

PHOENIX UNIT TRUST MANAGERS

MANAGER'S INTERIM REPORT

For the half year: 16 April 2023 to 15 October 2023 (unaudited)

PUTM BOTHWELL SUB-SOVEREIGN BOND FUND



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Investment review

Dear Investor

Welcome to the PUTM Bothwell Sub-Sovereign Bond Fund interim report for the six months to 15 October 2023.

Performance Review

Over the review period, the PUTM Bothwell Sub-Sovereign Bond Fund returned -0.78%. (Source: FactSet for six months to 15/10/23). This was compared to a return of -0.56% for its benchmark index. (Source: FactSet, iBoxx Sterling Sub-Sovereigns from Bloomberg for six months to 15/10/23).

Standardised Past Performance

	Oct 22-23 % growth	Oct 21-22 % growth	Oct 20-21 % growth	Oct 19-20 % growth	Oct 18-19 % growth
PUTM Bothwell Sub-Sovereign Bond Fund	4.90	-15.10	-3.10	4.50	6.40
Benchmark Index	4.80	-16.10	-3.00	4.10	6.50

Source: Facstset. Index: iBoxx Sterling Sub-Sovereigns.

Past performance is not a guide to future performance.

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

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

Investment review

Portfolio and Market Review

The Fund underperformed the benchmark over the past six months.

During the six-month review period, inflation and monetary tightening by central banks continued to grab headlines along with worries around the health of the global economy. Higher core inflation and better economic data provided a hostile backdrop for government bonds in the second quarter of 2023. The UK was the standout underperformer while the 10-year Gilt yield rose by around 90 basis points (bps) in the three months to 30 June. While bonds were weak across the board, front-end rates came under even more pressure. Curves flattened aggressively in the face of increased threats of rate hikes from central banks. Contributory factors for the sharp re-pricing in global bonds included sticky inflation and accelerating wage growth. In its June Monetary Policy Committee (MPC) meeting, the Bank of England (BoE) hiked rates by 50 bps after previous 25 bp moves. Inflation in Europe also proved to be stubborn. The European Central Bank lifted rates by 50 bps to 3.50%. Although the US Federal Reserve (Fed) "paused" at its June meeting, Fed Chair Jerome Powell indicated that there would be more hikes this year.

"Higher for longer" dominated central bank rhetoric over much of the third quarter of the year. We witnessed a flurry of 25 bp interest-rate hikes, which were widely signalled to be the last of this cycle, in the absence of further shocks. Near-term rate cuts were increasingly being priced out of market expectations. Sovereign bonds were weak; at a headline level, 10-year bond yields in the US rose by 74 bps, Germany rose by 45 bps and the UK by a mere 5 bps. The MPC hiked only once in the third quarter, taking the base rate to 5.25%. Despite strong falls in headline inflation figures, core inflation (excluding food and energy) remained relatively resilient. Accordingly, the MPC has been explicit in its desire to keep rates high for an extended period of time, employing the analogy of 'Table Mountain' as its desired path. Purchasing Managers' Index data pointed to significant pessimism regarding the UK's growth prospects, though this was somewhat offset by positive real income growth.

The performance of the Fund was a story of two halves over the review period. In the first half of the period, which was the second quarter of 2023, the Fund underperformed. Its UK government bond overlay positioning suffered following the release of stronger-than-expected inflation data in the UK. The front end of the UK yield curve moved materially higher on expectations of a BoE interest-rate hike. As a result, Gilts materially underperformed versus other core markets, and the UK curve flattened. The Fund exited its front-end positioning and UK cross-market positions. However, we maintained our UK curve positioning due to our expectation that market moves would likely reverse. Sovereign, supranational and agency (SSA) spreads, and the Fund's participation in new issues made positive contributions to performance.

On the other hand, the Fund outperformed its benchmark in the second half of the review period. Although global yields drifted higher over the third quarter, UK duration lagged the moves, and five-year Gilt yields moved lower. Global yield curve strategies added to the Fund's outperformance, notably a US 2s10s yield curve steepener. Meanwhile, European and UK curve trades were positive for performance. Stock selection and asset allocation in the SSA sector also boosted returns.

In terms of activity, over the second quarter, our stance on SSA spreads was constructive. The Fund held an overweight versus the benchmark in the belly of the curve. As the quarter progressed, we

gradually switched this overweight from medium-dated SSA into the long end of the curve versus interest-rate swaps, while also switching into shorter-dated SSAs to close underweights in this section of the yield curve. The Fund entered the period long duration, held via a received position in the front end of the UK curve. The Fund maintained a long bias throughout the quarter, adjusting size and instrument on a tactical basis. We had thought it probable that the MPC would deliver hikes priced by the market. However, we were forced to retreat from the received front-end UK rates strategy, given the strategy's impact on the portfolio and the clear acceleration of UK inflation, as well as the UK's higher-than-expected wage measures. The Fund finished the second quarter holding long positions in five-year Gilts and 10-year German Bonds. It had entered the period with flatteners at the long end of the UK curve and steepeners in the short end. The long-end flatteners were closed out in April as the curve flattened. Then, in May, the Fund entered long-end steepening positions. The short end steepeners were maintained throughout the quarter. Elsewhere we began the period with a long Gilts versus bonds strategy. This position was stopped in May as Gilts underperformed. At the end of the quarter, we added an Australia versus US strategy.

