

PHOENIX UNIT TRUST MANAGERS

MANAGER'S ANNUAL REPORT

For the year: 1 October 2022 to 30 September 2023

PUTM BOTHWELL FLOATING RATE ABS FUND



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

Investment review

Dear Investor

Welcome to the PUTM Bothwell Floating Rate ABS Fund report for the 12 months to 30 September 2023.

Performance Review

Over the review period, the PUTM Bothwell Floating Rate ABS Fund returned 7.58% (Source: abrdn, Gross of AMC, GBP, based on the movement in the Cancellation Price for 12 months to 30/09/2023). This was compared to the return of 5.40% for its benchmark index. (Source: DataStream, Bloomberg Pan Euro ABS Floating Rate Note, Total Return, GBP for 12 months to 30/09/2023).

Standardised Past Performance

	Sept 22-23 % growth	Sept 21-22 % growth	Sept 20-21 % growth	Sept 19-20 % growth	Sept 18-19 % growth
PUTM Bothwell Floating Rate ABS Fund	7.58	-1.65	3.89	0.11	1.73
Benchmark Index	5.40	-0.08	1.08	1.02	1.44

Source: Fund performance is abrdn, Gross of AMC, GBP, based upon the movement in the Cancellation Price to 30 September for each year. Benchmark Index performance is DataStream, Bloomberg Pan-Euro ABS Floating Rate Note, GBP to 30/09 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

In a very challenging 2022, especially the third quarter of 2022 where the UK mini-budget resulted in forced selling of ABS and all liquid investments from defined benefit pension funds, the fourth quarter of 2022 offered some recovery. The lack of primary and secondary asset-backed securities (ABS) supply and the credit rally in quarter four resulted in a positive 0.77% total return for 2022. The lack of primary and secondary ABS supply and credit rally extended to the first quarter of 2023, resulting in a positive total return of 2.72% with collateralised loan obligations (CLOs) being the largest contributor. CLOs lagged the tightening seen in high yield credit spreads in the first half of the review period. The portfolio had a total return of 2.08% in the second quarter of 2023. The portfolio had a total return of 1.79% over the third quarter. Overall, the portfolio returned 7.58% over the 12 months, outperforming the benchmark by +2.18%.

Several market themes have persisted through 2023. Inflation remained sticky but has recently fallen, central banks hiked rates but began to pause late in the period. Finally, market focus is turning to the impact of rates remaining higher for longer. The ABS market was insulated for the most part from short term volatility in rates later in the period, with only a brief period of widening in spreads mid-June, but retraced back quickly and by the end of the period CLOs had moved significantly tighter. Even post the move lower in swap rates, all-in yields remain at levels not seen in the past several years of ultra-accommodative monetary policies. The Fund's expected and current yield is near 8%; combined with spread tightening, CLOs have been a key driver of performance for the 12 months to September 2023.

Within the Fund, residential mortgage-backed securities (RMBS) remained the largest sector allocation at 37% of the portfolio. The allocation to commercial mortgage-backed securities (CMBS) decreased to 17%. CLOs and ABS decreased to 17% and 12% allocation, respectively. The Fund finished the year with 17% cash due to a rare inflow at the end of the third quarter (27th September 2023) totalling 12%. The RMBS underweight reduced to -22% versus the benchmark while the CMBS and CLO overweight both reduced to +17% each. The ABS underweight increased to -29%. Excluding cash, the changes in absolute weighting was more muted with RMBS at 44% (43% in the second quarter), CMBS at 21% (20% in the second quarter), CLOs at 20% (22% in the second quarter) and ABS at 14% (13% in the second quarter).

We remain cognisant of our credit positioning and mindful of rating migration risk, as we still believe the base case is a recession in the UK and in Europe. The key risk remains fund flows, which continue to be volatile and uncertain.

