143,337)			(258,912)	
Net assets			15,895,821			19,241,227	
Unitholders' funds			<u>15,895,821</u>			<u>19,241,227</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 on 29 September 2023, 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 on 29 September 2023, 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) Expenses

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

(g) 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)

(h) 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 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) Apportionment to multiple unit classes

With the exception of the Manager's periodic charge, the allocation of revenue and expenses to each unit class is based upon the proportion of the Fund's assets attributable to each unit class on the day the revenue is earned or the expense is suffered.

The Manager's periodic charge is specific to each unit class. Tax will be allocated between the unit classes according to income.

Consequently, the revenue available to distribute for each unit class will differ.

(d) 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 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.

Notes to the financial statements

Note 3 Risk management policies (continued)

(c) Foreign currency risk

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

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

(d) Liquidity risk

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

Notes to the financial statements

Note 4 Net capital losses

The net capital losses during the year comprise:

	30/09/23	30/09/22
	£	£
Losses on non-derivative securities	(845,534)	(3,305,191)
Gains on derivative contracts	–	136
Currency (losses)/gains	(19,618)	5,415
Handling charges	(5,673)	(3,239)
Net capital losses	<u>(870,825)</u>	<u>(3,302,879)</u>

Note 5 Revenue

	30/09/23	30/09/22
	£	£
UK dividends	12,530	19,084
Overseas dividends	415,939	459,002
Bank interest	74	13
Liquidity interest	6,065	1,053
Total revenue	<u>434,608</u>	<u>479,152</u>

Note 6 Expenses

	30/09/23	30/09/22
	£	£
(a) Payable to the Manager or associates of the Manager and agents of either of them: Manager's periodic charge	<u>185,151</u>	<u>221,039</u>
(b) Payable to the Trustee or associates of the Trustee and agents of either of them: Trustee's fees	<u>894</u>	<u>782</u>
(c) Other expenses: Audit fee	7,722	7,417
Safe custody charges	6,280	5,542
Printing & stationery	890	890
FCA fee	–	(157)
Revenue collection expenses	109	5
Professional fees	17,738	20,685
	<u>32,739</u>	<u>34,382</u>
Total expenses	<u>218,784</u>	<u>256,203</u>

Notes to the financial statements

Note 7 Taxation

	30/09/23 £	30/09/22 £
(a) Analysis of tax charge for the year		
Overseas withholding tax	37,431	40,970
Overseas capital gains tax	29,823	27,668
Total taxation (Note 7(b))	<u>67,254</u>	<u>68,638</u>
Deferred tax (Note 7(c))	<u>(41,767)</u>	<u>(68,603)</u>
Total taxation	<u>25,487</u>	<u>35</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than that calculated when the standard rate of corporation tax for Authorised Unit Trusts is applied to total revenue return. The differences are explained below:

Net revenue before taxation	215,705	222,700
Corporation tax at 20% (30/09/22: 20%)	43,141	44,540
Effects of:		
Revenue not subject to taxation	(85,053)	(94,947)
Overseas withholding tax	37,431	40,970
Excess management expenses unutilised	41,980	50,479
Tax relief on overseas tax suffered	(68)	(72)
Overseas capital gains tax	(11,944)	(40,935)
Total tax charge for the year (Note 7(a))	<u>25,487</u>	<u>35</u>

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

(c) Provision for deferred taxation

	30/09/23 £	30/09/22 £
Provision at start of the year	41,767	110,370
Deferred tax charge in year (Note 7 (a))	<u>(41,767)</u>	<u>(68,603)</u>
Provision at end of the year	<u>-</u>	<u>41,767</u>

Whilst Authorised Unit Trusts are exempt from tax on capital gains in the UK, this is not the case for certain overseas domiciles.

The Manager has determined there is no longer a material future liability for capital gains tax on Indian securities, and therefore no provision for deferred tax has been made (30/09/22: £41,767).