Finally, the Fund started the third quarter of 2023 with a small long-duration position. As UK economic data deteriorated, we added to UK long positioning. Then as global yields headed higher, the Fund attempted to tactically oppose the moves. In terms of activity, the Fund added US steepener trades in July. Some of the steepening bias was removed in August and September as the US curve steepened aggressively. The Fund began the quarter holding UK steepeners at the back end of the curve, and these were closed as we headed into August. We added UK steepeners once more in September as UK Gilt supply increased. A steepener in Germany was closed near the end of the quarter. The Fund was active in SSA relative value strategies throughout the quarter, taking part in several new issues. We also sought to reduce spread risk by reducing overweights in A and AA issuers and reducing underweights in AAAs. Overall, the Fund's sensitivity to further spread compression has been reduced.

Market Outlook and Fund Strategy

The narrative that UK inflation was out of control resulted in UK front ends ballooning higher and Gilts underperforming their peers. However, as the third quarter progressed, UK activity deteriorated, inflation started to head lower, and the incredibly tight UK labour market showed signs of loosening. This culminated in the BoE voting to keep interest rates on hold in September. The question for the final three months of 2023 is whether this story continues. At the start of October, the prevailing wisdom was that the US economy would slow down. The Fed would, therefore, move quickly from monetary policy tightening to loosening. However, the US economy was far more resilient in the third quarter than the market expected, and the narrative of "higher for longer" interest rates has taken over. This means the rate cuts priced into 2023 and 2024 have been reduced significantly and global yields have headed higher. The US yield curve has steepened – not because the front end headed lower, but because the back end of the curve has moved aggressively higher (bear steepening). As we look ahead to the fourth quarter of 2023, we believe the market has become too comfortable with the "higher for longer" narrative. Curves can continue to steepen, however, driven by the front end (bull steepening). In SSA markets we expect spreads to drift wider versus Gilts as investors' liquidity preferences come to the fore amid a slowing global economy.

Portfolio of investments

Investments held at 15 October 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	Government Bonds (15/04/23 – 16.28%)		19.61
	United Kingdom (15/04/23 – 6.38%)		7.14
£32,020,000	Affordable Housing Finance 2.893% 11/08/2045	23,007	0.91
£34,740,000	LCR Finance 4.5% 07/12/2028	34,329	1.35
£7,743,000	LCR Finance 4.5% 07/12/2038	7,317	0.29
£20,981,000	LCR Finance 5.1% 07/03/2051	21,020	0.83
£15,213,000	Network Rail Infrastructure Finance 4.375% 09/12/2030	14,883	0.59
£34,374,000	Network Rail Infrastructure Finance 4.75% 29/11/2035	33,709	1.33
£552,000	Saltaire Finance PLC 2.711% 09/05/2054	346	0.01
£27,638,900	UK Treasury 1.125% 31/01/2039	16,912	0.67
£13,567,800	UK Treasury 3.25% 22/01/2044	10,797	0.43
£1,601,900	UK Treasury 3.75% 22/07/2052	1,335	0.05
£19,800,200	UK Treasury 4% 22/10/2063	17,162	0.68
	Austria (15/04/23 – 1.27%)		1.05
£15,555,000	Oesterreichische Kontrollbank 0.5% 15/12/2025	14,077	0.55
£4,995,000	Oesterreichische Kontrollbank 4.25% 17/03/2026	4,884	0.19
£7,554,000	Oesterreichische Kontrollbank 5.75% 07/12/2028	7,825	0.31
	Belgium (15/04/23 – 0.24%)		0.20
£4,800,000	Belgium Kingdom 5.7% 28/05/2032	5,016	0.20
	Canada (15/04/23 – 1.90%)		1.73
£30,315,000	CPPIB Capital 0.875% 17/12/2024	28,724	1.13
£8,000,000	Export Development Canada 2.625% 15/07/2027	7,365	0.29
£7,987,000	Export Development Canada 4% 19/02/2026	7,792	0.31
	Germany (15/04/23 – 5.09%)		8.30
£5,000,000	FMS Wertmanagement 1.25% 19/06/2025	4,677	0.18
£8,400,000	FMS Wertmanagement 1.375% 07/03/2025	7,962	0.31
£25,223,000	KFW 1.125% 04/07/2025	23,550	0.93
£23,562,000	KFW 4.875% 10/10/2028	23,649	0.93
£5,000,000	KFW 4.875% 03/02/2031	5,058	0.20
£9,000,000	KFW 5.75% 07/06/2032	9,692	0.38
£38,762,000	KFW 6% 07/12/2028	40,886	1.61
£55,232,000	Kreditanstalt fuer Wiederaufbau 3.75% 30/07/2027	53,172	2.10
£21,000,000	Landwirtschaftliche Rentenbank 0.875% 15/12/2026	18,572	0.73
£14,000,000	Landwirtschaftliche Rentenbank 1.375% 08/09/2025	13,026	0.51
£12,260,000	Landwirtschaftliche Rentenbank 2.125% 15/12/2028	10,771	0.42
	Guernsey (15/04/23 – 0.07%)		0.16
£5,523,000	Guernsey (States Of) 3.375% 12/12/2046	3,966	0.16
	Isle of Man (15/04/23 – 0.55%)		0.33
£7,218,000	Isle of Man 1.625% 14/09/2051	3,246	0.13
£5,200,000	Isle of Man 5.375% 14/08/2034	5,191	0.20
	Japan (15/04/23 – 0.15%)		0.30
£8,598,000	Japan Bank for International Cooperation 0.375% 22/07/2026	7,533	0.30
	Jersey (15/04/23 – 0.63%)		0.40
£400,000	Jersey (Govt Of) 3.75% 09/06/2054	297	0.01
£15,775,000	Jersey International Bond 2.875% 06/05/2052	9,813	0.39
	Corporate Bonds (15/04/23 – 6.06%)		6.32
	United Kingdom (15/04/23 – 2.22%)		2.80
£14,215,000	PRS Finance 1.5% 24/08/2034	10,044	0.40
£36,032,000	PRS Finance 1.75% 24/11/2026	30,932	1.22
£17,936,000	PRS Finance 2% 23/01/2029	15,541	0.61
£5,142,000	Saltaire Finance 1.527% 23/11/2051	2,346	0.09
£6,333,000	Saltaire Finance 4.809% 14/03/2055	5,939	0.23
£6,724,000	Welcome Trust 4.625% 25/07/2036	6,423	0.25
	France (15/04/23 – 3.27%)		3.03
£7,200,000	Dexia Credit Local 0.25% 11/12/2024	6,773	0.27
£12,600,000	Dexia Credit Local 0.25% 10/12/2026	10,809	0.43