Market Outlook and Fund Strategy

Markets have been volatile over the 12 months, however European structured credit has held firm and even pushed tighter in most cases. Macro uncertainty persists, recession risks remain. Central banks will hold rates higher for longer and further rate rises cannot be ruled out, which increases tail risk. Inflation and the level of interest rates continue to be at the forefront of our minds in our portfolio construction strategy with higher swap rates impacting on household costs due to a significant increase in mortgage rates which will directly impact mortgage homeowners, indirectly renters and ultimately reduce consumer disposable income.

ABS deal performance remains resilient given the credit protection embedded in the structures but we continue to be vigilant across all deals especially those exposed to extension risk (namely RMBS given volatile wholesale markets), consumer risk in RMBS and ABS and finally property valuations in RMBS and CMBS given the large shift higher in the yield curve. Further to this, as a floating rate asset class, any rate rises benefit the current yield and ultimately the Fund, which has returned 7.58% in the 12-month review period. Our regular stress testing across the portfolio also shows no expected loss on any position we currently hold, as such our ability to hold our existing positions through any volatility will pay off as we run a higher yield, driven by our stock selection and detailed bottom-up credit research process.

We are reviewing and closely monitoring CMBS positions and conduct frequent external engagement with servicers, asset managers and monitoring of the assets and sponsors. We are reviewing our mezzanine positioning in CMBS and CLOs, expecting to maintain our current overweight as we have already reduced exposure into these stronger markets over the year as these sectors remain the most volatile but still currently trade with the highest risk premiums. We have very little exposure to mezzanine non-prime credit card ABS, zero exposure to non-prime auto ABS, zero exposure to small and medium enterprise ABS risk and no point-of-sale loan ABS, which are all sectors where we think the largest risks remain. We believe our positioning remains conservative heading into a recession with only 12.19% total BBB+ and below exposure and 62% of the Fund is in AAA securities including cash.

Our overall strategy remains the same, to continue 1) increasing diversity by cutting outsized positions 2) reduce our underweight to ABS which we use for liquidity and continue selectively increasing our RMBS exposure which, will bring more balance and reduce volatility of the portfolio 3) pro-actively consider cash demands and focus on liquidity for the Fund as flows remain uncertain. While we continue to get invited to the table on new issues, our focus remains on preserving cash and not increasing duration significantly while we look for confirmation of fund flows. Further to this, while ABS has performed very well so far in 2023 in these markets our outlook for spreads is to expect volatility through the start of a recession in the UK and until the known unknowns are better understood.

Portfolio of investments (unaudited)