At 30 September 2023 the Fund had a potential deferred tax asset of £775,071 (30/09/22: £733,091) in relation to surplus management expenses of £3,875,357 (30/09/22: £3,665,456). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised in the year or the prior year.

Notes to the financial statements

Note 8 Distributions

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

	30/09/23	30/09/22
	£	£
Interim	33,073	–
Final	139,210	180,506
	<u>172,283</u>	<u>180,506</u>
Amounts deducted on cancellation of units	5,991	1,241
Amounts added on issue of units	–	(18)
Net distribution for the year	<u>178,274</u>	<u>181,729</u>
Net revenue after taxation	190,218	222,665
Capital tax balances	(11,944)	(40,935)
Movement of undistributed revenue	–	(1)
Net distribution for the year	<u>178,274</u>	<u>181,729</u>

Details of the distribution per unit are set out in the tables on page 23.

Note 9 Debtors

	30/09/23	30/09/22
	£	£
Sales awaiting settlement	47,038	–
Accrued income	23,502	19,882
Total debtors	<u>70,540</u>	<u>19,882</u>

Note 10 Cash and bank balances

	30/09/23	30/09/22
	£	£
Cash and bank balances	159,846	212,836
Total cash and bank balances	<u>159,846</u>	<u>212,836</u>

Note 11 Other creditors

	30/09/23	30/09/22
	£	£
Cancellations awaiting settlement	84,800	97,300
Purchases awaiting settlement	11,432	60,498
Manager's periodic charge payable	27,453	51,647
Trustee's fees payable	134	330
Safe custody charges payable	6,340	61
Audit fee payable	7,505	7,309
Handling charges payable	5,673	–
Total other creditors	<u>143,337</u>	<u>217,145</u>

Note 12 Reconciliation of units

	Accumulation
Opening units issued at 01/10/22	2,107,407
Unit movements in year:	
Units issued	1,172
Units cancelled	(290,911)
Closing units at 30/09/23	<u>1,817,668</u>

Notes to the financial statements

Note 13 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 14 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 99.66% of the units in Class 'A' Accumulation at the year end (30/09/22: 99.60%).

Manager's periodic charge paid to the Manager, Phoenix Unit Trust Managers Limited, (and registration fees paid to Standard Life Investments (Mutual Funds) Limited) or its associates are shown in Note 6(a) and details of the units issued and cancelled by the Manager are shown in the Statement of change in net assets attributable to unitholders 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 11.

Note 15 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.

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	Non- monetary exposure	Total exposure	Monetary exposure	Non- monetary exposure	Total exposure
	£	£	£	£	£	£
Sterling	(82,526)	509,582	427,056	(59,224)	1,049,410	990,186
Australian Dollar	5,788	2,360,586	2,366,374	(56,836)	2,745,991	2,689,155
Hong Kong Dollar	51,592	4,663,402	4,714,994	21,474	6,171,280	6,192,754
Indian Rupee	3,606	2,310,097	2,313,703	(41,767)	2,929,313	2,887,546
Korean Won	1	1,706,651	1,706,652	1	1,719,155	1,719,156
Singapore Dollar	22,527	588,814	611,341	23,696	1,024,388	1,048,084
Taiwan Dollar	8,564	2,690,825	2,699,389	9,237	2,378,223	2,387,460
Indonesian Rupiah	4,085	631,866	635,951	–	849,769	849,769
US Dollar	70,373	169,030	239,403	77,224	–	77,224
Other foreign currencies*	3,039	177,919	180,958	–	399,893	399,893
	87,049	15,808,772	15,895,821	(26,195)	19,267,422	19,241,227

* foreign currencies included within 'other foreign currencies' above amounts to less than 10% (30/09/22: less than 10%) of the net asset value of the Fund.

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

Notes to the financial statements

Note 15 Financial instruments (continued)

Interest profile

At the year end date, 2.69% (30/09/22: 1.76%) 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. Interest was also earned on the investments in the Aberdeen Standard Liquidity Fund.

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

A five percent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets by £773,438 (30/09/22: £912,552). A five percent decrease would have an equal and opposite effect.