Portfolio of investments

Investments held at 15 October 2023

Holding	Investment	Market value £000	Percentage of total net assets %
France (continued)			
£32,200,000	Dexia Credit Local 1.25% 21/07/2025	29,941	1.18
£26,000,000	Dexia Credit Local 2.125% 12/02/2025	24,904	0.98
£4,400,000	Dexia Credit Local 4.375% 18/02/2026	4,318	0.17
Germany (15/04/23 – 0.57%)			
£9,900,000	Deutsche Bahn Finance 1.375% 07/07/2025	9,278	0.37
£3,230,000	Deutsche Bahn Finance 1.875% 13/02/2026	3,003	0.12
Supranational Bonds (15/04/23 – 24.41%)			
			22.56
£10,000,000	African Development Bank 0.5% 22/06/2026	8,865	0.35
£20,000,000	African Development Bank 1.125% 18/06/2025	18,702	0.73
£5,000,000	African Development Bank 5.5% 13/08/2025	5,013	0.20
£3,500,000	Asian Development Bank 0.625% 15/09/2026	3,090	0.12
£3,770,000	Asian Development Bank 0.75% 07/12/2027	3,203	0.13
£2,000,000	Asian Development Bank 1.375% 07/03/2025	1,896	0.07
£12,500,000	Asian Development Bank 2.5% 19/12/2024	12,076	0.48
£5,000,000	Asian Development Bank 5.125% 24/10/2028	5,071	0.20
£14,384,000	Asian Infrastructure Investment Bank 0.2% 15/12/2025	12,905	0.51
£11,500,000	Asian Infrastructure Investment Bank 1.125% 15/09/2026	10,247	0.40
£22,000,000	Asian Infrastructure Investment Bank 4.375% 11/06/2026	21,519	0.85
£10,593,000	Asian Infrastructure Investment Bank 4.375% 11/06/2026	10,361	0.41
£27,000,000	Council Of Europe Development Bank 0.375% 15/12/2025	24,367	0.96
£14,160,000	Council Of Europe Development Bank 1.25% 15/09/2026	12,729	0.50
£3,868,000	Council Of Europe Development Bank 4.25% 16/03/2026	3,786	0.15
£1,370,000	Eurofima 5.5% 07/06/2032	1,412	0.06
£20,957,000	European Bank for Reconstruction and Development 5.625% 07/12/2028	21,673	0.85
£350,000	European Investment Bank 0% 07/12/2028	275	0.01
£35,200,000	European Investment Bank 1.0% 21/09/2026	31,521	1.24
£8,002,000	European Investment Bank 3.75% 07/12/2027	7,683	0.30
£4,726,000	European Investment Bank 3.875% 12/04/2028	4,568	0.18
£1,797,000	European Investment Bank 3.875% 08/06/2037	1,626	0.06
£250,000	European Investment Bank 4.5% 07/03/2044	233	0.01
£400,000	European Investment Bank 4.625% 12/10/2054	372	0.01
£728,000	European Investment Bank 5% 15/04/2039	734	0.03
£17,461,000	European Investment Bank 5.625% 07/06/2032	18,674	0.74
£20,114,000	European Investment Bank 6% 07/12/2028	21,219	0.84
£25,000,000	InterAmerican Development Bank 0.5% 15/09/2026	22,011	0.87
£10,053,000	InterAmerican Development Bank 2.125% 15/12/2028	8,843	0.35
£10,300,000	InterAmerican Development Bank 2.375% 03/08/2029	9,092	0.36
£13,459,000	InterAmerican Development Bank 2.5% 22/07/2027	12,375	0.49
£10,000,000	InterAmerican Development Bank 4% 17/12/2029	9,610	0.38
£16,000,000	InterAmerican Development Bank 4.125% 28/04/2028	15,581	0.61
£8,000,000	InterAmerican Development Bank 5% 20/07/2030	8,117	0.32
£6,520,000	International Bank for Reconstruction and Development 1.25% 13/12/2028	5,491	0.22
£5,472,000	International Bank for Reconstruction and Development 4.875% 07/12/2028	5,494	0.22
£70,000,000	International Bank for Reconstruction and Development 4.875% 15/08/2030	70,916	2.80
£16,000,000	International Development Association 0.375% 22/09/2027	13,460	0.53
£21,529,000	International Development Association 0.75% 21/09/2028	17,798	0.70
£10,000,000	International Development Association 4.75% 14/10/2031	10,053	0.40
£8,000,000	International Finance Corporation 0.75% 22/07/2027	6,887	0.27
£6,770,000	International Finance Corporation 2.875% 18/12/2024	6,568	0.26
£4,000,000	International Finance Corporation 4.125% 28/11/2025	3,920	0.15
£10,000,000	International Finance Corporation 5.5% 22/07/2026	10,121	0.40
£21,705,000	Nordic Investment Bank 1.125% 18/06/2025	20,283	0.80
£15,000,000	Nordic Investment Bank 2.375% 22/07/2026	13,982	0.55
£39,142,000	Nordic Investment Bank 3.875% 19/02/2026	38,088	1.49