Investments held at 30 September 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	United Kingdom (30/09/22 - 60.60%)		52.95
	Mortgage Bonds		
£875,000	Atlas Funding FRN 25/07/2058	873	0.62
£3,200,000	Bavarian Sky UK 5 FRN 20/04/2031	3,205	2.28
£2,916,000	Castell 2021-1 FRN 25/11/2053	1,398	0.99
£546,000	CMF 2020-1 FRN 16/01/2057	544	0.39
£7,000,000	Finsbury Square FRN 16/12/2067	2,685	1.91
£2,000,000	Holmes Master Issuer FRN 15/10/2072	2,006	1.43
£6,075,000	Jupiter Mortgage No1 FRN 20/07/2060	6,061	4.31
£6,833,000	Lanebrook Mortgage Transaction 2021-1 FRN 20/07/2058	5,253	3.74
£9,000,000	Magenta 2020 FRN 20/12/2024	7,870	5.60
£8,000,000	Newday Funding Master Issuer FRN 15/07/2029	7,975	5.67
£2,900,000	Newday Funding Master Issuer FRN 15/11/2029	2,886	2.05
£1,350,000	Newday Funding Master Issuer FRN 15/11/2029	1,338	0.95
£11,000,000	Polaris 2022-1 FRN 23/10/2059	9,315	6.62
£4,020,000	Precise Mortgage Funding FRN 16/10/2056	1,448	1.03
£1,000,000	Precise Mortgage Funding FRN 16/10/2056	993	0.71
£3,339,000	Silverstone Master Issuer FRN 21/01/2070	1,002	0.71
£5,000,000	Silverstone Master Issuer FRN 21/01/2070	5,026	3.57
£4,500,000	Stratton Mortgage Funding 2020-1 FRN 12/03/2052	2,708	1.93
£8,500,000	Towd Point Mortgage 2019 FRN 20/10/2051	8,440	6.00
£4,500,000	Tower Bridge Funding FRN 20/12/2063	3,432	2.44
	Germany (30/09/22 - 1.11%)		0.87
	Mortgage Bonds		
€1,900,000	Red and Black Auto Germany 8 UG FRN 15/09/2030	1,220	0.87
	Ireland (30/09/22 - 27.20%)		20.40
	Mortgage Bonds		
£2,000,000	Agora Securities 2021 DAC FRN 17/08/2031	1,932	1.37
€500,000	Arbour CLO VIII DAC FRN 15/10/2034	410	0.29
€2,000,000	Avoca CLO XIX DAC FRN 15/10/2031	1,658	1.18
€2,500,000	Fair Oaks Loan Funding III DAC FRN 15/10/2034	2,058	1.46
€1,707,000	Invesco Euro CLO IV DAC FRN 15/04/2033	1,384	0.98
€1,802,000	Invesco Euro CLO IV DAC FRN 15/04/2033	1,434	1.02
€2,659,000	Last Mile Securities PE 2021 DAC FRN 17/08/2031	2,178	1.55
€4,000,000	Penta CLO 7 DAC FRN 25/01/2033	3,301	2.35
€654,000	Providus CLO III DAC FRN 18/07/2034	533	0.38
€3,947,000	Providus CLO V DAC FRN 15/02/2035	3,128	2.23

Portfolio of investments (unaudited)

Investments held at 30 September 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	Ireland (continued)		
€5,000,000	Providus CLO V DAC FRN 15/02/2035	4,115	2.93
€1,800,000	River Green Finance 2020 DAC FRN 22/01/2032	1,424	1.01
€4,500,000	Taurus 2021-1 UK DAC FRN 17/05/2031	4,334	3.08
€1,000,000	Taurus 2021-3 DEU DAC FRN 22/12/2030	802	0.57
	Italy (30/09/22 - 4.63%)		4.51
	Mortgage Bonds		
€5,000,000	Emerald Italy 2019 SRL FRN 24/09/2030	3,498	2.49
€500,000	Pietra Nera Uno SRL FRN 22/05/2030	376	0.26
€2,800,000	Pietra Nera Uno SRL FRN 22/05/2030	1,910	1.36
€2,338,000	Taurus CMBS FRN 18/05/2030	560	0.40
	Netherlands (30/09/22 - 3.51%)		3.87
	Mortgage Bonds		
€5,000,000	Babson Euro CLO 2014 FRN 15/07/2031	4,179	2.97
€1,500,000	Jubilee CLO BV FRN 15/04/2030 'C'	1,260	0.90
	Money Markets (30/09/22 - 3.42%)		8.46
£11,902	Aberdeen Standard Liquidity Fund (Lux) - Seabury Sterling Class Z-1+	11,900	8.46
	Forward Foreign Exchange Contracts (30/09/22 - (0.62%))		(0.31)
GBP 34,853,773	GBP Forward Currency Contract 13/10/2023	34,854	24.78
(EUR 40,652,636)	EUR Forward Currency Contract 13/10/2023	(35,281)	(25.09)
EUR 56,529	EUR Forward Currency Contract 13/10/2023	49	0.03
(GBP 48,701)	GBP Forward Currency Contract 13/10/2023	(49)	(0.03)

Portfolio of investments (unaudited)

Investments held at 30 September 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	Portfolio of investments ^	127,625	90.75
	Net other assets	13,005	9.25
	Net assets	<u>140,630</u>	<u>100.00</u>

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

The counterparties for the Forward Foreign Exchange Contracts are Citigroup and JP Morgan Chase.

^ Includes investment liabilities.