Market price risk sensitivity

A five percent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £790,439 (30/09/22: £963,371). A five percent decrease would have an equal and opposite effect.

Note 16 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	£	£	£	£
Equities	15,540,708	–	–	15,540,708
Money markets	268,064	–	–	268,064
	15,808,772	–	–	15,808,772

For the year ended 30/09/22

Level	1	2	3	Total
Investment assets	£	£	£	£
Equities	19,140,235	–	–	19,140,235
Money markets	127,187	–	–	127,187
	19,267,422	–	–	19,267,422

Notes to the financial statements

Note 17 Portfolio transaction costs

For the year ended 30/09/23

	Value £	Commission £	%	Taxes £	%	Other expenses £	%	Total costs £
Analysis of total purchases costs								
Equity transactions	3,716,000	1,575	0.04	2,800	0.08	179	–	3,720,554
Money markets	3,907,941	–	–	–	–	–	–	3,907,941
Corporate actions	4,626	–	–	–	–	–	–	4,626
Total	7,628,567	1,575		2,800		179		7,633,121

	Value £	Commission £	%	Taxes £	%	Other expenses £	%	Total costs £
Analysis of total sales costs								
Equity transactions	6,483,943	(1,990)	(0.03)	(7,597)	(0.12)	(452)	(0.01)	6,473,904
Money markets	3,771,931	–	–	–	–	–	–	3,771,931
Corporate actions	402	–	–	–	–	–	–	402
Total	10,256,276	(1,990)		(7,597)		(452)		10,246,237

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

Commission	0.02%
Taxes	0.06%
Other expenses	0.00%

For the year ended 30/09/22

	Value £	Commission £	%	Taxes £	%	Other expenses £	%	Total costs £
Analysis of total purchases costs								
Equity transactions	4,792,762	3,502	0.07	3,093	0.06	256	0.01	4,799,613
Money markets	4,891,000	–	–	–	–	–	–	4,891,000
Corporate actions	19,009	–	–	–	–	–	–	19,009
Total	9,702,771	3,502		3,093		256		9,709,622

	Value £	Commission £	%	Taxes £	%	Other expenses £	%	Total costs £
Analysis of total sales costs								
Equity transactions	7,199,658	(2,153)	(0.03)	(8,791)	(0.12)	(253)	–	7,188,461
Money markets	4,764,287	–	–	–	–	–	–	4,764,287
Corporate actions	12,626	–	–	–	–	–	–	12,626
Total	11,976,571	(2,153)		(8,791)		(253)		11,965,374

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

Commission	0.03%
Taxes	0.05%
Other expenses	0.00%

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 0.20% (30/09/22: 0.30%) being the difference between the respective bid and offer prices for the Fund's investments.

Distribution tables

For the year ended 30 September 2023

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

	Net income	Equalisation	2023 pence per unit paid 31 May	2022 pence per unit paid 31 May
Accumulation				
Group 1	1.6508	—	1.6508	0.0000
Group 2	1.6508	0.0000	1.6508	0.0000

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

	Net income	Equalisation	2023 pence per unit payable 30 Nov	2022 pence per unit paid 30 Nov
Accumulation				
Group 1	7.6587	—	7.6587	8.5653
Group 2	7.3915	0.2672	7.6587	8.5653

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 Far Eastern Unit Trust 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 Far Eastern Unit Trust of the PUTM 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.

Brid Meaney, Director

Birmingham
29 January 2024

Craig Baker, Director

Independent auditor's report to the unitholders of the PUTM Far Eastern Unit Trust

Opinion

We have audited the financial statements of the PUTM Far Eastern Unit Trust ("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 Far Eastern Unit Trust

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 24, 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 Far Eastern Unit Trust

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
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 Far Eastern Unit Trust. 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.

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

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.

Investment Manager

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

Notes

Contact: **Client Services**

Call: **0345 584 2803**

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

Visit: **phoenixunittrust.co.uk**

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.