Portfolio of investments

Investments held at 15 October 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	Public Authorities (15/04/23 – 51.12%)		50.00
	United Kingdom (15/04/23 – 2.90%)		2.16
£8,236,000	International Finance Facility f 2.75% 07/06/2025	7,881	0.31
£14,900,000	Transport For London 2.125% 24/04/2025	14,131	0.55
£6,113,000	Transport for London 3.625% 15/05/2045	4,457	0.18
£13,814,000	Transport For London 3.875% 23/07/2042	10,788	0.43
£506,000	Transport For London 4% 12/09/2033	442	0.02
£15,168,000	Transport For London 4% 07/04/2064	11,410	0.45
£6,000,000	Transport For London 5% 31/03/2035	5,679	0.22
	Canada (15/04/23 – 13.40%)		15.60
£24,416,000	CPPIB Capital 1.125% 14/12/2029	19,609	0.77
£85,584,000	CPPIB Capital 1.25% 07/12/2027	73,722	2.91
£49,506,000	CPPIB Capital 1.625% 22/10/2071	18,372	0.72
£17,248,000	CPPIB Capital 4.375% 02/03/2026	16,928	0.67
£50,500,000	CPPIB Capital 6% 07/06/2025	50,960	2.01
£69,248,000	Ontario Teachers Finance Trust 1.125% 15/05/2026	62,375	2.46
£78,329,000	Province of Ontario Canada 0.25% 15/12/2026	67,399	2.66
£32,381,000	Province of Ontario Canada 2.25% 26/05/2026	30,121	1.19
£3,000,000	Province of Quebec Canada 0.75% 13/12/2024	2,839	0.11
£57,848,000	Province of Quebec Canada 2.25% 15/09/2026	53,363	2.10
	Denmark (15/04/23 – 1.55%)		0.96
£19,006,000	Kommunekredit 0.375% 15/11/2024	17,989	0.71
£6,500,000	Kommunekredit 4.25% 17/11/2025	6,370	0.25
	Finland (15/04/23 – 1.64%)		1.91
£12,086,000	Kuntarahoitus 0.375% 17/12/2025	10,897	0.43
£17,797,000	Kuntarahoitus 0.875% 16/12/2024	16,866	0.66
£19,493,000	Kuntarahoitus 1.125% 19/06/2025	18,180	0.72
£2,500,000	Kuntarahoitus 5% 02/01/2026	2,490	0.10
	France (15/04/23 – 7.31%)		6.21
£10,000,000	Agence Française de Développement 1.25% 18/06/2025	9,340	0.37
£12,400,000	Agence Française de Développement 4.375% 16/03/2026	12,131	0.48
£10,100,000	Agence France Locale 1.375% 20/06/2025	9,437	0.37
£2,400,000	Bpifrance SACA 4% 30/01/2026	2,332	0.09
£8,000,000	Bpifrance SACA 4% 30/01/2026	7,772	0.31
£19,000,000	Caisse d'Amortissement de la Dette Sociale 0.125% 15/12/2025	17,055	0.67
£3,600,000	Caisse des dépôts et consignations 0.25% 25/02/2026	3,214	0.13
£9,800,000	Caisse des dépôts et consignations 1.125% 16/12/2024	9,313	0.37
£3,300,000	Caisse des dépôts et consignations 4.5% 26/08/2025	3,251	0.13
£9,900,000	SNCF 0.875% 28/12/2026	8,662	0.34
£21,490,000	SNCF Mobilites 5.375% 18/03/2027	21,518	0.85
£9,919,000	SNCF Réseau 4.83% 25/03/2060	8,812	0.35
£9,000,000	SNCF Réseau 5% 11/03/2052	8,206	0.32
£22,231,000	SNCF Réseau 5.25% 07/12/2028	22,475	0.89
£13,988,000	SNCF Réseau 5.25% 31/01/2035	14,033	0.54
	Germany (15/04/23 – 6.47%)		6.72
£18,596,000	Deutsche Bahn Finance 3.125% 24/07/2026	17,640	0.70
£19,820,000	Landeskreditbank Baden Wuerttemberg 0.375% 09/12/2024	18,695	0.74
£12,600,000	Landeskreditbank Baden Wuerttemberg 0.625% 15/12/2025	11,431	0.45
£15,623,000	Landeskreditbank Baden Wuerttemberg 1% 15/12/2026	13,835	0.55
£14,400,000	NRW Bank 0.375% 16/12/2024	13,568	0.53
£33,200,000	NRW Bank 0.5% 15/12/2025	30,037	1.18
£7,000,000	NRW Bank 0.5% 18/12/2026	6,089	0.24
£5,000,000	NRW Bank 5.375% 22/07/2026	5,031	0.20
£35,000,000	State of North Rhine Westphalia 0.625% 16/12/2024	33,079	1.30
£1,500,000	State of North RhineWestphalia 2.125% 13/06/2025	1,423	0.06
£20,400,000	State of SaxonyAnhalt 2.125% 16/12/2024	19,594	0.77