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

Credit Ratings

	£000	%
Investment grade	35,124	24.96
Unrated	81,028	57.64
Total investment in bonds	<u>116,152</u>	<u>82.60</u>

Top ten purchases and sales

For the year ended 30 September 2023

Purchases	Cost £000	Sales	Proceeds £000
Aberdeen Standard Liquidity Fund (Lux) –		Aberdeen Standard Liquidity Fund (Lux) –	
Seabury Sterling Class Z-1	46,569	Seabury Sterling Class Z-1	39,637
Penarth Master Issuer FRN 18/03/2025	6,528	Penarth Master Issuer FRN 18/03/2025	6,528
Silverstone Master Issuer FRN 21/01/2070	5,039	PCL Funding V FRN 15/10/2025	5,501
Bavarian Sky UK 5 FRN 20/04/2031	3,200	Ribbon Finance FRN 20/04/2028	4,967
Holmes Master Issuer FRN 15/10/2072	2,000	Avoca CLO FRN 15/07/2030	4,903
Silverstone Master Issuer FRN 21/01/2070	1,305	Finsbury Square FRN 16/12/2067	3,749
		Taurus 2019-3 UK DAC FRN 22/06/2029	2,955
		Ribbon Finance FRN 20/04/2028	2,527
		Taurus 2019-4 FIN DAC FRN 18/11/2031	2,125
		Ribbon Finance 2018 FRN 20/04/2028	1,985
Subtotal	64,641	Subtotal	74,877
Other purchases	–	Other sales	10,200
Total purchases for the year	64,641	Total sales for the year	85,077

At a minimum, the ten largest purchases and ten largest sales will normally be disclosed. However, as there were less than ten purchases during the period, all purchases have been disclosed.

Statistical information

Comparative table

	30/09/23	Class 'B' Accumulation 30/09/22	30/09/21
	pence	pence	pence
Change in net assets per unit			
Opening net asset value per unit	114.74	116.52	111.79
Return before operating charges*	9.15	(1.75)	4.76
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	9.12	(1.78)	4.73
Distributions on accumulation units	(5.85)	(2.17)	(1.60)
Retained distributions on accumulation units	5.85	2.17	1.60
Closing net asset value per unit	123.86	114.74	116.52
*after direct transaction costs of:	0.00	0.00	0.00

Performance

Return after charges	7.95%	(1.53%)	4.23%
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Other information

Closing net asset value (£000)	140,630	145,253	235,777
Closing number of units	113,535,555	126,596,627	202,349,004
Operating charges	0.03%	0.02%	0.02%
Direct transaction costs	0.00%	0.00%	0.00%

Prices⁺

Highest unit price (pence)	124.36	117.52	116.91
Lowest unit price (pence)	113.19	113.87	111.61

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

Statistical information

Investment objective

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

The benchmark is the Bloomberg Barclays Pan Euro Asset Backed Securities (GBP hedged) Index (the "Index").

Investment policy

The Fund aims to achieve its objective by investing at least 80% in floating rate asset backed securities denominated in any currency that are rated as investment grade including but not limited to: floating rate residential mortgage backed securities, collateralised debt obligations, collateralised loan obligations, small to medium enterprise collateralised debt obligations, commercial mortgage backed securities and other asset backed securities. Non-investment grade exposure will be limited to 10% of the net asset value of the scheme property. Non-Sterling denominated assets will typically be hedged back to Sterling to minimise exposure to currency rate movements.

The Fund's holdings will typically consist of floating rate asset backed securities, but the Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, deposits, cash and near cash.

Derivatives may be used for efficient portfolio management and hedging only.

Investment strategy

The Fund is actively managed. The Investment Adviser uses a stock selection model to select individual holdings, where they believe there is misalignment in the assessment of growth prospects and creditworthiness of the holdings and that of the market, while giving consideration to future economic and business conditions. The Fund is managed within constraints, so that divergence from the Index is controlled.

The Fund's portfolio may, therefore, be similar to the components of the Index.