Portfolio of investments

Investments held at 15 October 2023

Holding	Investment	Market value £000	Percentage of total net assets %
	Ireland (15/04/23 – 0.35%)		0.25
£16,757,000	UK Municipal Bonds Agency Finance 1.625% 26/08/2060	6,354	0.25
	Japan (15/04/23 – 1.19%)		1.59
£26,629,000	Development Bank of Japan Inc 1.25% 31/01/2025	25,222	0.99
£13,737,000	Development Bank of Japan Inc 4.5% 06/06/2025	13,509	0.53
£1,673,000	Development Bank of Japan Inc 5.25% 30/03/2026	1,669	0.07
	Netherlands (15/04/23 – 8.61%)		8.83
£13,813,000	Bank Nederlandse Gemeenten 0.375% 15/12/2025	12,457	0.49
£8,258,000	Bank Nederlandse Gemeenten 0.5% 21/12/2026	7,179	0.28
£85,500,000	Bank Nederlandse Gemeenten 1.625% 26/08/2025	79,872	3.15
£9,000,000	Bank Nederlandse Gemeenten 5.2% 07/12/2028	9,073	0.36
£2,300,000	Bank Nederlandse Gemeenten 5.2% 07/12/2028	2,319	0.09
£40,312,000	Nederlandse Waterschapsbank 0.25% 15/12/2025	36,289	1.43
£16,421,000	Nederlandse Waterschapsbank 0.875% 30/09/2026	14,554	0.57
£25,000,000	Nederlandse Waterschapsbank 2% 16/12/2024	23,989	0.95
£5,070,000	Nederlandse Waterschapsbank 4.5% 18/06/2025	4,995	0.20
£32,172,000	Nederlandse Waterschapsbank 5.375% 07/06/2032	33,383	1.31
	Norway (15/04/23 – 1.94%)		3.35
£28,132,000	Kommunalbanken AS 0.25% 15/12/2025	25,318	1.00
£18,658,000	Kommunalbanken AS 1% 12/12/2024	17,710	0.70
£43,205,000	Kommunalbanken AS 4% 13/02/2026	42,047	1.65
	Singapore (15/04/23 – 0.61%)		0.49
EUR8,235,000	Temasek Financial 1.5% 01/03/2028	6,478	0.25
£6,248,000	Temasek Financial 5.125% 26/07/2040	5,998	0.24
	Sweden (15/04/23 – 3.91%)		0.75
£6,558,000	Svensk Exportkredit AB 0.125% 15/12/2025	5,872	0.23
£10,000,000	Svensk Exportkredit AB 4.5% 11/03/2026	9,816	0.39
£3,350,000	Svensk Exportkredit AB 4.5% 11/03/2026	3,288	0.13
	United States (15/04/23 – 1.24%)		1.18
£6,672,000	Federal National Mortgage Association 5.375% 07/12/2028	6,782	0.27
£3,130,000	Tennessee Valley Authority 4.625% 07/06/2043	2,753	0.11
£19,853,000	Tennessee Valley Authority 5.625% 07/06/2032	20,457	0.80
	Money Markets (15/04/23 – 0.38%)		0.22
£5,359	Aberdeen Standard Liquidity Fund (Lux) – Seabury Sterling 3 Fund Class Z-1~	5,357	0.22
	Futures (15/04/23 – (0.08%))		
	United Kingdom (15/04/23 - (0.08%))		
89	ICF Long GILT Future December 2023	(89)	–
	Australia (15/04/23 – (0.02%))		
	Germany (15/04/23 – 0.02%)		
	Forward Foreign Exchange Contracts (15/04/23 – 0.02%)		
GBP 6,616,474	GBP Forward Currency Contract 16/01/2024	6,616	0.26
(EUR 7,603,998)	EUR Forward Currency Contract 16/01/2024	(6,605)	(0.26)
	Interest Rate Swaps – Capital Protection (15/04/23 – 0.06%)		0.02
(AUD 50,046,333)	Morgan Stanley 4.401% 02/09/2032	(4,345)	(0.17)
AUD 50,046,333	Morgan Stanley BBSW 02/09/2032	4,878	0.19
(AUD 50,046,333)	Morgan Stanley 4.401% 02/09/2032	(4,345)	(0.17)
AUD 50,046,333	Morgan Stanley BBSW 02/09/2032	4,878	0.19
(AUD 50,046,333)	Morgan Stanley 4.401% 02/09/2032	(4,345)	(0.17)
AUD 50,046,333	Morgan Stanley BBSW 02/09/2032	4,878	0.19
AUD 150,139,000	Morgan Stanley 4.407% 02/09/2032	13,052	0.50
(AUD 150,139,000)	Morgan Stanley BBSW 02/09/2032	(14,635)	(0.58)
(EUR 25,904,000)	Morgan Stanley 2.595% 06/01/2056	(10,471)	(0.41)
EUR 25,904,000	Morgan Stanley EURIB 06/01/2056	11,659	0.46
EUR 60,700,000	Morgan Stanley 3.04% 06/01/2036	12,606	0.50
(EUR 60,700,000)	Morgan Stanley EURIB 06/01/2036	(13,507)	(0.53)

Portfolio of investments

Investments held at 15 October 2023

Holding	Investment	Market value £000	Percentage of total net assets %
Interest Rate Swaps – Capital Protection (continued)			
(EUR 8,235,000)	Morgan Stanley 2.921% 06/02/2028	(822)	(0.03)
EUR 8,235,000	Morgan Stanley EURIB 06/02/2028	948	0.04
(GBP 3,271,000)	Morgan Stanley 3.7437% 22/10/2071	(2,544)	(0.10)
GBP 3,271,000	Morgan Stanley SONIA 22/10/2071	2,707	0.11
Overnight Index Swaps – Capital Protection (15/04/23 - 0.12%)			
(GBP 8,000,000)	Morgan Stanley 2.9199% 28/10/2072	(4,892)	(0.19)
GBP 8,000,000	Morgan Stanley VA 28/10/2072	6,655	0.26
(GBP 4,766,000)	Morgan Stanley 3.7542% 22/10/2071	(3,717)	(0.15)
GBP 4,766,000	Morgan Stanley SONIA VA 22/10/2071	3,943	0.16
GBP 72,590,000	Morgan Stanley 4.55% 16/12/2024	3,651	0.14
(GBP 72,590,000)	Morgan Stanley SONIA 16/12/2024	(4,308)	(0.17)
GBP 64,147,000	Morgan Stanley 4.335% 15/12/2025	5,564	0.22
(GBP 64,147,000)	Morgan Stanley SONIA 15/12/2025	(6,504)	(0.26)
(GBP 3,846,000)	Morgan Stanley 3.3039% 22/01/2071	(2,639)	(0.10)
GBP 3,846,000	Morgan Stanley SONIO VA 22/01/2071	3,182	0.13
GBP 47,240,000	Morgan Stanley 4.41% 16/12/2024	2,304	0.09
(GBP 47,240,000)	Morgan Stanley SONIA 16/12/2024	(2,804)	(0.11)
GBP 112,208,000	Morgan Stanley 4.424% 21/07/2025	8,147	0.32
(GBP 112,208,000)	Morgan Stanley SONIA 21/07/2025	(9,568)	(0.38)
(GBP 12,280,000)	Morgan Stanley 3.775% 15/04/2064	(8,972)	(0.35)
GBP 12,280,000	Morgan Stanley SONIA 15/04/2064	9,672	0.37
GBP 26,496,000	Morgan Stanley 5.87% 28/06/2025	2,463	0.10
(GBP 26,496,000)	Morgan Stanley SONIA 28/06/2025	(2,190)	(0.09)
(GBP 6,004,000)	Morgan Stanley 3.7552% 22/10/2071	(4,683)	(0.18)
GBP 6,004,000	Morgan Stanley SONIA VA 22/10/2071	4,968	0.20
GBP 7,118,840	Morgan Stanley 4.035% 12/10/2054	4,894	0.19
(GBP 7,118,840)	Morgan Stanley SONIA 12/10/2054	(5,062)	(0.20)
(GBP 6,051,000)	Morgan Stanley 3.930% 26/08/2060	(4,409)	(0.17)
GBP 6,051,000	Morgan Stanley SONIA 26/08/2060	4,610	0.18
GBP 4,363,160	Morgan Stanley 4.036% 12/10/2054	3,001	0.12
(GBP 4,363,160)	Morgan Stanley SONIA 12/10/2054	(3,103)	(0.12)
(GBP 7,487,000)	Morgan Stanley 4.002% 06/05/2052	(4,890)	(0.19)
GBP 7,487,000	Morgan Stanley SONIA 06/05/2052	5,132	0.20
GBP 5,369,000	Morgan Stanley 4.033% 09/06/2054	3,669	0.14
(GBP 5,369,000)	Morgan Stanley SONIA 09/06/2054	(3,799)	(0.15)
Portfolio of investments ^		2,505,132	98.74
Net other assets		32,047	1.26
Net assets		2,537,179	100.00

Unless otherwise stated, all investments with the exception of Forwards, Interest Rate Swaps and Overnight Index Swaps are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

The counterparty for the Futures is Morgan Stanley.

The counterparty for the Forward Foreign Exchange Contract is Lloyds Bank.

The counterparty for the Overnight Index Swaps and Interest Rate Swaps is Morgan Stanley.

^ Includes investment liabilities.