Revenue distribution and pricing

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

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

Statistical information

Risk and reward profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in 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 2 (30/09/22: 2) because funds of this type have experienced low rises and falls in value in the past. The above figure applies to the following unit class:

- Class 'B' Accumulation

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

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

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

Annual financial statements

For the year ended 30 September 2023

Statement of total return

		30/09/23		30/09/22	
	Notes	£000	£000	£000	£000
Income					
Net capital gains/(losses)	4		3,690		(5,876)
Revenue	5	6,881		3,509	
Expenses	6	(39)		(48)	
Interest payable and similar charges		(8)		(10)	
Net revenue before taxation		<u>6,834</u>		<u>3,451</u>	
Taxation	7	–		–	
Net revenue after taxation			<u>6,834</u>		<u>3,451</u>
Total return/(deficit) before distributions			10,524		(2,425)
Distributions	8		(6,842)		(3,461)
Change in unitholders' funds from investment activities			<u>3,682</u>		<u>(5,886)</u>

Statement of change in unitholders' funds

		30/09/23		30/09/22	
		£000	£000	£000	£000
Opening net assets			145,253		235,777
Amounts receivable on issue of units		26,705		8,748	
Amounts payable on cancellation of units		<u>(41,875)</u>		<u>(96,611)</u>	
			(15,170)		(87,863)
Change in unitholders' funds from investment activities			3,682		(5,886)
Retained distributions on accumulation units			6,865		3,225
Closing net assets			<u>140,630</u>		<u>145,253</u>

Annual financial statements

As at 30 September 2023

Balance sheet

	Notes	£000	30/09/23 £000	£000	30/09/22 £000	£000
Assets:						
Fixed assets:						
Investments			128,052		145,945	
Current assets:						
Debtors	9	944		475		
Cash and bank balances	10	12,079		3,262		
Total current assets			<u>13,023</u>		<u>3,737</u>	
Total assets			<u>141,075</u>		<u>149,682</u>	
Liabilities:						
Investment liabilities			(427)		(903)	
Creditors:						
Other creditors	11	(18)		(3,526)		
Total creditors			<u>(18)</u>		<u>(3,526)</u>	
Total liabilities			<u>(445)</u>		<u>(4,429)</u>	
Net assets			<u>140,630</u>		<u>145,253</u>	
Unitholders' funds			<u>140,630</u>		<u>145,253</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 at close of business on 29 September 2023, the last valuation point in the accounting year, in accordance with the Trust Deed.

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

Derivatives are valued as at close of business on 30 September 2023, the last valuation point of the accounting year.

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

(c) Foreign exchange

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

(d) Revenue

Interest receivable on bank deposits is accounted for on a receipts basis and money market funds is accounted for on an accruals basis. Interest receivable from debt securities is accounted for on an effective interest rate basis. Accrued interest purchased or sold is excluded from the cost of the security and is accounted for as revenue.

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

(e) Expenses

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

Notes to the financial statements

Note 1 Accounting policies (continued)

(f) Taxation

The Fund satisfied the rules of SI 2006/964, Reg 19 throughout the period. All distributions made are therefore made as interest distributions. The Fund has no corporate tax liability as interest distributions are tax deductible.

(g) Deferred taxation

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

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

Note 2 Distribution policies

(a) Basis of distribution

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

The Fund is more than 60% invested in qualifying investments (as defined by SI 2006/964, Reg 20) and will pay an interest distribution.

(b) Unclaimed distributions

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

(c) Interest from debt securities

Future cash flows on all assets are considered when calculating revenue on an effective interest rate basis and where, in the Manager's view there is doubt as to the final maturity value, an estimate of the final redemption proceeds will be made in determining those cash flows. The impact of this will be to reduce the revenue from debt securities, and therefore the revenue distributed, whilst preserving capital within the Fund.

(d) Expenses

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

Note 3 Risk management policies

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

(a) Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market fluctuations which are monitored by the Manager in pursuit of the investment objectives and policies. Adherence to investment guidelines and to 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.