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

	£000	%
Investment grade	2,498,946	98.49
Total investment in bonds	2,498,946	98.49

Top ten purchases and sales

For the half year ended 15 October 2023

Purchases	Cost £000	Sales	Proceeds £000
Aberdeen Standard Liquidity Fund (Lux) – Seabury Sterling 3 Fund Class Z-1	404,231	Aberdeen Standard Liquidity Fund (Lux) – Seabury Sterling 3 Fund Class Z-1	407,195
International Bank for Reconstruction and Development 4.875% 15/08/2030	69,969	Kommuninvest I Sverige 1% 12/05/2025	65,957
CPPIB Capital 6% 07/06/2025	50,434	European Investment Bank 5.5% 15/04/2025	35,064
Bank Nederlandse Gemeenten 1.625% 26/08/2025	47,022	Bank Nederlandse Gemeenten NV 2% 12/04/2024	29,423
Kreditanstalt fuer Wiederaufbau 3.75% 30/07/2027	30,541	European Investment Bank 1.0% 21/09/2026	26,845
Nordic Investment Bank 3.875% 19/02/2026	29,905	UK Treasury 0.25% 31/07/2031	25,918
UK Treasury 0.25% 31/07/2031	26,083	Kommunekredit 2% 25/06/2024	24,351
KFW 1.125% 04/07/2025	25,862	European Investment Bank 6% 07/12/2028	24,252
KFW 4.875% 10/10/2028	23,484	European Investment Bank 4.5% 07/06/2029	21,692
UK Treasury 4% 22/10/2063	23,040	CPPIB Capital 1.125% 14/12/2029	17,834
Subtotal	730,571	Subtotal	678,531
Other purchases	534,029	Other sales	172,274
Total purchases for the half year	1,264,600	Total sales for the half year	850,805

Statistical information

Comparative tables

	Class 'A' Accumulation			
	15/10/23 pence	15/04/23 pence	15/04/22 pence	15/04/21 pence
Change in net assets per unit				
Opening net asset value per unit	91.46	98.03	105.04	106.18
Return before operating charges*	(0.66)	(5.53)	(5.85)	0.06
Operating charges	(0.50)	(1.04)	(1.16)	(1.20)
Return after operating charges*	(1.16)	(6.57)	(7.01)	(1.14)
Distributions on accumulation units	(0.67)	(0.53)	(0.01)	–
Retained distributions on accumulation units	0.67	0.53	0.01	–
Closing net asset value per unit	90.30	91.46	98.03	105.04
*after direct transaction costs of: ^	0.00	0.01	0.01	0.00

Performance

Return after charges	(1.27%)	(6.70%)	(6.67%)	(1.07%)
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Other information

Closing net asset value (£000)	13,910	17,087	18,338	18,114
Closing number of units	15,404,255	18,683,211	18,706,990	17,245,249
Operating charges	1.11%	1.11%	1.11%	1.11%
Direct transaction costs	0.00%	0.01%	0.01%	0.00%

Prices+

Highest unit price (pence)	98.56	106.56	106.17	116.82
Lowest unit price (pence)	87.35	85.57	98.03	104.28

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

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

Statistical information

Comparative tables

	Class 'B' Accumulation			
	15/10/23 pence	15/04/23 pence	15/04/22 pence	15/04/21 pence
Change in net assets per unit				
Opening net asset value per unit	95.31	101.04	107.08	107.05
Return before operating charges*	(0.67)	(5.72)	(6.02)	0.05
Operating charges	(0.01)	(0.01)	(0.02)	(0.02)
Return after operating charges*	(0.68)	(5.73)	(6.04)	0.03
Distributions on accumulation units	(1.22)	(1.61)	(1.17)	(1.18)
Retained distributions on accumulation units	1.22	1.61	1.17	1.18
Closing net asset value per unit	94.63	95.31	101.04	107.08
*after direct transaction costs of: ^	0.00	0.01	0.01	0.00

Performance

Return after charges	(0.71%)	(5.67%)	(5.64%)	0.03%
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Other information

Closing net asset value (£000)	2,523,269	2,145,725	2,202,446	1,915,161
Closing number of units	22,666,519,214	2,251,277,595	2,179,823,313	1,788,589,303
Operating charges	0.01%	0.01%	0.01%	0.01%
Direct transaction costs	0.00%	0.01%	0.01%	0.00%

Prices⁺

Highest unit price (pence)	95.59	102.24	108.57	110.27
Lowest unit price (pence)	91.26	88.64	101.03	106.22

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

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

Statistical information

Investment objective

The Fund aims to provide a total return (a combination of growth and income) by outperforming the benchmark (before fees) by 0.1% to 0.5% per annum over any given 3 year period.

The benchmark is the Markit iBoxx £ Sub-Sovereign All Maturities Index (the "Index").

Investment policy

The Fund aims to achieve its objective by investing at least 70% in Sterling denominated fixed interest or index-linked Sub-Sovereign bonds. The Fund may also invest in non-Sterling denominated fixed interest or index-linked Sub-Sovereign bonds, bonds issued by governments, companies, or institutions worldwide which may be denominated in any currency.

The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash and other collective investment schemes.

The Fund may invest more than 35% in individual issuers of government and public securities.

Derivatives may be used for efficient portfolio management and hedging 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 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 either Class 'A' Accumulation or 'B' Accumulation units (where revenue is reinvested to enhance the unit price).

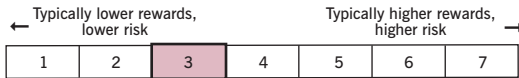
There will be two potential distributions in each accounting year: an interim distribution as at 15 October and a final distribution as at 15 April.

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

Statistical information

Risk and reward profile

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



This Fund is ranked at 3 (15/04/23: 3) because funds of this type have experienced low to medium rises and falls in value in the past.

The above figure applies to the following unit classes:

- Class 'A' Accumulation
- Class 'B' Accumulation

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

- Bonds are affected by changes in interest rates, inflation and any decline in credit worthiness of the security issuer.
- Securities that produce a higher level of income usually also carry greater risk as such security issuers may have difficulty in paying their debts.
- There may be cases where the organisation from which we buy a security fails to carry out its obligations, which could cause losses to the Fund.
- There is no guarantee that an asset which provides the security for a bond will maintain its value.
- 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.

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.

Directors' statement

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

12 December 2023

Brid Meaney, Director
Craig Baker, Director

Interim financial statements

For the half year ended 15 October 2023

Statement of total return

	15/10/23		15/10/22	
	£000	£000	£000	£000
Income				
Net capital losses		(36,824)		(267,234)
Revenue	31,518		16,251	
Expenses	(249)		(258)	
Interest payable and similar charges	(4)		(10)	
Net revenue for the half year		<u>31,265</u>		<u>15,983</u>
Total deficit before distribution		(5,559)		(251,251)
Distributions		(31,334)		(16,054)
Change in net assets attributable to unitholders from investment activities		<u>(36,893)</u>		<u>(267,305)</u>

Statement of change in net assets attributable to unitholders

	15/10/23		15/10/22*	
	£000	£000	£000	£000
Opening net assets attributable to unitholders		2,162,812		2,220,784
Amounts receivable on issue of units	522,207		268,354	
Amounts payable on cancellation of units	<u>(143,488)</u>		<u>(205,628)</u>	
		378,719		62,726
Change in net assets attributable to unitholders from investment activities		(36,893)		(267,305)
Retained distributions on accumulation units		32,541		15,680
Closing net assets attributable to unitholders		<u>2,537,179</u>		<u>2,031,885</u>

*Please note that the comparative figures are for the comparative interim period. The brought forward net assets for the current period do not, therefore, equal the carried forward figure in the comparative.

Interim financial statements

As at 15 October 2023

Balance sheet

	15/10/23		15/04/23	
	£000	£000	£000	£000
Assets:				
Fixed assets:				
Investments		2,511,623		2,131,690
Current assets:				
Debtors	34,512		24,460	
Cash and bank balances	5,913		13,674	
Total current assets		40,425		38,134
Total assets		2,552,048		2,169,824
Liabilities:				
Investment liabilities		(6,491)		(4,160)
Creditors:				
Bank overdraft	(2)		(12)	
Other creditors	(8,376)		(2,840)	
Total creditors		(8,378)		(2,852)
Total liabilities		(14,869)		(7,012)
Net assets attributable to unitholders		2,537,179		2,162,812

Notes to the interim financial statements

Accounting policies

The interim financial statements have been prepared under the historical cost basis, as modified by the valuation of investments and in compliance with FRS 102 and in accordance with the Statement of Recommended Practice (2014 SORP) for financial statements of Authorised Funds issued by The Investment Association in May 2014 (and amended in June 2017). Unless otherwise stated all accounting policies applied are consistent with those of the Annual Report for the year ended 15 April 2023 and are described in those financial statements.

Distribution table

For the half year ended 15 October 2023

Interest distributions

Interim distribution in pence per unit

Group 1: units purchased prior to 16 April 2023

Group 2: units purchased 16 April 2023 to 15 October 2023

	Net income	Equalisation	2023 pence per unit payable 15 Dec	2022 pence per unit paid 15 Dec
Class 'A' Accumulation				
Group 1	0.6694	—	0.6694	0.1550
Group 2	0.6404	0.0290	0.6694	0.1550
Class 'B' Accumulation				
Group 1	1.2165	—	1.2165	0.7004
Group 2	0.7987	0.4178	1.2165	0.7004

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.

Appendix

The Fund carried out stocklending activities for the purpose of efficient portfolio management and in order to generate income.

Revenue earned from these activities is shown in the Statement of Total Return.

Global Data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	0.33

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£8,291,625	0.33

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration Data

All collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £000
US Treasury 3.875% 15/08/2033	11,311,900	8,715

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £000
Barclays	8,292

Appendix

Aggregate Data

Type and quality of collateral

Type	Quality*	Fair value £000
Bonds	Investment grade	8,715
		8,715

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £000
Rolling Maturity	8,715
	8,715

Currency of collateral

Currency	Fair value £000
Sterling	8,715
	8,715

Maturity tenor of SFTs

Maturity	Fair value £000
Rolling Maturity	8,292
	8,292

Country in which counterparties are established

Counterparty

All counterparties are UK based

Return and cost

Fund	Gross return £000	Cost £000	% of overall returns	Net return £000
	7	1	82.00	6
	7	1		6

The gross earnings were split by the lending agent as follows:
- 82% to the Lender (PUTM Bothwell Sub-Sovereign Bond Fund)
- 8% to the Manager (Phoenix Unit Trust Managers Limited)
- 10% retained by the Lending Agent (eSec)

Corporate information

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. These details describe how remuneration and benefits are calculated and identify the committee which oversees and controls the policy. A paper copy of these details can be requested free of charge from the Manager. Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UK UCITS Managers are required to comply with the UCITS V Remuneration Code from the start of their next accounting year. Under the UCITS V Directive, the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year, split into fixed and variable remuneration.

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.

Risk

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

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.SC101825
Authorised and regulated by the Financial Conduct Authority.

Trustee

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

Independent Auditor

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

Authorised status

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

Contact: **Client Services**

Call: **0345 584 2803**

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

Visit: **phoenixunittrust.co.uk**

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

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

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

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Registered office: 1 Wythall Green Way, Wythall, Birmingham B47 6WG.

*Authorised and regulated by the Financial Conduct Authority.