Notes to the financial statements

Note 3 Risk management policies (continued)

(b) Interest rate risk

The Fund's assets are comprised of mainly fixed interest rate securities. There is therefore a risk that the capital value of investments will vary as a result of the market's sentiment regarding future interest rates.

Expectations of future rates may result in an increase or decrease in the value of investments held. In general, if interest rates rise the revenue potential of the Fund also rises but the value of fixed interest rate securities will decline. A decline in interest rates will in general have the opposite effect.

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

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

(c) Foreign currency risk

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 unit holder redemptions then securities held by the Fund may need to be sold. The risk of low market liquidity, through reduced trading volumes, may affect the ability of the Fund to trade financial instruments at values previously indicated by financial brokers. From time to time, liquidity may also be affected by stock specific or economic events. To manage these risks the Manager performs market research in order to achieve the best price for any transactions entered into on behalf of the Fund. All stocks are valued daily but those stocks identified as being less liquid are reviewed on a regular basis for pricing accuracy.

(e) Credit risk

At the Balance sheet date some 82.60% (30/09/22: 97.05%) of the Fund's assets were held in corporate bonds. Corporate bonds involve the risk that the bond issuer will be unable to meet its liability to pay interest or redeem the bond.

The Fund Manager selects bonds taking into account the credit rating, bearing in mind the Fund's objective.

(f) Counterparty risk

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

Notes to the financial statements

Note 3 Risk management policies (continued)

(g) Derivatives

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

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

The derivative counterparties are shown at the bottom of the Portfolio of investments on page 6.

Note 4 Net capital gains/(losses)

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

	30/09/23	30/09/22
	£000	£000
Gains/(losses) on non-derivative securities	2,523	(6,118)
Gains on derivative contracts	1,186	212
Currency (losses)/gains	(19)	30
Net capital gains/(losses)	<u>3,690</u>	<u>(5,876)</u>

Note 5 Revenue

	30/09/23	30/09/22
	£000	£000
Interest on debt securities	6,489	3,459
Bank interest	25	2
Liquidity interest	<u>367</u>	<u>48</u>
Total revenue	<u>6,881</u>	<u>3,509</u>

Notes to the financial statements

Note 6 Expenses	30/09/23 £000	30/09/22 £000
(a) Payable to the Manager or associates of the Manager and agents of either of them:		
Manager's periodic charge	7	11
(b) Payable to the Trustee or associates of the Trustee and agents of either of them:		
Trustee's fees	7	9
(c) Other expenses:		
Audit fee	9	9
Safe custody charges	8	10
Printing & stationery	1	1
FTSE licence fees	2	5
Professional fees	5	3
	<u>25</u>	<u>28</u>
Total expenses	<u>39</u>	<u>48</u>

Note 7 Taxation	30/09/23 £000	30/09/22 £000
(a) Analysis of tax charge for the year		
Total taxation (Note 7(b))	–	–
(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	6,834	3,451
Corporation tax at 20% (30/09/22: 20%)	1,367	690
Effects of:		
Deductible interest distributions	(1,367)	(690)
Total tax charge for the year (Note 7(a))	<u>–</u>	<u>–</u>

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

- (c) Provision for deferred taxation
No deferred tax asset has been recognised in the year or the prior year.

Notes to the financial statements

Note 8 Distributions

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

	30/09/23	30/09/22
	£000	£000
Interim	2,885	1,510
Final	3,980	1,715
	<u>6,865</u>	<u>3,225</u>
Amounts deducted on cancellation of units	572	277
Amounts added on issue of units	(595)	(41)
	<u>6,842</u>	<u>3,461</u>
Net distribution for the year	6,842	3,461
Net revenue after taxation	6,834	3,451
Expenses taken to capital	8	10
	<u>6,842</u>	<u>3,461</u>

Details of the distribution per unit are set out in the tables on page 26.

Note 9 Debtors

	30/09/23	30/09/22
	£000	£000
Creations awaiting settlement	–	50
Accrued income	944	425
	<u>944</u>	<u>475</u>

Note 10 Cash and bank balances

	30/09/23	30/09/22
	£000	£000
Cash and bank balances	1,598	1,917
Amounts held at futures clearing houses	328	1,345
Time deposits	10,153	–
	<u>12,079</u>	<u>3,262</u>

Note 11 Other creditors

	30/09/23	30/09/22
	£000	£000
Cancellations awaiting settlement	–	3,510
Manager's periodic charge payable	1	2
Trustee's fees payable	2	2
Safe custody charges payable	6	3
Audit fee payable	9	9
	<u>18</u>	<u>3,526</u>

Notes to the financial statements

Note 12 Reconciliation of units

	Class 'B' Accumulation
Opening units issued at 01/10/22	126,596,627
Unit movements in year:	
Units issued	22,228,138
Units cancelled	(35,289,210)
Closing units at 30/09/23	<u>113,535,555</u>

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 100% of the units in Class 'B' Accumulation at the year end (30/09/22: 100%).

Manager's periodic charge paid to the Manager, Phoenix Unit Trust Managers Limited, or its associates, is shown in Note 6(a) and details of the units issued and cancelled by the Manager are shown in the Statement of change in unitholders' funds and Note 8.

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

Counterparty exposure

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

Citigroup £359

Notes to the financial statements

Note 15 Financial instruments (continued)

Currency exposure

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

Currency	Net currency assets 30/09/23			Net currency assets 30/09/22		
	Monetary exposure £000	Non-monetary exposure £000	Total exposure £000	Monetary exposure £000	Non-monetary exposure £000	Total exposure £000
Sterling	11,022	127,431	138,453	(1,213)	146,248	145,035
Euro	1,983	194	2,177	1,424	(1,206)	218
	13,005	127,625	140,630	211	145,042	145,253

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

Interest profile

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

Currency	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	103,149	35,371	138,520
Euro	36,982	476	37,458
	140,131	35,847	175,978

Currency	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	–	(67)	(67)
Euro	–	(35,281)	(35,281)
	–	(35,348)	(35,348)

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

Currency	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	104,136	45,575	149,711
Euro	45,071	1,313	46,384
	149,207	46,888	196,095

Currency	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	–	(4,676)	(4,676)
Euro	–	(46,166)	(46,166)
	–	(50,842)	(50,842)

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.

Notes to the financial statements

Note 15 Financial instruments (continued)

Sensitivity analysis

Interest rate risk sensitivity

Changes in interest rates or changes in expectation of future interest rates may result in an increase or decrease in the the market value of the investments held. A one percent increase in interest rates (based on current parameters used by the Manager's Investment Risk department) would have the effect of decreasing the return and net assets by £59,764 (30/09/22: £72,627). A one percent decrease would have an equal and opposite effect.

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 £108,859 (30/09/22: £10,914). 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 £6,381,272 (30/09/22: £7,252,083). 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	£000	£000	£000	£000
Bonds	–	116,152	–	116,152
Money markets	11,900	–	–	11,900
	11,900	116,152	–	128,052
Investment liabilities	£000	£000	£000	£000
Derivatives	–	(427)	–	(427)
	–	(427)	–	(427)

For the year ended 30/09/22

Level	1	2	3	Total
Investment assets	£000	£000	£000	£000
Bonds	–	140,976	–	140,976
Money markets	4,969	–	–	4,969
	4,969	140,976	–	145,945
Investment liabilities	£000	£000	£000	£000
Derivatives	–	(903)	–	(903)
	–	(903)	–	(903)

Notes to the financial statements

Note 17 Portfolio transaction costs

For the year ended 30/09/23

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
Analysis of total purchases costs								
Bond transactions	18,072	–	–	–	–	–	–	18,072
Money markets	46,566	–	–	–	–	–	–	46,566
Corporate actions	3	–	–	–	–	–	–	3
Total	64,641	–		–		–		64,641
Analysis of total sales costs								
Bond transactions	16,422	–	–	–	–	–	–	16,422
Money markets	39,637	–	–	–	–	–	–	39,637
Corporate actions	29,018	–	–	–	–	–	–	29,018
Total	85,077	–		–		–		85,077

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

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

Commission	0.00%
Taxes	0.00%
Other expenses	0.00%

For the year ended 30/09/22

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%	Total costs £000
Analysis of total purchases costs								
Bond transactions	47,896	–	–	–	–	–	–	47,896
Money markets	99,426	–	–	–	–	–	–	99,426
Total	147,322	–		–		–		147,322
Analysis of total sales costs								
Bond transactions	99,634	–	–	–	–	–	–	99,634
Money markets	114,656	–	–	–	–	–	–	114,656
Corporate actions	15,301	–	–	–	–	–	–	15,301
Total	229,591	–		–		–		229,591

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

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

Commission	0.00%
Taxes	0.00%
Other expenses	0.00%

The purchases and sales of securities incurred no direct transaction costs during the year or prior year.

Notes to the financial statements

Note 17 Portfolio transaction costs (continued)

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 0.42% (30/09/22: 0.59%) being the difference between the respective bid and offer prices for the Fund's investments.

Distribution tables

For the year ended 30 September 2023

Interest distributions

Interim distribution in pence per unit

Group 1: units purchased prior to 1 October 2022

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

	Gross income	Equalisation	2023 pence per unit paid 31 May	2022 pence per unit paid 31 May
Class 'B' Accumulation				
Group 1	2.3455	—	2.3455	0.8187
Group 2	1.1864	1.1591	2.3455	0.8187

Final distribution in pence per unit

Group 1: units purchased prior to 1 April 2023

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

	Gross income	Equalisation	2023 pence per unit payable 30 Nov	2022 pence per unit paid 30 Nov
Class 'B' Accumulation				
Group 1	3.5052	—	3.5052	1.3551
Group 2	0.6935	2.8117	3.5052	1.3551

Equalisation

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

Responsibilities of the manager and the trustee

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

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

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

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

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

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

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

The Depositary must ensure that:

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

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

Trustee's report and directors' statement

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the PUTM Bothwell Floating Rate ABS Fund of the PUTM Bothwell Range of Unit Trusts ("the Trust") for the Period Ended 30 September 2023

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

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

London
29 January 2024

HSBC Bank plc

Directors' statement

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

Brid Meaney, Director

Birmingham
29 January 2024

Craig Baker, Director

Independent auditor's report to the unitholders of the PUTM Bothwell Floating Rate ABS Fund

Opinion

We have audited the financial statements of the PUTM Bothwell Floating Rate ABS Fund ("the Fund") for the year ended 30 September 2023 which comprise the Statement of Total Return, the Statement of Change in 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 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 Bothwell Floating Rate ABS Fund

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

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority 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 Bothwell Floating Rate ABS Fund

Our approach was as follows:

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

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

Use of our report

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

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

Ernst & Young LLP
Statutory Auditor
29 January 2024

Corporate information (unaudited)

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

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

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

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

Remuneration

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

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

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

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

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

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

As at 31 December 2022

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

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

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

Corporate information (unaudited)

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

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

Total remuneration can include any of the following;

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

Senior Management includes – PUTM Board and PUTM Executive Committees.

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

Assessment of Value

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

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

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

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

Based on our assessment of the value of each unit class, PUTM 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)
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Tel: 0345 584 2803
Registered in England – No.03588031
Authorised and regulated by the Financial Conduct Authority.

Directors

Brid Meaney	PUTM Director, Chief Executive Phoenix Life;
Craig Baker	PUTM Director, Head of Policyholder Assets;
Timothy Harris	Non Executive Director of PUTM;
Nick Poyntz-Wright	Non Executive Director of PUTM.

Registrar and correspondence address

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Investment Adviser

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Trustee

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

Independent Auditor

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

Authorised status

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

Contact: **Client Services**

Call: **0345 584 2803**

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

Visit: **phoenixunittrust.co.uk**

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

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

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

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